

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 46.2-1993, 46.2-1993.6, 46.2-1993.25, and 46.2-1993.64 of the Code of Virginia, relating to motorcycle dealers; all-terrain vehicles.

[H 2681]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 46.2-1993, 46.2-1993.6, 46.2-1993.25, and 46.2-1993.64 of the Code of Virginia are amended and reenacted as follows:

§ 46.2-1993. Definitions.

Unless the context otherwise requires, the following words and terms for the purpose of this chapter shall have the following meanings:

"All-terrain vehicle" means a three-wheeled or four-wheeled motor vehicle powered by a gasoline or diesel engine and generally characterized by large, low-pressure tires, a seat designed to be straddled by the operator, and handlebars for steering, that is intended for off-road use by an individual rider on various types of unpaved terrain. The term does not include four-wheeled vehicles that have low centers of gravity and are typically used in racing and on relatively level surfaces, commonly known as "go-carts," nor does the term include any "farm utility vehicle" as defined in this section. Except as otherwise provided in this chapter, for the purposes of this chapter, all-terrain vehicles shall be deemed to be motorcycles.

"Certificate of origin" means the document provided by the manufacturer of a new motorcycle, or its distributor, which is the only valid indication of ownership between the manufacturer, its distributor, its franchised motorcycle dealers, and the original purchaser not for resale.

"Dealer-operator" means the individual who works at the established place of business of a dealer and who is responsible for and in charge of day-to-day operations of that place of business.

"Distributor" means a person who sells or distributes new motorcycles pursuant to a written agreement with the manufacturer, to franchised motorcycle dealers in the Commonwealth.

"Distributor branch" means a branch office maintained by a distributor for the sale of motorcycles to motorcycle dealers or for directing or supervising, in whole or in part, its representatives in the Commonwealth.

"Distributor representative" means a person employed by a distributor or by a distributor branch, for the purpose of making or promoting the sale of motorcycles or for supervising or contacting its dealers, prospective dealers, or representatives in the Commonwealth.

"Factory branch" means a branch office maintained by a person for the sale of motorcycles to distributors or for the sale of motorcycles to motorcycle dealers, or for directing or supervising, in whole or in part, its representatives in the Commonwealth.

"Factory representative" means a person employed by a person who manufactures or assembles motorcycles, or by a factory branch for the purpose of making or promoting the sale of its motorcycles, or for supervising or contacting its dealers, prospective dealers, or representatives in the Commonwealth.

"Factory repurchase motorcycle" means a motorcycle sold, leased, rented, consigned, or otherwise transferred to a person under an agreement that the motorcycle will be resold or otherwise retransferred only to the manufacturer or distributor of the motorcycle, and which is reacquired by the manufacturer or distributor, or its agents.

"Family member" means a person who either (i) is the spouse, child, grandchild, spouse of a child, spouse of a grandchild, brother, sister, or parent of the dealer or owner, or (ii) has been employed continuously by the dealer for at least five years.

"Farm utility vehicle" means a vehicle that is designed for off-road use and is used as a farm, agricultural, or horticultural service vehicle, generally having a gasoline or diesel engine, four or more wheels, bench seating for the operator and a passenger, a steering wheel for control, and a cargo bed. "Farm utility vehicle" does not include pickup or panel trucks, golf carts, low-speed vehicles, riding lawn mowers, or all-terrain vehicles.

"Franchise" means a written contract or agreement between two or more persons whereby one person, the franchisee, is granted the right to engage in the business of offering and selling, servicing, or offering, selling, and servicing new motorcycles of a particular line-make or late model or factory repurchase motorcycles of a particular line-make manufactured or distributed by the grantor of the right, the franchisor, and where the operation of the franchisee's business is substantially associated with the franchisor's trademark, trade name, advertising, or other commercial symbol designating the franchisor,

the motorcycle or its manufacturer or distributor. The term shall include any severable part or parts of a franchise agreement which separately provides for selling and servicing different line-makes of the franchisor.

"Franchised late model or factory repurchase motorcycle dealer" means a dealer in late model or factory repurchase motorcycles, including a franchised new motorcycle dealer, that has a franchise agreement with a manufacturer or distributor of the line-make of the late model or factory repurchase motorcycles.

"Franchised motorcycle dealer" or "franchised dealer" means a dealer in new motorcycles that has a franchise agreement with a manufacturer or distributor of new motorcycles.

"Independent motorcycle dealer" means a dealer in used motorcycles.

"Late model motorcycle" means a motorcycle of the current model year and the immediately preceding model year.

"Line-make" means the name of the motorcycle manufacturer or distributor and a brand or name plate marketed by the manufacturer or distributor. For the purposes of this chapter, the "line-make" of a motorcycle manufacturer, factory branch, distributor, or distributor branch shall include every brand of all-terrain vehicle and off-road motorcycle manufactured or distributed bearing the name of the motorcycle manufacturer or distributor.

"Manufacturer" means a person engaged in the business of constructing or assembling new motorcycles.

"Motorcycle" means every motor vehicle designed to travel on not more than three wheels in contact with the ground, except any vehicle included within the term "farm vehicle" or "moped" as defined in § 46.2-100. *Except as otherwise provided in this chapter, for the purposes of this chapter "all-terrain vehicles" and "off-road motorcycles" shall be deemed to be "motorcycles."*

"Motorcycle dealer" or "dealer" means any person who:

1. For commission, money, or other thing of value, buys, sells, exchanges, either outright or on conditional sale, bailment lease, chattel mortgage, or otherwise or arranges or offers or attempts to solicit or negotiate on behalf of others a sale, purchase, or exchange of an interest in new motorcycles, new and used motorcycles, or used motorcycles alone, whether or not the motorcycles are owned by him;

2. Is wholly or partly engaged in the business of selling new motorcycles, new and used motorcycles, or used motorcycles only, whether or not the motorcycles are owned by him; or

3. Offers to sell, sells, displays, or permits the display for sale, of five or more motorcycles within any ~~twelve~~ 12 consecutive months.

The term "motorcycle dealer" does not include:

1. Receivers, trustees, administrators, executors, guardians, conservators or other persons appointed by or acting under judgment or order of any court or their employees when engaged in the specific performance of their duties as employees.

2. Public officers, their deputies, assistants, or employees, while performing their official duties.

3. Persons other than business entities primarily engaged in the leasing or renting of motorcycles to others when selling or offering such motorcycles for sale at retail, disposing of motorcycles acquired for their own use and actually so used, when the motorcycles have been so acquired and used in good faith and not for the purpose of avoiding the provisions of this chapter.

4. Any financial institution chartered or authorized to do business under the laws of the Commonwealth or the United States which may have received title to a motorcycle in the normal course of its business by reason of a foreclosure, other taking, repossession, or voluntary reconveyance to that institution occurring as a result of any loan secured by a lien on the motorcycle.

5. An employee of an organization arranging for the purchase or lease by the organization of motorcycles for use in the organization's business.

6. Any person who permits the operation of a motorcycle show or permits the display of motorcycles for sale by any motorcycle dealer licensed under this chapter.

7. An insurance company authorized to do business in the Commonwealth that sells or disposes of motorcycles under a contract with its insured in the regular course of business.

8. Any publication, broadcast, or other communications media when engaged in the business of advertising, but not otherwise arranging for the sale of motorcycles owned by others.

9. Any person dealing solely in the sale or lease of *either (i) motorcycles designed exclusively for off-road use or (ii) all-terrain vehicles manufactured or distributed in Virginia by a manufacturer, factory branch, distributor, distributor branch or factory or distributor representative that does not also manufacture or does not also distribute in Virginia any motorcycle designed for lawful use on the public highways.*

10. Any credit union authorized to do business in Virginia, provided the credit union does not receive a commission, money, or other thing of value directly from a motorcycle dealer.

"Motorcycle salesperson" or "salesperson" means any person who is licensed as and employed as a salesperson by a motorcycle dealer to sell or exchange motorcycles.

"Motorcycle show" means a display of motorcycles to the general public at a location other than a dealer's location licensed under this chapter where the motorcycles are not being offered for sale or exchange during or as part of the display.

"New motorcycle" means any motorcycle which (i) has not been previously sold except in good faith for the purpose of resale, (ii) has not been used as a rental, driver education, or demonstration motorcycle, or for the personal and business transportation of the manufacturer, distributor, dealer, or any of his employees, (iii) has not been used except for limited use necessary in moving or road testing the motorcycle prior to delivery to a customer, (iv) is transferred by a certificate of origin, and (v) has the manufacturer's certification that it conforms to all applicable federal motorcycle safety and emission standards. Notwithstanding provisions (i) and (iii), a motorcycle that has been previously sold but not titled shall be deemed a new motorcycle if it meets the requirements of provisions (ii), (iv), and (v).

"Off-road motorcycle" means every motorcycle designed exclusively for off-road use by an individual rider with not more than two wheels in contact with the ground. Except as otherwise provided in this chapter, for the purposes of this chapter off-road motorcycles shall be deemed to be "motorcycles."

"Original license" means a motorcycle dealer license issued to an applicant who has never been licensed as a motorcycle dealer in Virginia or whose Virginia motorcycle dealer license has been expired for more than ~~thirty~~ 30 days.

"Relevant market area" means as follows:

1. In metropolitan localities with a ~~population~~ *populations* of 250,000 or more, the relevant market area shall be a circular area around an existing franchised dealer not to exceed a radius of ~~ten~~ 10 miles; ~~but in no case less than seven miles.~~

2. If the population in an area within a radius of ~~ten~~ 10 miles around an existing franchised dealer is less than 250,000, but the population in an area within a radius of ~~fifteen~~ 15 miles around an existing franchised dealer is 150,000 or more, the relevant market area shall be that area within the ~~fifteen~~ 15-mile radius.

3. In all other cases the relevant market area shall be an area within a radius of ~~twenty~~ 20 miles around an existing franchised dealer or the area of responsibility defined in the franchise, whichever is greater. In any case where the franchise agreement is silent as to area responsibility, the relevant market area shall be the greater of an area within a radius of ~~twenty~~ 20 miles around an existing franchised dealer or that area in which the franchisor otherwise requires the franchisee to make significant retail sales or sales efforts.

In determining population for this definition, the most recent census by the U.S. Bureau of the Census or the most recent population update, either from the National Planning Data Corporation or other similar recognized source, shall be accumulated for all census tracts either wholly or partially within the relevant market area.

"Retail installment sale" means every sale of one or more motorcycles to a buyer for his use and not for resale, in which the price of the motorcycle is payable in one or more installments and in which the seller has either retained title to the goods or has taken or retained a security interest in the goods under form of contract designated either as a security agreement, conditional sale, bailment lease, chattel mortgage, or otherwise.

"Sale at retail" or "retail sale" means the act or attempted act of selling, bartering, exchanging, or otherwise disposing of a motorcycle to a buyer for his personal use and not for resale.

"Sale at wholesale" or "wholesale" means a sale to motorcycle dealers or wholesalers other than to consumers, or a sale to one who intends to resell.

"Used motorcycle" means any motorcycle other than a new motorcycle as defined in this section.

"Wholesale auction" means an auction of motorcycles restricted to sales at wholesale.

§ 46.2-1993.6. Licenses required.

Except as otherwise provided in this section, it shall be unlawful for any person to engage in business in the Commonwealth as a motorcycle dealer, salesperson, manufacturer, factory branch, distributor, distributor branch, or factory or distributor representative, without first obtaining a license as provided in this chapter. Any person licensed in another state as a motorcycle dealer may sell motorcycles at wholesale auctions in the Commonwealth after having obtained a certificate of dealer registration as provided in Chapter 19 (§ 46.2-1900 et seq.) of this title. Any nonprofit organization exempt from taxation under § 501 (c) (3) of the Internal Revenue Code, after having obtained a nonprofit organization certificate as provided in this chapter, may consign donated motorcycles to licensed Virginia motorcycle dealers. The offering or granting of a motorcycle dealer franchise in the Commonwealth shall constitute engaging in business in the Commonwealth for purposes of this section, and no new motorcycle may be sold or offered for sale in the Commonwealth unless the franchisor of motorcycle dealer franchises for that line-make in the Commonwealth, whether such franchisor is a

179 manufacturer, factory branch, distributor, distributor branch, or otherwise, is licensed under this chapter.
180 In the event a license issued under this chapter to a franchisor of motorcycle dealer franchises is
181 suspended, revoked, or not renewed, nothing in this section shall prevent the sale of any new motorcycle
182 of such franchisor's line-make manufactured in or brought into the Commonwealth for sale prior to the
183 suspension, revocation or expiration of the license.

184 *Notwithstanding the foregoing provisions of this section, a manufacturer, factory branch, distributor,*
185 *distributor branch, or factory or distributor representative engaged in the manufacture or distribution of*
186 *all-terrain vehicles or off-road motorcycles that does not also manufacture or does not also distribute in*
187 *Virginia any motorcycle designed for lawful use on the public highways shall not be required to obtain*
188 *a license from the Department as provided in this chapter.*

189 Violation of any provision of this section shall constitute a Class 1 misdemeanor.

190 § 46.2-1993.25. Odometer disclosure.

191 Every motorcycle dealer shall comply with all requirements of the Federal Odometer Act and
192 § 46.2-629 by completing the appropriate odometer mileage statement form for each vehicle purchased,
193 sold or transferred, or in any other way acquired or disposed of. Odometer disclosure statements shall be
194 maintained by the dealer in a manner that permits systematic retrieval. Any person found violating any
195 of the provisions of this section shall be guilty of a Class 1 misdemeanor.

196 *The provisions of this section shall not apply to all-terrain vehicles or off-road motorcycles.*

197 § 46.2-1993.64. Filing of franchises.

198 *Except as otherwise provided in this section, each motorcycle manufacturer, factory branch,*
199 *distributor, distributor branch, or subsidiary thereof shall file with the Commissioner a true copy of each*
200 *new, amended, modified, or different form or addendum offered to more than one dealer which affects*
201 *the rights, responsibilities, or obligations of the parties of a franchise or sales, service, or sales and*
202 *service agreement to be offered to a motorcycle dealer or prospective motorcycle dealer in the*
203 *Commonwealth no later than ~~sixty~~ 60 days prior to the date the franchise or sales agreement is offered.*
204 *In no event shall a new, amended, modified, or different form of franchise or sales, service, or sales and*
205 *service agreement be offered a motorcycle dealer in the Commonwealth until the form has been*
206 *determined by the Commissioner as not containing terms inconsistent with the provisions of this chapter.*
207 *At the time a filing is made with the Commissioner pursuant to this section, the manufacturer, factory*
208 *branch, distributor, distributor branch, or subsidiary shall also give written notice together with a copy of*
209 *the papers so filed to the affected dealer or dealers.*

210 *The provisions of this article shall not apply to a manufacturer, factory branch, distributor,*
211 *distributor branch, or factory or distributor representative engaged in the manufacture or distribution of*
212 *all-terrain vehicles or off-road motorcycles that does not also manufacture or does not also distribute in*
213 *Virginia any motorcycle designed for lawful use on the public highways.*