



## SENATE BILL 339: Driving Local Business.

2021-2022 General Assembly

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<b>Committee:</b>	Senate Commerce and Insurance. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	March 29, 2021
<b>Introduced by:</b>	Sens. Sawyer, Britt	<b>Prepared by:</b>	Amy Darden*
<b>Analysis of:</b>	First Edition		Committee Counsel

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**OVERVIEW:** *Senate Bill 339 would clarify an exception to the prohibition on dealers displaying motor vehicles for sale outside of a salesroom.*

**CURRENT LAW:** A licensed motor vehicle dealer is generally prohibited from displaying motor vehicles for sale outside of the dealer's established salesroom. An established salesroom must contain at least 96 square feet of floor space in an enclosed building, must display a sign designating the trade name of the business, must be a permanent place of business where vehicle sales are carried on in good faith and where the dealer can be contacted by the public at reasonable times, and required records must be kept there. The salesroom includes the area contiguous to or located within 500 feet of the premises.

Outside of the established salesroom, a dealer may display a vehicle for sale at retail only under the following exceptions:

- When the vehicle is used by the dealer as a demonstrator for transportation and the vehicle contains the dealer's name or sales information.
- When the vehicle is displayed at a trade show or exhibit where no selling activities are taking place.
- When the vehicle is displayed at the home or business of a customer at the customer's request.

A violation of the prohibition is a Type II violation for a licensed motor vehicle dealer. A first violation within three years is a \$100 penalty, the second within three years is a \$250 penalty, and the third or subsequent violation within three years is a \$500 penalty. Failure to pay a penalty is grounds for denying, suspending, or revoking a license.

**BILL ANALYSIS:** Senate Bill 339 amends an existing exception to the prohibition on dealer's displaying vehicles for sale outside of an established salesroom. Current law allows a dealer to display a vehicle at a trade show or exhibit outside of the salesroom, as long as there are no selling activities taking place. The exception does not define "selling activities". Senate Bill 339 adds a requirement to the exception that the vehicle displayed at the trade show or exhibit contain information listing the dealer's name and business location. This requirement also makes clear that including this information on the vehicle does not amount to a "selling activity".

**EFFECTIVE DATE:** The act would be effective when it becomes law.

*\*\*Wendy Ray, Staff Attorney, substantially contributed to this summary.*

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