

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** HB1539

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Greason

**3. Committee:** Transportation

**4. Title:** Sale of motor vehicles on consignment.

**5. Summary:** This bill provides that a "supplemental sales location" license is not required for a licensed motor vehicle dealer to sell motor vehicles on consignment at wholesale auctions. The bill also allows the consignment sale of motor vehicles that fail to pass safety inspection if the buyer is provided a written disclosure of that failure.

**6. Budget Amendment Necessary:** No.

**7. No Fiscal Impact.** Preliminary.

**8. Fiscal Implications:** There are two ways a dealer may “display” and offer a vehicle for sale from a location other than their licensed location: by obtaining a temporary off-site sales license or by consigning the vehicle to another dealer. When dealers bring cars to auctions they are selling away from their licensed locations. Therefore, they have a consignment contract with the auction, which is also licensed as a dealer. This proposal will reduce the required paperwork when dealers sell their cars at a wholesale auction (dealer to dealer), as they will not be required to have a consignment contract.

In addition, a dealer must safety- inspect their vehicles before they offer them for sale at retail. If it fails the inspection, they may still sell that car on their lot, provided they disclose to the buyer that it has failed. The consignment law states that the vehicle must pass safety inspection to be sold on consignment. This bill will allow the dealer to sell a car at an auction that has failed the safety inspection just like they could if they were selling it off their lot.

**9. Specific Agency or Political Subdivisions Affected:** Motor Vehicle Dealer Board.

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** None.

**Date:** 1/8/13

**Document:** Janet Vogelgesang G:\12-14\2013\FIS\HB1539.doc

c: Secretary of Transportation