POWERSPORTS & MOTOR VEHICLE SALES BOND REQUIREMENT

The bill specifies that violations of motor vehicle dealer statutes by a licensee must be related to fraud in order for a person to recover from a bond. The bill increases state workload on an ongoing basis.

No appropriation is required.

This fiscal note reflects the introduced bill.

Summary of Legislation

Under current law, certain motor vehicle dealer licensees must have a bond to compensate people for fraud or a violation of the motor vehicle statutes, as designated by the Colorado Motor Vehicle Dealer Board (board). The bill requires that the violation be related to fraud in order for a person to recover from the bond for the following licensees:

- motor vehicle dealer;
- wholesalers;
- wholesale motor vehicle auction dealers;
- business disposal;
- used motor vehicle dealer;
- motor vehicle salesperson;
- buyers agent;
- powersports vehicle dealers;
- used powersports vehicle dealers; and
- powersports vehicle salesperson.

The bill also allows a person who suffers loss or damages resulting from fraud to bring a separate action against and recover from the bond if the licensee has not reimbursed the person for loss or damages; and either the board made a finding of fraud or a court entered judgment upon a claim of fraud.
State Expenditures

The bill increases workload for the board in the Department of Revenue to conduct additional hearings related to fraud, and for the trial courts in Judicial Department to handle additional filings from the newly created separate action. The fiscal note assumes that licensees will comply with state law and that the workload increase will be minimal. No change in appropriations is required.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed. It applies to offenses committed on or after that date.

State and Local Government Contacts

Judicial  Law  Revenue