

23102762D

SENATE BILL NO. 864

Offered January 11, 2023

Prefiled January 2, 2023

A BILL to amend and reenact §§ 46.2-1500 and 46.2-1575 of the Code of Virginia, relating to motor vehicle dealers; businesses without a physical presence in the Commonwealth selling vehicles in the Commonwealth; vehicle title.

 Patron—Cosgrove

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

- 1. That §§ 46.2-1500 and 46.2-1575 of the Code of Virginia are amended and reenacted as follows:**
§ 46.2-1500. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Affiliate" means any entity in which a manufacturer, factory branch, distributor, or distributor branch has voting control or owns at least 51 percent of the ownership equity, or any entity in which another entity has voting control or owns at least 51 percent of the ownership equity and also has voting control and owns at least 51 percent of the ownership of a manufacturer, factory branch, distributor, or distributor branch. An entity that provides vehicle purchase or lease financing that uses the name of the manufacturer or distributor, or the name of any line make of the manufacturer or distributor, in the name of the entity under which it transacts business with a consumer, other than in the name of an individual product offered by the entity, shall be considered an "affiliate."

"Board" means the Motor Vehicle Dealer Board.

"Camping trailer" means a recreational vehicle constructed with collapsible partial side walls that fold for towing by a consumer-owned tow vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.

"Certificate of origin" means the document provided by the manufacturer of a new motor vehicle or new trailer, or its distributor, which is the only valid indication of ownership between the manufacturer, its distributor, its franchised motor vehicle 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.

"Demonstrator" means a new motor vehicle having a gross vehicle weight rating of less than 16,000 pounds that (i) has more than 750 miles accumulated on its odometer that has been driven by dealer personnel or by prospective purchasers during the course of selling, displaying, demonstrating, showing, or exhibiting it and (ii) may be sold as a new motor vehicle, provided the dealer complies with the provisions of subsection D of § 46.2-1530.

"Distributor" means a person who is licensed by the Department under this chapter and who sells or distributes new motor vehicles or new trailers pursuant to a written agreement with the manufacturer to franchised motor vehicle dealers in the Commonwealth.

"Distributor branch" means a branch office licensed by the Department under this chapter and maintained by a distributor for the sale of motor vehicles to motor vehicle dealers or for directing or supervising, in whole or in part, its representatives in the Commonwealth.

"Distributor representative" means a person who is licensed by the Department under this chapter and employed by a distributor or by a distributor branch, for the purpose of making or promoting the sale of motor vehicles 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 motor vehicles to distributors or for the sale of motor vehicles to motor vehicle dealers, or for directing or supervising, in whole or in part, its representatives in the Commonwealth.

"Factory representative" means a person who is licensed by the Department under this chapter and employed by a person who manufactures or assembles motor vehicles or by a factory branch for the purpose of making or promoting the sale of its motor vehicles or for supervising or contacting its dealers, prospective dealers, or representatives in the Commonwealth.

"Factory repurchase motor vehicle" means a motor vehicle sold, leased, rented, consigned, or otherwise transferred to a person under an agreement that the motor vehicle will be resold or otherwise retransferred only to the manufacturer or distributor of the motor vehicle, 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,

INTRODUCED

SB864

59 spouse of a grandchild, brother, sister, or parent of the dealer or owner or (ii) has been employed
60 continuously by the dealer for at least five years.

61 "Franchise" means a written contract or agreement between two or more persons whereby one
62 person, the franchisee, is granted the right to engage in the business of offering and selling, offering and
63 delivering pursuant to a lease, servicing, or offering, selling, and servicing new motor vehicles or new
64 trailers of a particular line-make or late model or used motor vehicles of a particular line-make
65 manufactured or distributed by the grantor of the right, the franchisor, and where the operation of the
66 franchisee's business is substantially associated with the franchisor's trademark, trade name, advertising,
67 or other commercial symbol designating the franchisor, the motor vehicle or its manufacturer or
68 distributor. "Franchise" includes any severable part or parts of a franchise agreement which separately
69 provides for selling and servicing different line-makes of the franchisor.

70 "Franchised late model or franchised used motor vehicle dealer" means a dealer selling used motor
71 vehicles, including vehicles purchased from the franchisor, under the trademark of a manufacturer or
72 distributor that has a franchise agreement with a manufacturer or distributor.

73 "Franchised motor vehicle dealer" or "franchised dealer" means a dealer in new motor vehicles or
74 new trailers that has a franchise agreement with a manufacturer or distributor of new motor vehicles or
75 new trailers to sell new motor vehicles or new trailers or to sell used motor vehicles under the
76 trademark of a manufacturer or distributor regardless of the age of the motor vehicles.

77 "Fund" means the Motor Vehicle Dealer Board Fund.

78 "Independent motor vehicle dealer" means a dealer in used motor vehicles.

79 "Late model motor vehicle" means a motor vehicle of the current model year and the immediately
80 preceding model year.

81 "Line-make" means the name of the motor vehicle manufacturer or distributor and a brand or name
82 plate marketed by the manufacturer or distributor. The line-make of a motorcycle manufacturer, factory
83 branch, distributor, or distributor branch includes every brand of all-terrain vehicle, autocycle, and
84 off-road motorcycle manufactured or distributed bearing the name of the motorcycle manufacturer or
85 distributor.

86 "Manufactured home dealer" means any person licensed as a manufactured home dealer under
87 Chapter 4.2 (§ 36-85.16 et seq.) of Title 36.

88 "Manufacturer" means a person who is licensed by the Department under this chapter and engaged in
89 the business of constructing or assembling new motor vehicles or new trailers and, in the case of trucks,
90 recreational vehicles, and motor homes, also means a person engaged in the business of manufacturing
91 engines, transmissions, power trains, or rear axles, when such engines, transmissions, power trains, or
92 rear axles are not warranted by the final manufacturer or assembler of the truck, recreational vehicle, or
93 motor home.

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

98 "Motor home" means a motorized recreational vehicle designed to provide temporary living quarters
99 for recreational, camping, or travel use that contains at least four of the following permanently installed
100 independent life support systems that meet the National Fire Protection Association standards for
101 recreational vehicles: (i) a cooking facility with an onboard fuel source; (ii) a potable water supply
102 system that includes at least a sink, a faucet, and a water tank with an exterior service supply
103 connection; (iii) a toilet with exterior evacuation; (iv) a gas or electric refrigerator; (v) a heating or air
104 conditioning system with an onboard power or fuel source separate from the vehicle engine; or (vi) a
105 110-125 volt electric power supply.

106 "Motor vehicle" means the same as provided in § 46.2-100, except, for the purposes of this chapter,
107 "motor vehicle" includes trailers, as defined in this section, and does not include (i) manufactured
108 homes, sales of which are regulated under Chapter 4.2 (§ 36-85.16 et seq.) of Title 36; (ii) nonrepairable
109 vehicles, as defined in § 46.2-1600; (iii) salvage vehicles, as defined in § 46.2-1600; or (iv) mobile
110 cranes that exceed the size or weight limitations as set forth in § 46.2-1105, 46.2-1110, or 46.2-1113 or
111 Article 17 (§ 46.2-1122 et seq.) of Chapter 10.

112 "Motor vehicle dealer" or "dealer" means any person who:

113 1. For commission, money, or other thing of value, buys for resale, sells, or exchanges, either
114 outright or on conditional sale, lease, chattel mortgage, or other similar transaction or arranges or offers
115 or attempts to solicit or negotiate on behalf of others the sale, purchase, or exchange of, either outright
116 or on conditional sale, lease, chattel mortgage, or other similar transaction, an interest in new motor
117 vehicles, new and used motor vehicles, or used motor vehicles alone, whether or not the motor vehicles
118 are owned by him; or

119 2. Is wholly or partly engaged in the business of selling new motor vehicles, new and used motor
120 vehicles, or used motor vehicles only, whether or not the motor vehicles are owned by him.

Any person who offers to sell, sells, displays, or permits the display for sale, of five or more motor vehicles within any 12 consecutive months is presumed to be a motor vehicle dealer and may rebut the presumption by a preponderance of the evidence. *Such a rebuttable presumption shall also apply to any business entity that does not maintain a physical presence in the Commonwealth and offers to sell or sells five or more motor vehicles within any 12 consecutive months for which the delivery of such sold motor vehicle or place of such sale is in the Commonwealth.*

For the purposes of Article 7.2 (§ 46.2-1573.2 et seq.), "dealer" means recreational vehicle dealer. For the purposes of Article 7.3 (§ 46.2-1573.13 et seq.), "dealer" means trailer dealer and watercraft trailer dealer. For the purposes of Article 7.4 (§ 46.2-1573.25 et seq.), "dealer" means motorcycle dealer.

"Motor vehicle dealer" or "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 motor vehicles to others when selling or offering such vehicles for sale at retail, disposing of motor vehicles acquired for their own use and actually so used, when the vehicles have been so acquired and used in good faith and not for the purpose of avoiding the provisions of this chapter.

4. Persons dealing solely in the sale and distribution of fire-fighting vehicles, ambulances, and funeral vehicles, including motor vehicles adapted therefor; however, this exemption shall not exempt any person from the provisions of §§ 46.2-1519, 46.2-1520, and 46.2-1548.

5. 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 motor vehicle 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 vehicle.

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

7. Any person licensed to sell real estate who sells a manufactured home or similar vehicle in conjunction with the sale of the parcel of land on which the manufactured home or similar vehicle is located.

8. Any person who permits the operation of a motor vehicle show or permits the display of motor vehicles for sale by any motor vehicle dealer licensed under this chapter.

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

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

11. Any person dealing solely in the sale or lease of vehicles designed exclusively for off-road use.

12. 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 motor vehicle dealer.

13. Any person licensed as a manufactured home dealer, broker, manufacturer, or salesperson under Chapter 4.2 (§ 36-85.16 et seq.) of Title 36.

14. The State Department of Social Services or local departments of social services.

15. Any person dealing solely in the sale and distribution of utility or cargo trailers that have unloaded weights of 3,000 pounds or less; however, this exemption shall not exempt any person who deals in stock trailers or watercraft trailers.

16. Any motor vehicle manufacturer or distributor selling a new motor vehicle at wholesale to its franchised dealer or a used motor vehicle to a licensed dealer.

For the purposes of Article 7 (§ 46.2-1566 et seq.), "dealer" does not include recreational vehicle dealers, trailer dealers, watercraft trailer dealers, or motorcycle dealers.

"Motor vehicle salesperson" or "salesperson" means (i) any person who is hired as an employee by a motor vehicle dealer to sell or exchange motor vehicles and who receives or expects to receive a commission, fee, or any other consideration from the dealer; (ii) any person who supervises salespersons employed by a motor vehicle dealer, whether compensated by salary or by commission; (iii) any person, compensated by salary or commission by a motor vehicle dealer, who negotiates with or induces a customer to enter into a security agreement on behalf of a dealer; or (iv) any person who is licensed as a motor vehicle dealer and who sells or exchanges motor vehicles. For purposes of this section, any person who is an independent contractor as defined by the United States Internal Revenue Code shall be deemed not to be a motor vehicle salesperson.

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

182 "New motor vehicle" means any vehicle, excluding trailers, that is in the possession of the
183 manufacturer, factory branch, distributor, distributor branch, or motor vehicle dealer and for which an
184 original title has not been issued by the Department or by the issuing agency of any other state and has
185 less than 7,500 miles accumulated on its odometer.

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

194 "Original license" means a motor vehicle dealer license issued to an applicant who has never been
195 licensed as a motor vehicle dealer in Virginia or whose Virginia motor vehicle dealer license has been
196 expired for more than 30 days.

197 "Recreational vehicle" or "RV" means a vehicle that (i) is either self-propelled or towed by a
198 consumer-owned tow vehicle, (ii) is primarily designed to provide temporary living quarters for
199 recreational, camping, or travel use; and (iii) complies with all applicable federal vehicle regulations and
200 does not require a special movement permit to legally use the highways. Recreational vehicle includes
201 motor homes, travel trailers, and camping trailers.

202 "Relevant market area" means as follows:

203 1. For motor vehicle dealers except motorcycle dealers, in metropolitan localities the relevant market
204 area shall be a circular area around an existing franchised dealer with a population of 250,000, not to
205 exceed a radius of 10 miles, but in no case less than seven miles.

206 2. For motor vehicle dealers except motorcycle dealers, if the population in a circular area within a
207 radius of 10 miles around an existing franchised dealer is less than 250,000, but the population in an
208 area within a radius of 15 miles around an existing franchised dealer is 150,000 or more, the relevant
209 market area shall be that circular area within the 15-mile radius.

210 3. For motor vehicle dealers except motorcycle dealers, in all other cases the relevant market area
211 shall be a circular area within a radius of 20 miles around an existing franchised dealer or the area of
212 responsibility defined in the franchise agreement, whichever is greater. In any case where the franchise
213 agreement is silent as to area of responsibility, the relevant market area shall be the greater of a circular
214 area within a radius of 20 miles around an existing franchised dealer or that area in which the franchisor
215 otherwise requires the franchisee to make significant retail sales or sales efforts.

216 4. For motorcycle dealers, the relevant market area shall be a circular area within a radius of 20
217 miles if the population within such area around an existing franchised dealer location is one million or
218 more. If the population in a circular area within a 20-mile radius is less than one million, the relevant
219 market area shall be a circular area within a radius of 30 miles. If the population within a 30-mile
220 radius is less than one million, the relevant market area shall be a circular area within a radius of 40
221 miles. In all cases, the relevant market area shall be the area described above or the area of
222 responsibility defined in the franchise agreement, whichever is greater. In addition, the relevant market
223 area shall include that area in which the franchisor otherwise requires the franchisee to make significant
224 retail sales or sales efforts.

225 Notwithstanding the foregoing provision of this section, in the case of dealers in motor vehicles with
226 gross vehicle weight ratings of 26,000 pounds or greater, excluding recreational vehicles, the relevant
227 market area with respect to the dealer's franchise for all such vehicles shall be a circular area around an
228 existing franchised dealer with a radius of 25 miles, except where the population in such circular area is
229 less than 250,000, in which case the relevant market area shall be a circular area around an existing
230 franchised dealer with a radius of 50 miles, or the area of responsibility defined in the franchise,
231 whichever is greater.

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

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

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

243 "Sale at wholesale" or "wholesale" means a sale to motor vehicle dealers or wholesalers other than to

consumers; a sale to one who intends to resell.

"Semitrailer" means every vehicle of the trailer type so designed and used in conjunction with another motor vehicle that some part of its own weight and that of its own load rests on or is carried by another vehicle.

"Tractor truck" means every motor vehicle designed and used primarily for drawing other vehicles and not so constructed as to carry a load other than a part of the load and weight of the vehicle attached thereto.

"Trailer" means every vehicle without motive power designed for carrying property or passengers wholly on its own structure and for being drawn by another motor vehicle, including semitrailers but not manufactured homes, watercraft trailers, camping trailers, or travel trailers.

"Travel trailer" means a vehicle designed to provide temporary living quarters for recreational, camping, or travel use of such size or weight so as not to require a special highway movement permit when towed by a consumer-owned tow vehicle.

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

"Watercraft trailer" means any new or used trailer specifically designed to carry a watercraft or a motorboat and purchased, sold, or offered for sale by a watercraft dealer licensed under Chapter 8 (§ 29.1-800 et seq.) of Title 29.1.

"Watercraft trailer dealer" means any watercraft dealer licensed under Chapter 8 (§ 29.1-800 et seq.) of Title 29.1.

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

§ 46.2-1575. Grounds for denying, suspending, or revoking licenses or certificates of dealer registration or qualification.

A license or certificate of dealer registration or qualification issued under this subtitle may be denied, suspended, or revoked on any one or more of the following grounds:

1. Material misstatement or omission in application for license, dealer's license plates, certificate of dealer registration, certificate of qualification, or certificate of title;

2. Failure to comply subsequent to receipt of a written warning from the Department or the Board or any willful failure to comply with any provision of this chapter or any regulation promulgated by the Commissioner or the Board under this chapter;

3. Failure to have an established place of business as defined in § 46.2-1510 or failure to have as the dealer-operator an individual who holds a valid certificate of qualification;

4. Defrauding any retail buyer, to the buyer's damage, or any other person in the conduct of the licensee's or registrant's business;

5. Employment of fraudulent devices, methods or practices in connection with compliance with the requirements under the statutes of the Commonwealth with respect to the retaking of vehicles under retail installment contracts and the redemption and resale of those vehicles;

6. Having used deceptive acts or practices;

7. Knowingly advertising by any means any assertion, representation, or statement of fact which is untrue, misleading, or deceptive in any particular relating to the conduct of the business licensed or registered or for which a license or registration is sought;

8. Having been convicted of any fraudulent act in connection with the business of selling vehicles or any consumer-related fraud;

9. Having been convicted of any criminal act involving the business of selling vehicles;

10. Willfully retaining in his possession title to a motor vehicle that has not been completely and legally assigned to him;

11. Failure to comply with any provision of Chapter 4.1 (§ 36-85.2 et seq.) of Title 36 or any regulation promulgated pursuant to that chapter;

12. Leasing, renting, lending, or otherwise allowing the use of a dealer's license plate by persons not specifically authorized under this title;

13. Having been convicted of a felony;

14. Failure to submit to the Department, within thirty days from the date of sale, any application, tax, or fee collected for the Department on behalf of a buyer;

15. Having been convicted of larceny of a vehicle or receipt or sale of a stolen vehicle;

16. Having been convicted of odometer tampering or any related violation;

17. If a salvage dealer, salvage pool, or rebuilder, failing to comply with any provision of Chapter 16 (§ 46.2-1600 et seq.) of this title or any regulation promulgated by the Commissioner under that chapter;

18. Failing to maintain automobile liability insurance, issued by a company licensed to do business in the Commonwealth, or a certificate of self-insurance as defined in § 46.2-368, with respect to each dealer's license plate issued to the dealer by the Department; or

19. Failing or refusing to pay civil penalties imposed by the Board pursuant to § 46.2-1507; or

20. Failure to transfer the valid vehicle title of the sold motor vehicle to the buyer at the time of

305 *such sale.*