



Legislative Council Staff

Research Note

Version: Final

Date: 5/17/2017

Bill Number

Senate Bill 17-240

Sponsors

Senators Jahn & Tate
Representative Winter

Short Title

Sunset Motor Vehicle Dealers
Sales

Research Analyst

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Status

This research note reflects the final version of the bill which becomes effective July 1, 2017.

Background

Regulation of the auto industry was created by the General Assembly in 1945. The initial regulatory oversight included a five-member advisory board comprised of industry members. In 1971, the Motor Vehicle Dealer Board (board) was expanded to nine members to include four new auto dealers, three used auto dealers, and two members of the public. The board's consumer protection responsibilities were expanded in 1983 and in 1991 the board was given authority to implement fines for violations of state law related to motor vehicle sales.

Currently there are more than 19,000 licensees in the motor and powersports vehicles industry in Colorado. Generally, road-worthy vehicles such as cars and motorcycles are considered motor vehicles and non-road worth vehicles such as snowmobiles and personal watercraft are powersports vehicles. The board provides regulatory oversight of motor and powersports vehicle salespersons, dealers, wholesalers, and wholesale auction dealers. The Executive Director of the Department of Revenue is responsible for regulatory oversight of manufacturers, distributors, manufacturer dealers, and buyer's agents as well as administrative functions such as issuing licenses and initiating investigations of potential violations of state law or applicable rules. The executive director is also responsible for regulating powersports vehicles manufacturer/distributors and manufacturer representatives.

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In addition to regulatory oversight, the law prohibits manufacturers and distributors from engaging in business with a licensee to reduce or eliminate competition or to create a monopoly for the licensee and prohibits threats made to licensees by manufacturer/distributors that they will discontinue or cease to sell, refuse to enter into a contract to sell, or terminate a contract unless the licensee finances the purchases of motor vehicles only through a designated person.

Current state law also prohibits the sale of motor vehicles on Sunday but permits Sunday sales of powersports vehicles.

Senate Action

Senate Business, Labor, and Technology Committee (March 27, 2017). At the hearing, a representative from the Department of Revenue testified in support of the bill. Representatives from the Colorado Auto Dealers Association, the Colorado Independent Auto Dealers Association, and Schomp Automotive testified about the bill and proposed amendments.

The committee adopted amendment L.001 and referred the bill, as amended, to the Senate Finance Committee. Amendment L.001 maintained the requirement that when a salesperson separates from a motor vehicle or powersport vehicle dealer, the dealer confiscates the salesperson's license.

Senate Finance Committee (April 4, 2017). At the hearing a representative from the Department of Revenue and the Colorado Auto Dealers Association testified on the bill.

The committee adopted amendments L.006 and L.007 and referred the bill, as amended, to the Senate Appropriations Committee. Amendment L.006 made technical changes to the fingerprinting requirements in the bill. Amendment L.007 clarified that fingerprinting and background check requirements for a manufacturer or distributor license do not apply to publicly traded companies.

Senate Appropriations (April 11, 2017). The committee adopted amendment J.001 and referred the bill to the Senate Committee of the Whole. The amendment added an appropriations clause to the bill.

Senate Second Reading (April 13, 2017). The Senate adopted the Senate Business, Labor, and Technology, Senate Finance, and the Senate Appropriations committee reports. The Senate passed the bill on second reading, as amended.

House Action

House Business Affairs and Labor Committee (May 2, 2017). At the hearing, representatives from the Department of Revenue, the Colorado Independent Automobile Dealers Association, and the Colorado Automobile Dealers Association testified in support of the bill.

The committee adopted amendments L.009 and L.010 and referred the bill, as amended, to the House Finance Committee. Amendment L.009 made technical changes. Amendment L.010 added powersports vehicle sales and leasing to be covered under certain deceptive trade practices.

House Finance Committee (May 8, 2017). The committee adopted amendment L.012 and referred the bill to the House Appropriations Committee. Amendment L.012 changed the effective date to clarify that sections 23 and 26 take effect only if Senate Bill 17-298 does not become law.

House Appropriations Committee (May 8, 2017). The committee adopted amendment J.002 and referred the bill to the House Committee of the Whole. The amendment adjusted the bill's appropriations clause.

House Second Reading (May 8, 2017). The House adopted the House Business Affairs and Labor, Finance, and Appropriations committee reports and Amendments No. 4 and No. 5. Amendment No. 4 made technical changes to the Finance committee report and amendment No. 5 clarified that notification requirements regarding transfers of ownership of motor vehicle or powersports dealerships do not apply to the sale or transfer of an interest in a publicly traded company. The House passed the bill on second reading, as amended.

House Third Reading (May 9, 2017). The House passed the bill on third reading with no amendments.

Relevant Research

Department of Regulatory Agencies, Colorado Office of Policy, Research & Regulatory Reform, 2016 Sunset Review: Motor Vehicle Dealer Board and the Regulation of Powersports Vehicles, October 14, 2016. <https://drive.google.com/file/d/0B1eD7wvZltwxVIFXRTI2Nlg5NmM/view>