

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: HB1539

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Greason

3. Committee: Transportation

4. Title: Sale of vehicles on consignment

5. Summary: This bill provides that a "supplemental sales location" license is not required for a licensed motor vehicle, motorcycle, trailer, or recreational vehicle (T & M) dealer to sell vehicles on consignment at wholesale auctions. The bill also allows the consignment sale of 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 vehicles 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 vehicles 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 vehicle 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 motor vehicle, motorcycle, trailer, or recreational vehicle (T & M) 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,
Department of Motor Vehicles.

10. Technical Amendment Necessary: None.

11. Other Comments: None.

Date: 1/24/13

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c: Secretary of Transportation