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By the Committees on Commerce and Tourism; and Transportation; and Senators Passidomo, Perry, and Hutson

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A bill to be entitled An act relating to motor vehicle dealers; amending s. 320.27, F.S.; revising the definitions of the terms "motor vehicle dealer," "franchised motor vehicle dealer," "independent motor vehicle dealer," "wholesale motor vehicle dealer," and "motor vehicle broker"; prohibiting persons from engaging in business as, serving in the capacity of, or acting as a motor vehicle broker in this state without first obtaining a certain license; adding an exception to the prohibition on persons other than a licensed motor vehicle dealer from advertising for sale or lease any motor vehicle belonging to another party; authorizing owners of motor vehicles titled in their names to advertise and offer motor vehicles for sale on their own behalves provided such vehicles are acquired and sold in good faith and not for the purpose of avoiding specified requirements; prohibiting a licensed motor vehicle dealer from allowing any person other than its bona fide employee to use its motor vehicle dealer license for the purpose of acting in the capacity of or conducting motor vehicle lease transactions as a motor vehicle dealer; providing that any person acting in violation of specified licensing requirements or misrepresenting to any person his or her relationship with any motor vehicle dealer is deemed to have committed an unfair and deceptive trade practice in violation of specified provisions; requiring an application for a license to contain a statement that

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the applicant is a motor vehicle broker under certain circumstances; providing that a certain license entitles a licensee to carry on and conduct the business of a motor vehicle broker; providing that each license issued to a motor vehicle broker expires on a specified date of the year of its expiration unless revoked or suspended before that date; requiring, within a specified timeframe, the Department of Highway Safety and Motor Vehicles to deliver or mail to each licensee the necessary renewal forms along with a statement that the licensee is required to complete any applicable continuing education or industry certification requirements; deleting certain continuing education and certification requirements; requiring applications received by the department for renewal of independent motor vehicle dealer licenses to certify that the dealer has completed continuing education prior to filing the renewal forms with the department, subject to certain requirements; providing requirements for continuing education and dealer schools; authorizing such schools to charge a fee for providing continuing education; requiring applications received by the department for renewal of franchised motor vehicle dealer licenses to certify that the dealer has completed certain industry certification prior to filing the renewal forms with the department, subject to certain requirements; providing requirements for industry certification and certain statewide industry

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associations of franchised motor vehicle dealers; authorizing an association to charge a fee for providing the industry certification; authorizing industry certification for licensees belonging to a certain dealership group to be accomplished by a certain designated person; requiring a licensee who seeks to satisfy the certification through a dealership group to provide the department with certain evidence at the time of filing the certificate of completion; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraphs (c) and (d) of subsection (1) and subsections (2), (3), and (4) of section 320.27, Florida Statutes, are amended to read:

320.27 Motor vehicle dealers.

(1) DEFINITIONS.—The following words, terms, and phrases when used in this section have the meanings respectively ascribed to them in this subsection, except where the context clearly indicates a different meaning:

(c) "Motor vehicle dealer" means any person engaged in the business of buying, selling, or <u>leasing dealing in</u> motor vehicles or offering or displaying motor vehicles for sale <u>or lease</u> at wholesale, excluding sales from a manufacturer, factory branch, distributor, or importer licensed pursuant to s. 320.61 to a franchised motor vehicle dealer licensed pursuant to this <u>section</u>, or <u>at retail</u>, or who may service and repair motor vehicles pursuant to an agreement as defined in s. 320.60(1).

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Any person who buys, sells, or leases deals in three or more motor vehicles in any 12-month period or who offers or displays for sale or lease three or more motor vehicles in any 12-month period is shall be prima facie presumed to be a motor vehicle dealer. Any person who engages in any of the following activities is deemed to be a motor vehicle dealer: possessing, storing, or displaying motor vehicles that such person offers for retail sale or lease; advertising motor vehicles held in inventory which such person offers for retail sale or lease; compensating customers for vehicles at wholesale or retail, also known as trade-ins; negotiating with customers regarding the terms of sale or lease for a motor vehicle; providing test drives of motor vehicles that such person offers for retail sale or lease; delivering or arranging for the delivery of a motor vehicle in conjunction with the retail sale or lease of the motor vehicle by such person engaged in such business. The terms "selling" and "sale" include lease-purchase transactions. A motor vehicle dealer may, at retail or wholesale, sell a recreational vehicle as described in s. 320.01(1)(b)1.-6. and 8., acquired in exchange for the sale or lease of a motor vehicle, provided such acquisition is incidental to the principal business of being a motor vehicle dealer. However, a motor vehicle dealer may not buy a recreational vehicle for the purpose of resale unless licensed as a recreational vehicle dealer pursuant to s. 320.771. A motor vehicle dealer may apply for a certificate of title to a motor vehicle required to be registered under s. 320.08(2)(b), (c), and (d), using a manufacturer's statement of origin as permitted by s. 319.23(1), only if such dealer is authorized by a franchised agreement as

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defined in s. 320.60(1), to buy, sell, or deal in such vehicle and is authorized by such agreement to perform delivery and preparation obligations and warranty defect adjustments on the motor vehicle; provided this limitation shall not apply to recreational vehicles, van conversions, or any other motor vehicle manufactured on a truck chassis. The transfer of a motor vehicle by a dealer not meeting these qualifications shall be titled as a used vehicle. The classifications of motor vehicle dealers are defined as follows:

- 1. "Franchised motor vehicle dealer" means any person who engages in the business of repairing, servicing, buying, selling, or leasing dealing in motor vehicles pursuant to an agreement as defined in s. 320.60(1). A motor vehicle dealer may apply for a certificate of title to a motor vehicle required to be registered under s. 320.08(2)(b), (c), and (d) or s. 320.08(3)(a), (b), or (c), using a manufacturer's statement of origin as permitted by s. 319.23(1), only if such dealer is authorized by a franchise agreement as defined in s. 320.60(1) to buy, sell, or lease such vehicles and to perform delivery and preparation obligations and warranty defect adjustments on the motor vehicle. This limitation does not apply to recreational vehicles, van conversions, or any other motor vehicle manufactured on a truck chassis. A motor vehicle dealer may not transfer a manufacturer's statement of origin for a motor vehicle to any person who intends to sell such motor vehicle in this state unless such person is a licensed motor vehicle dealer authorized by a franchise agreement to buy, sell, or lease such vehicles.
 - 2. "Independent motor vehicle dealer" means any person

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other than a franchised or wholesale motor vehicle dealer who engages in the business of buying, selling, or leasing dealing in motor vehicles, and who may service and repair motor vehicles.

- 3. "Wholesale motor vehicle dealer" means any person who engages exclusively in the business of buying or, selling, or dealing in motor vehicles at wholesale or with motor vehicle auctions. Such person shall be licensed to do business in this state, shall not sell or auction a vehicle to any person who is not a licensed dealer, and shall not have the privilege of the use of dealer license plates. Any person who buys, sells, or deals in motor vehicles at wholesale or with motor vehicle auctions on behalf of a licensed motor vehicle dealer and as a bona fide employee of such licensed motor vehicle dealer is not required to be licensed as a wholesale motor vehicle dealer. In such cases it shall be prima facie presumed that a bona fide employer-employee relationship exists. A wholesale motor vehicle dealer shall be exempt from the display provisions of this section but shall maintain an office wherein records are kept in order that those records may be inspected.
- 4. "Motor vehicle auction" means any person offering motor vehicles or recreational vehicles for sale to the highest bidder where buyers are licensed motor vehicle dealers. Such person shall not sell a vehicle to anyone other than a licensed motor vehicle dealer.
- 5. "Salvage motor vehicle dealer" means any person who engages in the business of acquiring salvaged or wrecked motor vehicles for the purpose of reselling them and their parts.

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Notwithstanding anything in this subsection to the contrary, the term "motor vehicle dealer" does not include persons not engaged in the purchase, or sale, or lease of motor vehicles as a business who are disposing of vehicles acquired for their own use or for use in their business or acquired by foreclosure or by operation of law, provided such vehicles are acquired and sold in good faith and not for the purpose of avoiding the provisions of this law; persons engaged in the business of manufacturing, selling, or offering or displaying for sale or lease at wholesale or retail no more than 25 trailers in a 12month period; public officers while performing their official duties; receivers; trustees, administrators, executors, guardians, or other persons appointed by, or acting under the judgment or order of, any court; banks, finance companies, or other loan agencies that acquire motor vehicles as an incident to their regular business; motor vehicle brokers; persons whose sole dealing in motor vehicles is owning a publication in which, or hosting a website on which, licensed motor vehicle dealers display vehicles for sale; persons primarily engaged in the business of the short-term rental of motor vehicles, which rental term may not exceed 12 months, who are not involved in the retail sale or lease of motor vehicles; and motor vehicle rental and leasing companies that sell motor vehicles only to motor vehicle dealers licensed under this section. Vehicles owned under circumstances described in this paragraph may be disposed of at retail, wholesale, or auction, unless otherwise restricted. A manufacturer of fire trucks, ambulances, or school buses may sell such vehicles directly to governmental agencies or to persons who contract to perform or provide firefighting,

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ambulance, or school transportation services exclusively to governmental agencies without processing such sales through dealers if such fire trucks, ambulances, school buses, or similar vehicles are not presently available through motor vehicle dealers licensed by the department.

- (d) "Motor vehicle broker" means any person engaged in the business of, or who holds himself or herself out through solicitation, advertisement, or other means as being in the business of, assisting offering to procure or procuring motor vehicles for the general public in purchasing or leasing a motor vehicle from a licensed motor vehicle dealer. A motor vehicle broker may, or who holds himself or herself out through solicitation, advertisement, or otherwise as one who offers to procure or procures motor vehicles for the general public, and who does not store, display, or take ownership of any vehicles for the purpose of selling such vehicles. Any advertisement or solicitation by a motor vehicle broker must include conspicuous notice that the broker is receiving a fee and must clearly state that the broker is not a licensed motor vehicle dealer. A licensed manufacturer, distributor, or importer is not considered a motor vehicle broker.
- (2) LICENSE REQUIRED.—No person shall engage in business as, serve in the capacity of, or act as a motor vehicle dealer or motor vehicle broker in this state without first obtaining a license therefor in the appropriate classification as provided in this section. With the exception of transactions with motor vehicle auctions, no person other than a licensed motor vehicle dealer may advertise for sale or lease any motor vehicle belonging to another party unless as a direct result of a bona

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fide legal proceeding, court order, settlement of an estate, or by contract with a motor vehicle dealer, or by operation of law. However, owners of motor vehicles titled in their names may advertise and offer motor vehicles for sale on their own behalves, provided such vehicles are acquired and sold in good faith and not for the purpose of avoiding the requirements of this section behalf. It shall be unlawful for a licensed motor vehicle dealer to allow any person other than its a bona fide employee to use the motor vehicle dealer license for the purpose of acting in the capacity of or conducting motor vehicle sales or lease transactions as a motor vehicle dealer. Any person acting selling or offering a motor vehicle for sale in violation of the licensing requirements of this subsection, or who misrepresents to any person his or her its relationship with any manufacturer, importer, or distributor, or motor vehicle dealer, in addition to the penalties provided herein, shall be deemed to have committed quilty of an unfair and deceptive trade practice as defined in violation of part II of chapter 501 and shall be subject to the provisions of subsections (8) and (9).

(3) APPLICATION AND FEE.—The application for the license shall be in such form as may be prescribed by the department and shall be subject to such rules with respect thereto as may be so prescribed by it. Such application shall be verified by oath or affirmation and shall contain a full statement of the name and birth date of the person or persons applying therefor; the name of the firm or copartnership, with the names and places of residence of all members thereof, if such applicant is a firm or copartnership; the names and places of residence of the principal officers, if the applicant is a body corporate or

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other artificial body; the name of the state under whose laws the corporation is organized; the present and former place or places of residence of the applicant; and prior business in which the applicant has been engaged and the location thereof. Such application shall describe the exact location of the place of business and shall state whether the place of business is owned by the applicant and when acquired, or, if leased, a true copy of the lease shall be attached to the application. The applicant shall certify that the location provides an adequately equipped office and is not a residence; that the location affords sufficient unoccupied space upon and within which adequately to store all motor vehicles offered and displayed for sale; and that the location is a suitable place where the applicant can in good faith carry on such business and keep and maintain books, records, and files necessary to conduct such business, which shall be available at all reasonable hours to inspection by the department or any of its inspectors or other employees. The applicant shall certify that the business of a motor vehicle dealer is the principal business which shall be conducted at that location. The application shall contain a statement that the applicant is either franchised by a manufacturer of motor vehicles, in which case the name of each motor vehicle that the applicant is franchised to sell shall be included; is, or an independent (nonfranchised) motor vehicle dealer; or is a motor vehicle broker. The application shall contain other relevant information as may be required by the department, including evidence that the applicant is insured under a garage liability insurance policy or a general liability insurance policy coupled with a business automobile policy,

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which shall include, at a minimum, \$25,000 combined single-limit liability coverage including bodily injury and property damage protection and \$10,000 personal injury protection. However, a salvage motor vehicle dealer as defined in subparagraph (1)(c)5. is exempt from the requirements for garage liability insurance and personal injury protection insurance on those vehicles that cannot be legally operated on roads, highways, or streets in this state. Franchise dealers must submit a garage liability insurance policy, and all other dealers must submit a garage liability insurance policy or a general liability insurance policy coupled with a business automobile policy. Such policy shall be for the license period, and evidence of a new or continued policy shall be delivered to the department at the beginning of each license period. Upon making initial application, the applicant shall pay to the department a fee of \$300 in addition to any other fees required by law. Applicants may choose to extend the licensure period for 1 additional year for a total of 2 years. An initial applicant shall pay to the department a fee of \$300 for the first year and \$75 for the second year, in addition to any other fees required by law. An applicant for renewal shall pay to the department \$75 for a 1year renewal or \$150 for a 2-year renewal, in addition to any other fees required by law. Upon making an application for a change of location, the person shall pay a fee of \$50 in addition to any other fees now required by law. The department shall, in the case of every application for initial licensure, verify whether certain facts set forth in the application are true. Each applicant, general partner in the case of a partnership, or corporate officer and director in the case of a

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corporate applicant, must file a set of fingerprints with the department for the purpose of determining any prior criminal record or any outstanding warrants. The department shall submit the fingerprints to the Department of Law Enforcement for state processing and forwarding to the Federal Bureau of Investigation for federal processing. The actual cost of state and federal processing shall be borne by the applicant and is in addition to the fee for licensure. The department may issue a license to an applicant pending the results of the fingerprint investigation, which license is fully revocable if the department subsequently determines that any facts set forth in the application are not true or correctly represented.

- (4) LICENSE CERTIFICATE. -
- (a) A license certificate shall be issued by the department in accordance with such application when the application is regular in form and in compliance with the provisions of this section. The license certificate may be in the form of a document or a computerized card as determined by the department. The actual cost of each original, additional, or replacement computerized card shall be borne by the licensee and is in addition to the fee for licensure. Such license, when so issued, entitles the licensee to carry on and conduct the business of a motor vehicle dealer or motor vehicle broker. Each license issued to a franchise motor vehicle dealer or motor vehicle broker expires on December 31 of the year of its expiration unless revoked or suspended before prior to that date. Each license issued to an independent or wholesale dealer or auction expires on April 30 of the year of its expiration unless revoked or suspended prior to that date. At least 60 days before the

577-02328-18 2018616c2 349 license expiration date, the department shall deliver or mail to 350 each licensee the necessary renewal forms along with a statement 351 that the licensee is required to complete any applicable 352 continuing education or industry certification requirements. 353 Each independent dealer shall certify that the dealer (owner, 354 partner, officer, or director of the licensee, or a full-time 355 employee of the licensee that holds a responsible management-356 level position) has completed 8 hours of continuing education 357 prior to filing the renewal forms with the department. Such 358 certification shall be filed once every 2 years. The continuing 359 education shall include at least 2 hours of legal or legislative 360 issues, 1 hour of department issues, and 5 hours of relevant 361 motor vehicle industry topics. Continuing education shall be 362 provided by dealer schools licensed under paragraph (b) either 363 in a classroom setting or by correspondence. Such schools shall 364 provide certificates of completion to the department and the customer which shall be filed with the license renewal form, and 365 366 such schools may charge a fee for providing continuing 367 education. Any licensee who does not file his or her application 368 and fees and any other requisite documents, as required by law, 369 with the department at least 30 days prior to the license 370 expiration date shall cease to engage in business as a motor 371 vehicle dealer on the license expiration date. A renewal filed 372 with the department within 45 days after the expiration date 373 shall be accompanied by a delinquent fee of \$100. Thereafter, a 374 new application is required, accompanied by the initial license 375 fee. A license certificate duly issued by the department may be 376 modified by endorsement to show a change in the name of the

licensee, provided, as shown by affidavit of the licensee, the

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majority ownership interest of the licensee has not changed or the name of the person appearing as franchisee on the sales and service agreement has not changed. Modification of a license certificate to show any name change as herein provided shall not require initial licensure or reissuance of dealer tags; however, any dealer obtaining a name change shall transact all business in and be properly identified by that name. All documents relative to licensure shall reflect the new name. In the case of a franchise dealer, the name change shall be approved by the manufacturer, distributor, or importer. A licensee applying for a name change endorsement shall pay a fee of \$25 which fee shall apply to the change in the name of a main location and all additional locations licensed under the provisions of subsection (5). Each initial license application received by the department shall be accompanied by verification that, within the preceding 6 months, the applicant, or one or more of his or her designated employees, has attended a training and information seminar conducted by a licensed motor vehicle dealer training school. Any applicant for a new franchised motor vehicle dealer license who has held a valid franchised motor vehicle dealer license continuously for the past 2 years and who remains in good standing with the department is exempt from the prelicensing training requirement. Such seminar shall include, but is not limited to, statutory dealer requirements, which requirements include required bookkeeping and recordkeeping procedures, requirements for the collection of sales and use taxes, and such other information that in the opinion of the department will promote good business practices. No seminar may exceed 8 hours in length.

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(b) Each initial license application received by the department for licensure under subparagraph (1)(c)2. shall be accompanied by verification that, within the preceding 6 months, the applicant (owner, partner, officer, or director of the applicant, or a full-time employee of the applicant that holds a responsible management-level position) has successfully completed training conducted by a licensed motor vehicle dealer training school. Such training must include training in titling and registration of motor vehicles, laws relating to unfair and deceptive trade practices, laws relating to financing with regard to buy-here, pay-here operations, and such other information that in the opinion of the department will promote good business practices. Successful completion of this training shall be determined by examination administered at the end of the course and attendance of no less than 90 percent of the total hours required by such school. Any applicant who had held a valid motor vehicle dealer's license continuously within the past 2 years and who remains in good standing with the department is exempt from the prelicensing requirements of this section. The department shall have the authority to adopt any rule necessary for establishing the training curriculum; length of training, which shall not exceed 8 hours for required department topics and shall not exceed an additional 24 hours for topics related to other regulatory agencies' instructor qualifications; and any other requirements under this section. The curriculum for other subjects shall be approved by any and all other regulatory agencies having jurisdiction over specific subject matters; however, the overall administration of the licensing of these dealer schools and their instructors shall

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remain with the department. Such schools are authorized to charge a fee.

- (c) Each application received by the department for renewal of a license under subparagraph (1)(c)2. must certify that the dealer (owner, partner, officer, or director of the licensee, or a full-time employee of the licensee that holds a responsible management-level position) has completed 8 hours of continuing education prior to filing the renewal forms with the department. Such certification must be filed once every 2 years. The continuing education must include at least 2 hours of legal or legislative issues, 1 hour of department issues, and 5 hours of relevant motor vehicle industry topics. Continuing education shall be provided by dealer schools licensed under paragraph (b) either in a classroom setting or by correspondence. Such schools shall provide certificates of completion to the department and the customer which shall be filed with the license renewal form, and such schools may charge a fee for providing continuing education.
- (d) Each application received by the department for renewal of a license under subparagraph (1)(c)1. must certify that the dealer (dealer operator, owner, partner, officer, director, or general manager of the licensee) has completed 4 hours of industry certification on legal and legislative issues each year prior to filing the renewal forms with the department. Industry certification shall be provided by a Florida-based, nonprofit, dealer-owned, statewide industry association of franchised motor vehicle dealers with state and federal compliance credentials approved by the department, and shall be in a classroom setting in convenient locations within the state. Such association shall

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465 provide certificates of completion to the department and the 466 customer which shall be filed with the license renewal form. An 467 application for renewal of a license previously issued for 1 468 year must be accompanied by a certificate establishing 469 completion of 4 hours of industry certification during the prior 470 year. An application for renewal of a license previously issued 471 for 2 years must be accompanied by certificates establishing completion of 8 hours of industry certification, except that 472 473 renewal of a 2 year license that expires on December 31, 2019, 474 must be accompanied by a certificate establishing completion of 475 4 hours of industry certification. An association may charge a 476 fee for providing the industry certification. In the case of 477 licensees belonging to a dealership group, the required industry 478 certification may be satisfied for all licensees in the 479 dealership group through completion of the industry 480 certification by a single designated owner, officer, director, 481 or manager of the dealership group. For purposes of this 482 section, a dealership group is two or more licensed franchised 483 motor vehicle dealers with common owners having legal or 484 equitable title of at least 80 percent of each dealer in the 485 group. A licensee who seeks to satisfy the required industry 486 certification through a dealership group must provide the 487 department with evidence of the required common ownership at the 488 time of filing the certificate of completion. 489 Section 2. This act shall take effect January 1, 2019.