

AUTO DEALERSHIP LICENSE AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kim F. Coleman

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill amends provisions related to the licensing of a new motor vehicle dealer.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates a direct-sale manufacturer license;
- ▶ creates a direct-sale manufacturer salesperson license;
- ▶ permits a direct-sale manufacturer licensee to act as a dealer under certain conditions;
- ▶ permits a direct-sale manufacturer salesperson licensee to act as a salesperson for one direct-sale manufacturer under certain conditions;
- ▶ exempts a direct-sale manufacturer from the provisions of the New Automobile Franchise Act; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

41-3-102, as last amended by Laws of Utah 2014, Chapter 237

- 29 **41-3-103**, as last amended by Laws of Utah 2010, Chapter 393
- 30 **41-3-105**, as last amended by Laws of Utah 2010, Chapter 393
- 31 **41-3-201**, as last amended by Laws of Utah 2017, Chapter 153
- 32 **41-3-201.7**, as last amended by Laws of Utah 2017, Chapter 153
- 33 **41-3-202**, as last amended by Laws of Utah 2009, Chapter 78
- 34 **41-3-203**, as renumbered and amended by Laws of Utah 1992, Chapter 234
- 35 **41-3-204**, as last amended by Laws of Utah 2008, Chapter 388
- 36 **41-3-206**, as last amended by Laws of Utah 2008, Chapter 388
- 37 **41-3-209**, as last amended by Laws of Utah 2012, Chapter 145
- 38 **41-3-210**, as last amended by Laws of Utah 2007, Chapter 322
- 39 **41-3-702**, as last amended by Laws of Utah 2017, Chapter 153

40 ENACTS:

41 **13-14-108**, Utah Code Annotated 1953



43 *Be it enacted by the Legislature of the state of Utah:*

44 Section 1. Section **13-14-108** is enacted to read:

45 **13-14-108. Applicability.**

46 The provisions of this chapter do not apply to a person licensed as a direct-sale
47 manufacturer under Title 41, Chapter 3, Motor Vehicle Business Regulation Act.

48 Section 2. Section **41-3-102** is amended to read:

49 **41-3-102. Definitions.**

50 As used in this chapter:

51 (1) "Administrator" means the motor vehicle enforcement administrator.

52 (2) "Agent" means a person other than a holder of any dealer's or salesperson's license
53 issued under this chapter, who for salary, commission, or compensation of any kind, negotiates
54 in any way for the sale, purchase, order, or exchange of three or more motor vehicles for any
55 other person in any 12-month period.

56 (3) "Auction" means a dealer engaged in the business of auctioning motor vehicles,
57 either owned or consigned, to the general public.

58 (4) "Authorized service center" means an entity that:

59 (a) is in the business of repairing exclusively the motor vehicles of the same line-make
60 as the motor vehicles a single direct-sale manufacturer manufactures;

61 (b) the direct-sale manufacturer described in Subsection (4)(a) authorizes to complete
62 warranty repair work for motor vehicles that the direct-sale manufacturer sells, displays for
63 sale, or offers for sale or exchange; and

64 (c) conducts business primarily from an enclosed commercial repair facility that is
65 permanently located in the state.

66 [~~4~~] (5) "Board" means the advisory board created in Section 41-3-106.

67 [~~5~~] (6) "Body shop" means a business engaged in rebuilding, restoring, repairing, or
68 painting primarily the body of motor vehicles damaged by collision or natural disaster.

69 [~~6~~] (7) "Commission" means the State Tax Commission.

70 [~~7~~] (8) "Crusher" means a person who crushes or shreds motor vehicles subject to
71 registration under Title 41, Chapter 1a, Motor Vehicle Act, to reduce the useable materials and
72 metals to a more compact size for recycling.

73 [~~8~~] (9) (a) "Dealer" means a person:

74 (i) whose business in whole or in part involves selling new, used, or new and used
75 motor vehicles or off-highway vehicles; and

76 (ii) who sells, displays for sale, or offers for sale or exchange three or more new or
77 used motor vehicles or off-highway vehicles in any 12-month period.

78 (b) "Dealer" includes a representative or consignee of any dealer.

79 (10) "Direct-sale manufacturer" means a person:

80 (a) that is both a manufacturer and a dealer;

81 (b) that, in this state, sells, displays for sale, or offers for sale or exchange only new
82 motor vehicles of the person's own line-make that are:

83 (i) exclusively propelled through the use of electricity, a hydrogen fuel cell, or another
84 non-fossil fuel source;

85 (ii) (A) passenger vehicles with a gross vehicle weight rating of 14,000 pounds or less;

86 or

87 (B) trucks with a gross vehicle weight rating of 14,000 pounds or less; and

88 (iii) manufactured by the person;

89 (c) that is not a franchise holder;

90 (d) that is domiciled in the United States; and

91 (e) whose chief officers direct, control, and coordinate the person's activities as a
92 direct-sale manufacturer from a physical location in the United States.

93 (11) "Direct-sale manufacturer salesperson" means an individual who for a salary,
94 commission, or compensation of any kind, is employed either directly, indirectly, regularly, or
95 occasionally by a direct-sale manufacturer to sell, purchase, or exchange or to negotiate for the
96 sale, purchase, or exchange of a motor vehicle manufactured by the direct-sale manufacturer
97 who employs the individual.

98 ~~[(9)]~~ (12) (a) "Dismantler" means a person engaged in the business of dismantling
99 motor vehicles subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, for the
100 resale of parts or for salvage.

101 (b) "Dismantler" includes a person who dismantles three or more motor vehicles in any
102 12-month period.

103 ~~[(10)]~~ (13) "Distributor" means a person who has a franchise from a manufacturer of
104 motor vehicles to distribute motor vehicles within this state and who in whole or in part sells or
105 distributes new motor vehicles to dealers or who maintains distributor representatives.

106 ~~[(11)]~~ (14) "Distributor branch" means a branch office similarly maintained by a
107 distributor for the same purposes a factory branch is maintained.

108 ~~[(12)]~~ (15) "Distributor representative" means a person and each officer and employee
109 of the person engaged as a representative of a distributor or distributor branch of motor

110 vehicles to make or promote the sale of the distributor or the distributor branch's motor
111 vehicles, or for supervising or contacting dealers or prospective dealers of the distributor or the
112 distributor branch.

113 ~~[(13)]~~ (16) "Division" means the Motor Vehicle Enforcement Division created in
114 Section 41-3-104.

115 ~~[(14)]~~ (17) "Factory branch" means a branch office maintained by a person who
116 manufactures or assembles motor vehicles for sale to distributors, motor vehicle dealers, or
117 who directs or supervises the factory branch's representatives.

118 ~~[(15)]~~ (18) "Factory representative" means a person and each officer and employee of
119 the person engaged as a representative of a manufacturer of motor vehicles or by a factory
120 branch to make or promote the sale of the manufacturer's or factory branch's motor vehicles, or
121 for supervising or contacting the dealers or prospective dealers of the manufacturer or the
122 factory branch.

123 ~~[(16)]~~ (19) "Franchise" means a contract or agreement between a dealer and a
124 manufacturer of new motor vehicles or ~~[its]~~ a manufacturer's distributor or factory branch by
125 which the dealer is authorized to sell any specified make or makes of new motor vehicles.

126 (20) (a) "Franchise holder" means a manufacturer who:

127 (i) previously had a franchised dealer in the United States;

128 (ii) currently has a franchised dealer in the United States;

129 (iii) is a successor to another manufacturer who previously had or currently has a
130 franchised dealer in the United States;

131 (iv) is a material owner of another manufacturer who previously had or currently has a
132 franchised dealer in the United States;

133 (v) is under legal or common ownership, or practical control, with another
134 manufacturer who previously had or currently has a franchised dealer in the United States; or

135 (vi) is in a partnership, joint venture, or similar arrangement for production of a
136 commonly owned line-make with another manufacturer who previously had or currently has a

137 franchised dealer in the United States.

138 (b) "Franchise holder" does not include a manufacturer described in Subsection (20)(a),
139 if at all times during the franchised dealer's existence, the manufacturer had legal or practical
140 common ownership or common control with the franchised dealer.

141 (21) "Line-make" means motor vehicles that are offered for sale, lease, or distribution
142 under a common name, trademark, service mark, or brand name of the manufacturer.

143 ~~[(17)]~~ (22) "Manufacturer" means a person engaged in the business of constructing or
144 assembling new motor vehicles, ownership of which is customarily transferred by a
145 manufacturer's statement or certificate of origin, or a person who constructs three or more new
146 motor vehicles in any 12-month period.

147 (23) "Material owner" means a person who possesses, directly or indirectly, the power
148 to direct, or cause the direction of, the management, policies, or activities of another person:

149 (a) through ownership of voting securities;

150 (b) by contract or credit arrangement; or

151 (c) in another way not described in Subsections (23)(a) and (b).

152 ~~[(19)]~~ (24) (a) "Motor vehicle" means a vehicle that is:

153 (i) self-propelled;

154 (ii) a trailer, travel trailer, or semitrailer; or

155 (iii) an off-highway vehicle or small trailer.

156 (b) "Motor vehicle" does not include:

157 (i) mobile homes as defined in Section 41-1a-102;

158 (ii) trailers of 750 pounds or less unladen weight;

159 (iii) farm tractors and other machines and tools used in the production, harvesting, and
160 care of farm products; and

161 (iv) park model recreational vehicles as defined in Section 41-1a-102.

162 ~~[(18)]~~ (25) "Motorcycle" has the same meaning as defined in Section 41-1a-102.

163 ~~[(20)]~~ (26) "New motor vehicle" means a motor vehicle that:

164 (a) has never been titled or registered; and
165 (b) for a motor vehicle that is not a trailer, travel trailer, or semitrailer, has been driven
166 less than 7,500 miles~~[, unless the motor vehicle is an off-highway vehicle, small trailer, trailer,~~
167 ~~travel trailer, or semitrailer, in which case the mileage limit does not apply].~~

168 ~~[(21)]~~ (27) "Off-highway vehicle" has the same meaning as provided in Section
169 [41-22-2](#).

170 ~~[(22)]~~ (28) "Pawnbroker" means a person whose business is to lend money on security
171 of personal property deposited with him.

172 ~~[(23)]~~ (29) (a) "Principal place of business" means a site or location in this state:

173 ~~[(a)]~~ (i) devoted exclusively to the business for which the dealer, manufacturer,
174 remanufacturer, transporter, dismantler, crusher, or body shop is licensed, and businesses
175 incidental to them;

176 ~~[(b)]~~ (ii) sufficiently bounded by fence, chain, posts, or otherwise marked to definitely
177 indicate the boundary and to admit a definite description with space adequate to permit the
178 display of three or more new, or new and used, or used motor vehicles and sufficient parking
179 for the public; and

180 ~~[(c)]~~ (iii) that includes a permanent enclosed building or structure large enough to
181 accommodate the office of the establishment and to provide a safe place to keep the books and
182 other records of the business, at which the principal portion of the business is conducted and
183 the books and records kept and maintained.

184 (b) "Principal place of business" means, with respect to a direct-sale manufacturer, the
185 direct-sale manufacturer's showroom, which shall comply with the requirements of Subsection
186 (29)(a).

187 ~~[(24)]~~ (30) "Remanufacturer" means a person who reconstructs used motor vehicles
188 subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, to change the body style
189 and appearance of the motor vehicle or who constructs or assembles motor vehicles from used
190 or new and used motor vehicle parts, or who reconstructs, constructs, or assembles three or

191 more motor vehicles in any 12-month period.

192 ~~[(25)]~~ (31) "Salesperson" means an individual who for a salary, commission, or
193 compensation of any kind, is employed either directly, indirectly, regularly, or occasionally by
194 any new motor vehicle dealer or used motor vehicle dealer to sell, purchase, or exchange or to
195 negotiate for the sale, purchase, or exchange of motor vehicles.

196 ~~[(26)]~~ (32) "Semitrailer" has the same meaning as defined in Section 41-1a-102.

197 (33) "Showroom" means a site or location in the state that a direct-sale manufacturer
198 uses for the direct-sale manufacturer's business, including the display and demonstration of
199 new motor vehicles that are exclusively of the same line-make that the direct-sale manufacturer
200 manufactures.

201 ~~[(27)]~~ (34) "Small trailer" means a trailer that has an unladen weight of more than 750
202 pounds, but less than 2,000 pounds.

203 ~~[(28)]~~ (35) "Special equipment" includes a truck mounted crane, cherry picker, material
204 lift, post hole digger, and a utility or service body.

205 ~~[(29)]~~ (36) "Special equipment dealer" means a new or new and used motor vehicle
206 dealer engaged in the business of buying new incomplete motor vehicles with a gross vehicle
207 weight of 12,000 or more pounds and installing special equipment on the incomplete motor
208 vehicle.

209 ~~[(30)]~~ (37) "Trailer" has the same meaning as defined in Section 41-1a-102.

210 ~~[(31)]~~ (38) "Transporter" means a person engaged in the business of transporting motor
211 vehicles as described in Section 41-3-202.

212 ~~[(32)]~~ (39) "Travel trailer" has the same meaning as provided in Section 41-1a-102.

213 ~~[(33)]~~ (40) "Used motor vehicle" means a vehicle that:

214 (a) has been titled and registered to a purchaser other than a dealer; or

215 (b) for a motor vehicle that is not a trailer, travel trailer, or semitrailer, has been driven
216 7,500 or more miles [~~unless the vehicle is a trailer, or semitrailer, in which case the mileage~~
217 ~~limit does not apply~~].

218 [~~(34)~~] (41) "Wholesale motor vehicle auction" means a dealer primarily engaged in the
219 business of auctioning consigned motor vehicles to dealers or dismantlers who are licensed by
220 this or any other jurisdiction.

221 Section 3. Section **41-3-103** is amended to read:

222 **41-3-103. Exceptions to "dealer" definition -- Dealer licensed in other state --**
223 **Direct-sale manufacturer -- Direct-sale manufacturer salesperson.**

224 Under this chapter:

225 (1) (a) An insurance company, bank, finance company, company registered as a title
226 lender under Title 7, Chapter 24, Title Lending Registration Act, company registered as a check
227 cashier or deferred deposit lender under Title 7, Chapter 23, Check Cashing and Deferred
228 Deposit Lending Registration Act, public utility company, commission impound yard, federal
229 or state governmental agency, or any political subdivision of any of them or any other person
230 coming into possession of a motor vehicle as an incident to its regular business, that sells the
231 motor vehicle under contractual rights that it may have in the motor vehicle is not considered a
232 dealer.

233 (b) A person who sells or exchanges only those motor vehicles that the person has
234 owned for over 12 months is not considered a dealer.

235 (2) (a) A person engaged in leasing motor vehicles is not considered as coming into
236 possession of the motor vehicles incident to the person's regular business.

237 (b) A pawnbroker engaged in selling, exchanging, or pawning motor vehicles is
238 considered as coming into possession of the motor vehicles incident to the person's regular
239 business and must be licensed as a used motor vehicle dealer.

240 (3) A person currently licensed as a dealer or salesperson by another state or country
241 and not currently under license suspension or revocation by the administrator may only sell
242 motor vehicles in this state to licensed dealers, dismantlers, or manufacturers, and only at their
243 places of business.

244 (4) Except as otherwise expressly provided:

245 (a) a direct-sale manufacturer is subject to the same provisions under this chapter as a
246 new motor vehicle dealer; and

247 (b) a direct-sale manufacturer salesperson is subject to the same provisions under this
248 chapter as a salesperson.

249 (5) Notwithstanding any provision of this chapter to the contrary, a direct-sale
250 manufacturer:

251 (a) may sell, display for sale, or offer for sale or exchange a motor vehicle described in
252 Subsection 41-3-102(10)(b) without a franchise; and

253 (b) may not sell, display for sale, or offer for sale or exchange a new motor vehicle that
254 is not of the same line-make the direct-sale manufacturer manufactures.

255 Section 4. Section **41-3-105** is amended to read:

256 **41-3-105. Administrator's powers and duties -- Administrator and investigators**
257 **to be law enforcement officers.**

258 (1) The administrator may make rules to carry out the purposes of this chapter and
259 Sections 41-1a-1001 through 41-1a-1007 according to the procedures and requirements of Title
260 63G, Chapter 3, Utah Administrative Rulemaking Act.

261 (2) (a) The administrator may employ clerks, deputies, and assistants necessary to
262 discharge the duties under this chapter and may designate the duties of those clerks, deputies,
263 and assistants.

264 (b) The administrator, assistant administrator, and all investigators shall be law
265 enforcement officers certified by peace officer standards and training as required by Section
266 53-13-103.

267 (3) (a) The administrator may investigate any suspected or alleged violation of:

268 (i) this chapter;

269 (ii) Title 41, Chapter 1a, Motor Vehicle Act;

270 (iii) any law concerning motor vehicle fraud; or

271 (iv) any rule made by the administrator.

272 (b) The administrator may bring an action in the name of the state against any person to
273 enjoin a violation found under Subsection (3)(a).

274 (4) (a) The administrator may prescribe forms to be used for applications for licenses.

275 (b) The administrator may require information from the applicant concerning the
276 applicant's fitness to be licensed.

277 (c) Each application for a license shall contain:

278 (i) if the applicant is an individual, the name and residence address of the applicant and
279 the trade name, if any, under which the applicant intends to conduct business;

280 (ii) if the applicant is a partnership, the name and residence address of each partner,
281 whether limited or general, and the name under which the partnership business will be
282 conducted;

283 (iii) if the applicant is a corporation, the name of the corporation, and the name and
284 residence address of each of its principal officers and directors;

285 (iv) a complete description of the principal place of business, including:

286 (A) the municipality, with the street and number, if any;

287 (B) if located outside of any municipality, a general description so that the location can
288 be determined; and

289 (C) any other places of business operated and maintained by the applicant in
290 conjunction with the principal place of business;

291 (v) if the application is for a new motor vehicle dealer's license, the name of each
292 motor vehicle the applicant has been enfranchised to sell or exchange, the name and address of
293 the manufacturer or distributor who has enfranchised the applicant, and the ~~[names and~~
294 ~~addresses of the individuals]~~ name and address of each individual who will act as
295 ~~[salespersons]~~ a salesperson under authority of the license;

296 (vi) at least five years of business history;

297 (vii) the federal tax identification number issued to the dealer; ~~[and]~~

298 (viii) the sales and use tax license number issued to the dealer under Title 59, Chapter

299 12, Sales and Use Tax Act[-]; and

300 (ix) if the application is for a direct-sale manufacturer's license:

301 (A) the name of each line-make the applicant will sell, display for sale, or offer for sale
302 or exchange;

303 (B) the name and address of each individual who will act as a direct-sale manufacturer
304 salesperson under authority of the license;

305 (C) a complete description of the direct-sale manufacturer's authorized service center,
306 including the address and any other place of business the applicant operates and maintains in
307 conjunction with the authorized service center;

308 (D) a sworn statement that the applicant complies with each qualification for a
309 direct-sale manufacturer under this chapter;

310 (E) a sworn statement that if at any time the applicant fails to comply with a
311 qualification for a direct-sale manufacturer under this chapter, the applicant will inform the
312 division in writing within 10 business days after the day on which the noncompliance occurs;
313 and

314 (F) an acknowledgment that if the applicant fails to comply with a qualification for a
315 direct-sale manufacturer under this chapter, the administrator will deny, suspend, or revoke the
316 applicant's direct-sale manufacturer license in accordance with Section [41-3-209](#).

317 (5) The administrator may adopt a seal with the words "Motor Vehicle Enforcement
318 Administrator, State of Utah," to authenticate the acts of the administrator's office.

319 (6) (a) The administrator may require that ~~the~~ a licensee erect or post signs or devices
320 on the licensee's principal place of business and any other sites, equipment, or locations
321 operated and maintained by the licensee in conjunction with the licensee's business.

322 (b) The signs or devices shall state the licensee's name, principal place of business,
323 type and number of licenses, and any other information that the administrator considers
324 necessary to identify the licensee.

325 (c) The administrator may make rules in accordance with Title 63G, Chapter 3, Utah

326 Administrative Rulemaking Act, determining allowable size and shape of signs or devices,
327 [~~their~~] lettering and other details of signs or devices, and [~~their~~] location of signs or devices.

328 (7) (a) The administrator shall provide for quarterly meetings of the advisory board and
329 may call special meetings.

330 (b) Notices of all meetings shall be sent to each member not fewer than five days [~~prior~~
331 ~~to~~] before the meeting.

332 (8) The administrator, the officers and inspectors of the division designated by the
333 commission, and peace officers shall:

334 (a) make arrests upon view and without warrant for any violation committed in their
335 presence of any of the provisions of this chapter, or Title 41, Chapter 1a, Motor Vehicle Act;

336 (b) when on duty, upon reasonable belief that a motor vehicle, trailer, or semitrailer is
337 being operated in violation of any provision of Title 41, Chapter 1a, Motor Vehicle Act, require
338 the driver of the vehicle to stop, exhibit the person's driver license and the registration card
339 issued for the vehicle, and submit to an inspection of the vehicle, the license plates, and
340 registration card;

341 (c) serve all warrants relating to the enforcement of the laws regulating the operation of
342 motor vehicles, trailers, and semitrailers;

343 (d) investigate traffic accidents and secure testimony of any witnesses or persons
344 involved; and

345 (e) investigate reported thefts of motor vehicles, trailers, and semitrailers.

346 (9) The administrator may contract with a public prosecutor to provide additional
347 prosecution of this chapter.

348 Section 5. Section **41-3-201** is amended to read:

349 **41-3-201. Licenses required -- Restitution -- Education.**

350 (1) As used in this section, "new applicant" means a person who is applying for a
351 license that the person has not been issued during the previous licensing year.

352 (2) A person may not act as any of the following without having procured a license

353 issued by the administrator:

- 354 (a) a dealer;
- 355 (b) salvage vehicle buyer;
- 356 (c) salesperson;
- 357 (d) manufacturer;
- 358 (e) transporter;
- 359 (f) dismantler;
- 360 (g) distributor;
- 361 (h) factory branch and representative;
- 362 (i) distributor branch and representative;
- 363 (j) crusher;
- 364 (k) remanufacturer; or
- 365 (l) body shop.

366 (3) (a) Except as provided in Subsection (3)(c), a person may not bid on or purchase a
367 vehicle with a nonrepairable or salvage certificate as defined in Section 41-1a-1001 at or
368 through a motor vehicle auction unless the person is a licensed salvage vehicle buyer.

369 (b) Except as provided in Subsection (3)(c), a person may not offer for sale, sell, or
370 exchange a vehicle with a nonrepairable or salvage certificate as defined in Section 41-1a-1001
371 at or through a motor vehicle auction except to a licensed salvage vehicle buyer.

372 (c) A person may offer for sale, sell, or exchange a vehicle with a nonrepairable or
373 salvage certificate as defined in Section 41-1a-1001 at or through a motor vehicle auction:

374 (i) to an out-of-state or out-of-country purchaser not licensed under this section, but
375 that is authorized to do business in the domestic or foreign jurisdiction in which the person is
376 domiciled or registered to do business;

377 (ii) subject to the restrictions in Subsection (3)(d), to an in-state purchaser not licensed
378 under this section that:

379 (A) has a valid business license in Utah; and

380 (B) has a Utah sales tax license; and

381 (iii) to a crusher.

382 (d) (i) An operator of a motor vehicle auction shall verify that an in-state purchaser not
383 licensed under this section has the licenses required in Subsection (3)(c)(ii).

384 (ii) An operator of a motor vehicle auction may only offer for sale, sell, or exchange
385 five vehicles with a salvage certificate as defined in Section 41-1a-1001 at or through a motor
386 vehicle auction in any 12-month period to an in-state purchaser that does not have a salvage
387 vehicle buyer license issued in accordance with Subsection 41-3-202[(15)](17).

388 (iii) The five vehicle limitation under this Subsection (3)(d) applies to each Utah sales
389 tax license and not to each person with the authority to use a sales tax license.

390 (iv) An operator of a motor vehicle auction may not sell a vehicle with a nonrepairable
391 certificate as defined in Section 41-1a-1001 to a purchaser otherwise allowed to purchase a
392 vehicle under Subsection (3)(c)(ii).

393 (e) For a vehicle with a salvage certificate purchased under Subsection (3)(c)(ii), an
394 operator of a motor vehicle auction shall:

395 (i) (A) until Subsection (3)(e)(i)(B) applies, make application for a salvage certificate
396 of title on behalf of the Utah purchaser within seven days of the purchase if the purchaser does
397 not have a salvage vehicle buyer license, dealer license, body shop license, or dismantler
398 license issued in accordance with Section 41-3-202; or

399 (B) beginning on or after the date that the Motor Vehicle Division has implemented the
400 Motor Vehicle Division's GenTax system, make application electronically, in a form and time
401 period approved by the Motor Vehicle Division, for a salvage certificate of title to be issued in
402 the name of the purchaser;

403 (ii) give to the purchaser a disclosure printed on a separate piece of paper that states:

404 "THIS DISCLOSURE STATEMENT MUST BE GIVEN BY THE SELLER TO THE
405 BUYER EVERY TIME THIS VEHICLE IS RESOLD WITH A SALVAGE CERTIFICATE

406 Vehicle Identification Number (VIN)

- 434 (i) the purchaser's name and address; and
- 435 (ii) the year, make, and vehicle identification number for each salvage vehicle sold.
- 436 (c) An operator of a motor vehicle auction shall:
 - 437 (i) provide the record described in Subsection (4)(a) electronically in a method
 - 438 approved by the division to the division within two business days of the completion of the
 - 439 motor vehicle auction;
 - 440 (ii) retain the record described in this Subsection (4) for five years from the date of
 - 441 sale; and
 - 442 (iii) make a record described in this Subsection (4) available for inspection by the
 - 443 division at the location of the motor vehicle auction during normal business hours.
- 444 (5) (a) An operator of a motor vehicle auction shall store a salvage vehicle sold at
- 445 auction in a secure facility until the salvage vehicle is claimed as provided in this section.
- 446 (b) Beginning at the time of purchase and until the salvage vehicle is claimed, the
- 447 motor vehicle auction operator may collect a daily storage fee for the secure storage of each
- 448 salvage vehicle sold at auction.
- 449 (c) Except as provided in Subsection (5)(d), before releasing possession of a salvage
- 450 vehicle purchased at a motor vehicle auction to a person not licensed under this part or certified
- 451 as a tow truck operator under Title 72, Chapter 9, Part 6, Tow Truck Provisions, and if the
- 452 person claiming the vehicle is a person other than the purchaser of the vehicle, the motor
- 453 vehicle auction operator shall create a record that shall contain:
 - 454 (i) the name and address, as verified by government issued identification, of the person
 - 455 claiming the vehicle;
 - 456 (ii) the year, make, and vehicle identification number of the claimed vehicle;
 - 457 (iii) a written statement from the person claiming the vehicle indicating the location
 - 458 where the salvage vehicle will be delivered; and
 - 459 (iv) verification that the claimant has authorization from the purchaser to claim the
 - 460 vehicle.

461 (d) If the salvage vehicle is claimed by a transporter or a tow truck operator, the
462 transporter or the tow truck operator shall submit to the motor vehicle auction operator a
463 written record on any release forms indicating the location where the salvage vehicle will be
464 delivered if delivered within the state.

465 (e) An operator of a motor vehicle auction shall:

466 (i) retain the record described in Subsection (5)(c) for five years from the date of sale;

467 and

468 (ii) make the record available for inspection by the division at the location of the motor
469 vehicle auction during normal business hours.

470 (6) (a) If applicable, an operator of a motor vehicle auction shall comply with the
471 reporting requirements of the National Motor Vehicle Title Information System overseen by
472 the United States Department of Justice if the person sells a vehicle with a salvage certificate to
473 an in-state purchaser under Subsection (3)(c)(ii).

474 (b) The Motor Vehicle Division shall include a link to the National Motor Vehicle
475 Title Information System on its website.

476 (7) (a) An operator of a motor vehicle auction that sells a salvage vehicle to a person
477 that is an out-of-country buyer shall:

478 (i) stamp on the face of the title so as not to obscure the name, date, or mileage
479 statement the words "FOR EXPORT ONLY" in all capital, black letters; and

480 (ii) stamp in each unused reassignment space on the back of the title the words "FOR
481 EXPORT ONLY."

482 (b) The words "FOR EXPORT ONLY" shall be:

483 (i) at least two inches wide; and

484 (ii) clearly legible.

485 (8) A ~~[supplemental license shall be secured by a]~~ dealer, manufacturer,
486 remanufacturer, transporter, dismantler, crusher, or body shop shall obtain a supplemental
487 license, in accordance with Section [41-3-201.7](#) for each additional place of business maintained

488 by the licensee.

489 (9) (a) A person who has been convicted of any law relating to motor vehicle
490 commerce or motor vehicle fraud may not be issued a license or purchase a vehicle with a
491 salvage or nonrepairable certificate unless full restitution regarding those convictions has been
492 made.

493 (b) An operator of a motor vehicle auction, a dealer, or a consignor may not sell a
494 vehicle with a nonrepairable or salvage certificate to a buyer described in Subsection (9)(a) if
495 the division has informed the operator of the motor vehicle auction, the dealer, or the consignor
496 in writing that the buyer is prohibited from purchasing a vehicle with a nonrepairable or
497 salvage certificate under Subsection (9)(a).

498 (10) (a) The division may not issue a license to a new applicant for a new or used
499 motor vehicle dealer license, a direct-sale manufacturer license, a new or used motorcycle
500 dealer license, or a small trailer dealer license unless the new applicant completes an eight-hour
501 orientation class approved by the division that includes education on motor vehicle laws and
502 rules.

503 (b) The approved costs of the orientation class shall be paid by the new applicant.

504 (c) The class shall be completed by the new applicant and the applicant's partners,
505 corporate officers, bond indemnitors, and managers.

506 (d) (i) The division shall approve:

507 (A) providers of the orientation class; and

508 (B) costs of the orientation class.

509 (ii) A provider of an orientation class shall submit the orientation class curriculum to
510 the division for approval prior to teaching the orientation class.

511 (iii) A provider of an orientation class shall include in the orientation materials:

512 (A) ethics training;

513 (B) motor vehicle title and registration processes;

514 (C) provisions of Title 13, Chapter 5, Unfair Practices Act, relating to motor vehicles;

- 515 (D) Department of Insurance requirements relating to motor vehicles;
- 516 (E) Department of Public Safety requirements relating to motor vehicles;
- 517 (F) federal requirements related to motor vehicles as determined by the division; and
- 518 (G) any required disclosure compliance forms as determined by the division.

519 (11) A person or purchaser described in Subsection (3)(c)(ii):

520 (a) may not purchase more than five salvage vehicles with a nonrepairable or salvage
521 certificate as defined in Section 41-1a-1001 in any 12-month period;

522 (b) may not, without first complying with Section 41-1a-705, offer for sale, sell, or
523 exchange more than two vehicles with a salvage certificate as defined in Section 41-1a-1001 in
524 any 12-month period to a person not licensed under this section; and

525 (c) may not, without first complying with Section 41-1a-705, offer for sale, sell, or
526 exchange a vehicle with a nonrepairable certificate as defined in Section 41-1a-1001 to a
527 person not licensed under this section.

528 (12) An operator of a motor vehicle auction, a dealer, or a consignor may not sell a
529 vehicle with a nonrepairable or salvage certificate to a buyer described in Subsection (11)(a) if
530 the division has informed the operator of the motor vehicle auction, the dealer, or the consignor
531 in writing that the buyer is prohibited from purchasing a vehicle with a nonrepairable or
532 salvage certificate under Subsection (11)(a).

533 Section 6. Section 41-3-201.7 is amended to read:

534 **41-3-201.7. Supplemental license for additional place of business restrictions --**
535 **Exception.**

536 (1) (a) Subject to the requirements of Subsection (2), the administrator may issue a
537 supplemental license for an additional place of business [issued pursuant to] under Subsection
538 41-3-201(8) [may only be issued] to a dealer if the dealer is:

- 539 (i) licensed in accordance with Section 41-3-202;
- 540 (ii) bonded in accordance with Section 41-3-205; and
- 541 (iii) in compliance with existing rules promulgated by the administrator of the division

542 under Section 41-3-105.

543 (b) [A] The administrator may issue a supplemental license for a permanent additional
544 place of business [may only be issued] to a used motor vehicle dealer if:

545 (i) the dealer independently satisfies the bond requirements under Section 41-3-205 for
546 the permanent additional place of business;

547 (ii) the dealer is in compliance with existing rules promulgated by the administrator of
548 the division under Section 41-3-105; and

549 (iii) the permanent additional place of business meets all the requirements for a
550 principal place of business.

551 (2) (a) Except as provided in Subsections (2)(c) and (3), a supplemental license for an
552 additional place of business issued pursuant to Subsection 41-3-201(8) for a new motor vehicle
553 dealer may not be issued for an additional place of business that is beyond the geographic
554 specifications outlined as the area of responsibility in the dealer's franchise agreement.

555 (b) A new motor vehicle dealer shall provide the administrator with a copy of the
556 portion of the new motor vehicle dealer's franchise agreement identifying the dealer's area of
557 responsibility before being issued a supplemental license for an additional place of business.

558 (c) The restrictions under Subsections (2)(a) and (b) do not apply to a new motor
559 vehicle dealer if:

560 (i) the license for an additional place of business is being issued for the sale of used
561 motor vehicles[-]; or

562 (ii) the dealer is a direct-sale manufacturer.

563 (3) The provisions of Subsection (2) do not apply if the additional place of business is
564 a trade show or exhibition if:

565 (a) there are five or more dealers participating in the trade show or exhibition; and

566 (b) the trade show or exhibition takes place at a location other than the principal place
567 of business of one of the dealers participating in the trade show or exhibition.

568 (4) A supplemental license for a temporary additional place of business issued to a

569 used motor vehicle dealer may not be for longer than 10 consecutive days.

570 Section 7. Section **41-3-202** is amended to read:

571 **41-3-202. Licenses -- Classes and scope.**

572 (1) A new motor vehicle dealer's license permits the licensee to:

573 (a) offer for sale, sell, or exchange new motor vehicles if the licensee possesses a
574 franchise from the manufacturer of the motor vehicle offered for sale, sold, or exchanged by the
575 licensee;

576 (b) offer for sale, sell, or exchange used motor vehicles;

577 (c) operate as a body shop; and

578 (d) dismantle motor vehicles.

579 (2) A used motor vehicle dealer's license permits the licensee to:

580 (a) offer for sale, sell, or exchange used motor vehicles;

581 (b) operate as a body shop; and

582 (c) dismantle motor vehicles.

583 (3) A direct-sale manufacturer's license permits the licensee to:

584 (a) offer for sale, sell, or exchange new motor vehicles of the same line-make that the
585 direct-sale manufacturer manufactures;

586 (b) offer for sale, sell, or exchange used motor vehicles;

587 (c) operate as a body shop; and

588 (d) dismantle motor vehicles.

589 [~~3~~] (4) A new motorcycle, off-highway vehicle, and small trailer dealer's license
590 permits the licensee to:

591 (a) offer for sale, sell, or exchange new motorcycles, off-highway vehicles, or small
592 trailers if the licensee possesses a franchise from the manufacturer of the motorcycle,
593 off-highway vehicle, or small trailer offered for sale, sold, or exchanged by the licensee;

594 (b) offer for sale, sell, or exchange used motorcycles, off-highway vehicles, or small
595 trailers; and

596 (c) dismantle motorcycles, off-highway vehicles, or small trailers.
597 [~~4~~] (5) A used motorcycle, off-highway vehicle, and small trailer dealer's license
598 permits the licensee to:
599 (a) offer for sale, sell, or exchange used motorcycles, off-highway vehicles, and small
600 trailers; and
601 (b) dismantle motorcycles, off-highway vehicles, or small trailers.
602 [~~5~~] (6) (a) Except as provided in Subsection [~~5~~] (6)(b), a salesperson's license
603 permits the licensee to act as a motor vehicle salesperson and is valid for employment with
604 only one dealer at a time.
605 (b) A licensee that has been issued a salesperson's license and that is employed by a
606 dealer that operates as a wholesale motor vehicle auction may be employed by more than one
607 dealer that operates as a wholesale motor vehicle auction at a time.
608 (7) (a) A direct-sale manufacturer salesperson's license permits the licensee to act as a
609 direct-sale manufacturer salesperson for one direct-sales manufacturer.
610 (b) A direct-sale manufacturer salesperson licensee may not simultaneously hold a
611 salesperson's license.
612 [~~6~~] (8) (a) A manufacturer's license permits the licensee to construct or assemble
613 motor vehicles subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, at an
614 established place of business and to remanufacture motor vehicles.
615 (b) Under rules made by the administrator, the licensee may issue and install vehicle
616 identification numbers on manufactured motor vehicles.
617 (c) The licensee may franchise and appoint dealers to sell manufactured motor vehicles
618 by notifying the division of the franchise or appointment.
619 [~~7~~] (9) A transporter's license permits the licensee to transport or deliver motor
620 vehicles subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, from a
621 manufacturing, assembling, or distributing point or from a dealer, to dealers, distributors, or
622 sales agents of a manufacturer or remanufacturer, to or from detail or repair shops, and to

623 financial institutions or places of storage from points of repossession.

624 ~~[(8)]~~ (10) A dismantler's license permits the licensee to dismantle motor vehicles
625 subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, for the purpose of
626 reselling parts or for salvage, or selling dismantled or salvage vehicles to a crusher or other
627 dismantler.

628 ~~[(9)]~~ (11) A distributor or factory branch and distributor branch's license permits the
629 licensee to sell and distribute new motor vehicles, parts, and accessories to their franchised
630 dealers.

631 ~~[(10)]~~ (12) A representative's license, for factory representatives or distributor
632 representatives permits the licensee to contact the licensee's authorized dealers for the purpose
633 of making or promoting the sale of motor vehicles, parts, and accessories.

634 ~~[(11)]~~ (13) (a) (i) A remanufacturer's license permits the licensee to construct,
635 reconstruct, assemble, or reassemble motor vehicles subject to registration under Title 41,
636 Chapter 1a, Motor Vehicle Act, from used or new motor vehicles or parts.

637 (ii) Evidence of ownership of parts and motor vehicles used in remanufacture shall be
638 available to the division upon demand.

639 (b) Under rules made by the administrator, the licensee may issue and install vehicle
640 identification numbers on remanufactured motor vehicles.

641 ~~[(12)]~~ (14) A crusher's license permits the licensee to engage in the business of
642 crushing or shredding motor vehicles subject to registration under Title 41, Chapter 1a, Motor
643 Vehicle Act, for the purpose of reducing the useable materials and metals to a more compact
644 size for recycling.

645 ~~[(13)]~~ (15) A body shop's license permits the licensee to rebuild, restore, repair, or
646 paint primarily the body of motor vehicles damaged by collision or natural disaster, and to
647 dismantle motor vehicles.

648 ~~[(14)]~~ (16) A special equipment dealer's license permits the licensee to:

649 (a) buy incomplete new motor vehicles with a gross vehicle weight of 12,000 or more

650 pounds from a new motor vehicle dealer and sell the new vehicle with the special equipment
651 installed without a franchise from the manufacturer;

652 (b) offer for sale, sell, or exchange used motor vehicles;

653 (c) operate as a body shop; and

654 (d) dismantle motor vehicles.

655 ~~[(15)]~~ (17) (a) A salvage vehicle buyer license permits the licensee to bid on or
656 purchase a vehicle with a salvage certificate as defined in Section 41-1a-1001 at any motor
657 vehicle auction.

658 (b) A salvage vehicle buyer license may only be issued to a motor vehicle dealer,
659 dismantler, or body shop who qualifies under rules made by the division and is licensed in any
660 state as a motor vehicle dealer, dismantler, or body shop.

661 (c) The division may not issue more than two salvage vehicle buyer licenses to any one
662 dealer, dismantler, or body shop.

663 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
664 administrator shall make rules establishing qualifications of an applicant for a salvage vehicle
665 buyer license. The criteria shall include:

666 (i) business history;

667 (ii) salvage vehicle qualifications;

668 (iii) ability to properly handle and dispose of environmental hazardous materials
669 associated with salvage vehicles; and

670 (iv) record in demonstrating compliance with the provisions of this chapter.

671 Section 8. Section 41-3-203 is amended to read:

672 **41-3-203. Licenses -- Form -- Seal -- Custody of salesperson's license -- Display of**
673 **salesperson and dealer licenses -- Licensee's pocket card.**

674 (1) (a) The administrator shall prescribe the form of each license and the seal of ~~his~~
675 the administrator's office shall be imprinted on each license.

676 (b) The administrator shall deliver or mail the license of each salesperson ~~shall be~~

677 ~~delivered or mailed]~~ to the dealer employing the salesperson and ~~[it shall be kept in the custody~~
678 ~~and control of the dealer and conspicuously displayed]~~ the dealer shall keep the license in the
679 dealer's custody and control and conspicuously display the license in the dealer's place of
680 business.

681 (c) Each licensee shall display conspicuously ~~[his]~~ the licensee's own license in ~~[his]~~
682 the licensee's place of business.

683 (d) In addition to the other provisions of this section, each direct-sale manufacturer
684 licensee shall display conspicuously the licensee's own license in each of the licensee's:

685 (i) showrooms; and

686 (ii) authorized service centers.

687 (2) (a) The administrator shall prepare and deliver a pocket card, certifying that the
688 person whose name is on the card is licensed under this chapter.

689 (b) Each salesperson's card shall also contain the name and address of the dealer
690 employing ~~[him]~~ the salesperson.

691 (c) Each salesperson shall on request display ~~[his]~~ the salesperson's pocket card.

692 Section 9. Section **41-3-204** is amended to read:

693 **41-3-204. Licenses -- Principal place of business as prerequisite -- Change of**
694 **location -- Relinquishment on loss of principal place of business.**

695 (1) (a) The following licensees must maintain a principal place of business:

696 (i) dealers;

697 (ii) special equipment dealers;

698 (iii) manufacturers;

699 (iv) transporters;

700 (v) remanufacturers;

701 (vi) dismantlers;

702 (vii) crushers;

703 (viii) body shops; and

704 (ix) distributors who:
705 (A) are located within the state; or
706 (B) have a branch office within the state.
707 (b) The administrator may not issue a license under Subsection (1)(a) to an applicant
708 who does not have a principal place of business.
709 (c) If a licensee changes the location of ~~his~~ the licensee's principal place of business,
710 ~~he~~ the licensee shall immediately notify the administrator and the administrator shall issue a
711 new license ~~shall be granted~~ for the unexpired portion of the term of the original license at no
712 additional fee.
713 (d) In addition to the other requirements of this section, if a direct-sale manufacturer
714 licensee changes the location of an authorized service center of the licensee, the licensee shall
715 immediately notify the administrator and the administrator shall issue a new license for the
716 unexpired portion of the term of the original license at no additional fee.
717 (2) (a) If a licensee loses possession of a principal place of business, the license is
718 automatically suspended and he shall immediately notify the administrator and upon demand
719 by the administrator deliver the license, pocket cards, special plates, and temporary permits to
720 the administrator.
721 (b) The administrator shall hold the licenses, cards, plates, and permits until the
722 licensee obtains:
723 (i) a principal place of business[-]; and
724 (ii) if the licensee is a direct-sale manufacturer, an authorized service center.
725 Section 10. Section **41-3-206** is amended to read:
726 **41-3-206. Duration of licenses -- Expiration date -- Renewal.**
727 (1) Except as provided in Subsection (2), each license issued under this chapter expires
728 on June 30 of each year and may be renewed upon application and payment of a fee required
729 under Section [41-3-601](#), if the license has not been suspended or revoked.
730 (2) A motor vehicle salesperson's license expires as provided under Subsection (1) or

731 when the salesperson terminates employment with the dealer with whom he is licensed,
732 whichever comes first.

733 (3) (a) ~~[Beginning July 1, 1999, the]~~ The division may not renew a license for a new or
734 used motor vehicle dealer's license, a direct-sale manufacturer's license, a new or used
735 motorcycle dealer's license, or a small trailer dealer's license unless the renewal applicant
736 completes a three-hour class approved by the division that includes education on new motor
737 vehicle laws and rules.

738 (b) The approved costs of the class shall be paid by the renewal applicant.

739 (c) The class shall be completed by the renewal applicant or any designated
740 representative of the renewal applicant dealer.

741 (d) The division shall approve:

742 (i) the class providers; and

743 (ii) costs of the class.

744 Section 11. Section **41-3-209** is amended to read:

745 **41-3-209. Administrator's findings -- Suspension and revocation of license.**

746 (1) If the administrator finds that an applicant is not qualified to receive a license, a
747 license may not be granted.

748 ~~[(2) (a) On December 1, 2010, the administrator shall suspend the license of a~~
749 ~~salesperson who fails to submit to the division fingerprints as required under Subsection~~
750 ~~41-3-205.5(1)(b) on or before November 30, 2010.]~~

751 ~~[(b) If]~~ (2) (a) If the administrator finds that there is reasonable cause to deny, suspend,
752 or revoke a license issued under this chapter, the administrator shall deny, suspend, or revoke
753 the license.

754 ~~[(c)]~~ (b) Reasonable cause for denial, suspension, or revocation of a license includes, in
755 relation to the applicant or license holder or any of ~~[its]~~ the applicant or license holder's
756 partners, officers, or directors:

757 (i) lack of a principal place of business or authorized service center as required by this

758 chapter;
759 (ii) lack of a sales tax license required under Title 59, Chapter 12, Sales and Use Tax
760 Act;
761 (iii) lack of a bond in effect as required by this chapter;
762 (iv) current revocation or suspension of a dealer, dismantler, auction, or salesperson
763 license issued in another state;
764 (v) nonpayment of required fees;
765 (vi) making a false statement on any application for a license under this chapter or for
766 special license plates;
767 (vii) a violation of any state or federal law involving motor vehicles;
768 (viii) a violation of any state or federal law involving controlled substances;
769 (ix) charges filed with any county attorney, district attorney, or U.S. attorney in any
770 court of competent jurisdiction for a violation of any state or federal law involving motor
771 vehicles;
772 (x) a violation of any state or federal law involving fraud;
773 (xi) a violation of any state or federal law involving a registerable sex offense under
774 Section 77-41-106; [or]
775 (xii) having had a license issued under this chapter revoked within five years from the
776 date of application[-]; or
777 (xiii) failure to comply with any applicable qualification or requirement imposed under
778 this chapter.
779 [(d)] (c) Any action taken by the administrator under Subsection (2)[(c)](b)(ix) shall
780 remain in effect until a final resolution is reached by the court involved or the charges are
781 dropped.
782 (3) If the administrator finds that an applicant is not qualified to receive a license under
783 this section, the administrator shall provide the applicant written notice of the reason for the
784 denial.

785 (4) If the administrator finds that the license holder has been convicted by a court of
786 competent jurisdiction of violating any of the provisions of this chapter or any rules made by
787 the administrator, or finds other reasonable cause, the administrator may, by complying with
788 the emergency procedures of Title 63G, Chapter 4, Administrative Procedures Act:

789 (a) suspend the license on terms and for a period of time the administrator finds
790 reasonable; or

791 (b) revoke the license.

792 (5) (a) After suspending or revoking a license, the administrator may take reasonable
793 action to:

794 (i) notify the public that the licensee is no longer in business; and

795 (ii) prevent the former licensee from violating the law by conducting business without
796 a license.

797 (b) Action under Subsection (5)(a) may include signs, banners, barriers, locks,
798 bulletins, and notices.

799 (c) Any business being conducted incidental to the business for which the former
800 licensee was licensed may continue to operate subject to the preventive action taken under this
801 subsection.

802 Section 12. Section **41-3-210** is amended to read:

803 **41-3-210. License holders -- Prohibitions and requirements.**

804 (1) The holder of any license issued under this chapter may not:

805 (a) intentionally publish, display, or circulate any advertising that is misleading or
806 inaccurate in any material fact or that misrepresents any of the products sold, manufactured,
807 remanufactured, handled, or furnished by a licensee;

808 (b) intentionally publish, display, or circulate any advertising without identifying the
809 seller as the licensee by including in the advertisement the full name under which the licensee
810 is licensed or the licensee's number assigned by the division;

811 (c) violate this chapter or the rules made by the administrator;

812 (d) violate any law of the state respecting commerce in motor vehicles or any rule
813 respecting commerce in motor vehicles made by any licensing or regulating authority of the
814 state;

815 (e) engage in business as a new motor vehicle dealer, special equipment dealer, used
816 motor vehicle dealer, motor vehicle crusher, or body shop without having in effect a bond as
817 required in this chapter;

818 (f) act as a dealer, dismantler, crusher, manufacturer, transporter, remanufacturer, or
819 body shop without maintaining a principal place of business;

820 (g) unless the licensee is a special equipment dealer who sells a new special equipment
821 motor vehicle with a gross vehicle weight of 12,000 or more pounds after installing special
822 equipment on the motor vehicle:

823 ~~[(g)]~~ (i) engage in a business respecting the selling or exchanging of new or new and
824 used motor vehicles for which ~~[he]~~ the licensee is not licensed~~[-including selling or~~
825 ~~exchanging]; and~~

826 (ii) unless the licensee is a direct-sale manufacturer, sell or exchange a new motor
827 vehicle for which the licensee does not have a franchise[-but this Subsection (1)(g) does not
828 apply to a special equipment dealer who sells a new special equipment motor vehicle with a
829 gross vehicle weight of 12,000 or more pounds after installing special equipment on the motor
830 vehicle];

831 (h) dismantle or transport to a crusher for crushing or other disposition any motor
832 vehicle without first obtaining a dismantling or junk permit under Section [41-1a-1009](#),
833 [41-1a-1010](#), or [41-1a-1011](#);

834 (i) as a new motor vehicle dealer, special equipment dealer, or used motor vehicle
835 dealer fail to give notice of sales or transfers as required in Section [41-3-301](#);

836 (j) advertise or otherwise represent, or knowingly allow to be advertised or represented
837 on ~~[his]~~ the licensee's behalf or at ~~[his]~~ the licensee's place of business, that no down payment
838 is required in connection with the sale of a motor vehicle when a down payment is required and

839 the buyer is advised or induced to finance a down payment by a loan in addition to any other
840 loan financing the remainder of the purchase price of the motor vehicle;

841 (k) as a crusher, crush or shred a motor vehicle brought to the crusher without
842 obtaining proper evidence of ownership of the motor vehicle; proper evidence of ownership is
843 a certificate of title endorsed according to law or a dismantling or junk permit issued under
844 Section [41-1a-1009](#), [41-1a-1010](#), or [41-1a-1011](#);

845 (l) as a manufacturer or remanufacturer assemble a motor vehicle that does not comply
846 with construction, safety, or vehicle identification number standards fixed by law or rule of any
847 licensing or regulating authority;

848 (m) as anyone other than a salesperson or a direct-sale manufacturer salesperson
849 licensed under this chapter, be present on a dealer display space and contact prospective
850 customers to promote the sale of the dealer's vehicles;

851 (n) sell, display for sale, or offer for sale motor vehicles at any location other than the
852 principal place of business or additional places of business licensed under this chapter; this
853 provision is construed to prevent dealers, salespersons, or any other representative of a
854 dealership from selling, displaying, or offering motor vehicles for sale from their homes or
855 other unlicensed locations;

856 (o) (i) as a dealer, dismantler, body shop, or manufacturer, maintain a principal place of
857 business or additional place of business that shares any common area with a business or
858 activity not directly related to motor vehicle commerce; or

859 (ii) maintain any places of business that share any common area with another dealer,
860 dismantler, body shop, or manufacturer;

861 (p) withhold delivery of license plates obtained by the licensee on behalf of a customer
862 for any reason, including nonpayment of any portion of the vehicle purchase price or down
863 payment;

864 (q) issue a temporary permit for any vehicle that has not been sold by the licensee;

865 (r) alter a temporary permit in any manner;

866 (s) operate any principal place of business or additional place of business in a location
867 that does not comply with local ordinances, including zoning ordinances;

868 (t) sell, display for sale, offer for sale, or exchange any new motor vehicle if the
869 licensee does not:

870 (i) have a new motor vehicle dealer's license or a direct-sale manufacturer's license
871 under Section 41-3-202; and

872 (ii) unless the licensee is a direct-sale manufacturer, possess a franchise from the
873 manufacturer of the new motor vehicle sold, displayed for sale, offered for sale, or exchanged
874 by the licensee; [~~or~~]

875 (u) as a new motor vehicle dealer or used motor vehicle dealer, encourage or conspire
876 with any person who has not obtained a salesperson's or a direct-sale manufacturer
877 salesperson's license to solicit for prospective purchasers[~~;~~]; or

878 (v) as a direct-sale manufacturer, engage in business as a direct-sale manufacturer
879 without having:

880 (i) an authorized service center; or

881 (ii) a principal place of business.

882 (2) (a) If a new motor vehicle is constructed in more than one stage, such as a motor
883 home, ambulance, or van conversion, the licensee shall advertise, represent, sell, and exchange
884 the vehicle as the make designated by the final stage manufacturer, except in those specific
885 situations where the licensee:

886 (i) possesses a franchise from the initial or first stage manufacturer, presumably the
887 manufacturer of the motor vehicle's chassis[~~;~~]; or

888 (ii) manufactured the initial or first stage of the motor vehicle.

889 (b) Sales of multiple stage manufactured motor vehicles shall include the transfer to the
890 purchaser of a valid manufacturer's statement or certificate of origin from each manufacturer
891 under Section 41-3-301.

892 (3) Each licensee, except salespersons, shall maintain and make available for

893 inspection by peace officers and employees of the division:

894 (a) a record of every motor vehicle bought, or exchanged by the licensee or received or
895 accepted by the licensee for sale or exchange;

896 (b) a record of every used part or used accessory bought or otherwise acquired;

897 (c) a record of every motor vehicle bought or otherwise acquired and wrecked or
898 dismantled by the licensee;

899 (d) all buyers' orders, contracts, odometer statements, temporary permit records,
900 financing records, and all other documents related to the purchase, sale, or consignment of
901 motor vehicles; and

902 (e) a record of the name and address of the person to whom any motor vehicle or motor
903 vehicle body, chassis, or motor vehicle engine is sold or otherwise disposed of and a
904 description of the motor vehicle by year, make, and vehicle identification number.

905 (4) Each licensee required by this chapter to keep records shall:

906 (a) be kept by the licensee at least for five years; and

907 (b) furnish copies of those records upon request to any peace officer or employee of the
908 division during reasonable business hours.

909 (5) A manufacturer, distributor, distributor representative, or factory representative
910 may not induce or attempt to induce by means of coercion, intimidation, or discrimination any
911 dealer to:

912 (a) accept delivery of any motor vehicle, parts, or accessories or any other commodity
913 or commodities, including advertising material not ordered by the dealer;

914 (b) order or accept delivery of any motor vehicle with special features, appliances,
915 accessories, or equipment not included in the list price of the motor vehicle as publicly
916 advertised by the manufacturer;

917 (c) order from any person any parts, accessories, equipment, machinery, tools,
918 appliances, or any other commodity;

919 (d) enter into an agreement with the manufacturer, distributor, distributor

920 representative, or factory representative of any of them, or to do any other act unfair to the
921 dealer by threatening to cancel any franchise or contractual agreement between the
922 manufacturer, distributor, distributor branch, or factory branch and the dealer;

923 (e) refuse to deliver to any dealer having a franchise or contractual arrangement for the
924 retail sale of new and unused motor vehicles sold or distributed by the manufacturer,
925 distributor, distributor branch or factory branch, any motor vehicle, publicly advertised for
926 immediate delivery within 60 days after the dealer's order is received; or

927 (f) unfairly, without regard to the equities of the dealer, cancel the franchise of any
928 motor vehicle dealer; the nonrenewal of a franchise or selling agreement without cause is a
929 violation of this subsection and is an unfair cancellation.

930 (6) A dealer may not assist an unlicensed dealer or salesperson in unlawful activity
931 through active or passive participation in sales, or by allowing use of his facilities or dealer
932 license number, or by any other means.

933 (7) (a) The holder of any new motor vehicle dealer or direct-sale manufacturer license
934 issued under this chapter may not sell any new motor vehicle to:

935 (i) another dealer licensed under this chapter who does not hold a valid franchise for
936 the make of new motor vehicles sold, unless the selling dealer licenses and titles the new motor
937 vehicle to the purchasing dealer; or

938 (ii) any motor vehicle leasing or rental company located within this state, or who has
939 any branch office within this state, unless the dealer licenses and titles the new motor vehicle to
940 the purchasing, leasing, or rental company.

941 (b) Subsection (7)(a)(i) does not apply to the sale of a new incomplete motor vehicle
942 with a gross vehicle weight of 12,000 or more pounds to a special equipment dealer licensed
943 under this chapter.

944 (8) A dealer licensed under this chapter may not take on consignment any new motor
945 vehicle from anyone other than a new motor vehicle dealer, factory, or distributor who is
946 licensed and, if required, franchised to distribute or sell that make of motor vehicle in this or

947 any other state.

948 (9) A body shop licensed under this chapter may not assist an unlicensed body shop in
949 unlawful activity through active or passive means or by allowing use of its facilities, name,
950 body shop number, or by any other means.

951 (10) A used motor vehicle dealer licensed under this chapter may not advertise, offer
952 for sale, or sell a new motor vehicle that has been driven less than 7,500 miles by obtaining a
953 title only to the vehicle and representing it as a used motor vehicle.

954 (11) (a) Except as provided in Subsection (11)(c), or in cases of undue hardship or
955 emergency as provided by rule by the division, a dealer or salesperson licensed under this
956 chapter may not, on consecutive days of Saturday and Sunday, sell, offer for sale, lease, or offer
957 for lease a motor vehicle.

958 (b) Each day a motor vehicle is sold, offered for sale, leased, or offered for lease in
959 violation of Subsection (11)(a) and each motor vehicle sold, offered for sale, leased, or offered
960 for lease in violation of Subsection (11)(a) shall constitute a separate offense.

961 (c) The provisions of Subsection (11)(a) shall not apply to a dealer participating in a
962 trade show or exhibition if:

963 (i) there are five or more dealers participating in the trade show or exhibition; and

964 (ii) the trade show or exhibition takes place at a location other than the principal place
965 of business of one of the dealers participating in the trade show or exhibition.

966 (12) For purposes of imposing the sales and use tax under Title 59, Chapter 12, Sales
967 and Use Tax Act, a licensee issuing a temporary permit under Section [41-3-302](#) shall separately
968 identify the fees required by Title 41, Chapter 1a, Motor Vehicle Act.

969 (13) (a) A dismantler or dealer engaged in the business of dismantling motor vehicles
970 for the sale of parts or salvage shall identify any vehicles or equipment used by the dismantler
971 or dealer for transporting parts or salvage on the highways.

972 (b) The identification required under Subsection (13)(a) shall:

973 (i) include the name, address, and license number of the dismantler or dealer; and

974 (ii) be conspicuously displayed on both sides of the vehicle or equipment in clearly
975 legible letters and numerals not less than two inches in height.

976 Section 13. Section **41-3-702** is amended to read:

977 **41-3-702. Civil penalty for violation.**

978 (1) The following are civil violations under this chapter and are in addition to criminal
979 violations under this chapter:

980 (a) Level I:

981 (i) failing to display business license;

982 (ii) failing to surrender license of salesperson because of termination, suspension, or
983 revocation;

984 (iii) failing to maintain a separation from nonrelated motor vehicle businesses at
985 licensed locations;

986 (iv) issuing a temporary permit improperly;

987 (v) failing to maintain records;

988 (vi) selling a new motor vehicle to a nonfranchised dealer or leasing company without
989 licensing the motor vehicle;

990 (vii) special plate violation;

991 (viii) failing to maintain a sign at a principal place of business; [~~and~~] or

992 (ix) failing to store a salvage vehicle purchased at a motor vehicle auction in a secure
993 location until the purchaser or a transporter has provided the proper documentation to take
994 possession of the salvage vehicle.

995 (b) Level II:

996 (i) failing to report sale;

997 (ii) dismantling without a permit;

998 (iii) manufacturing without meeting construction or vehicle identification number
999 standards;

1000 (iv) withholding customer license plates;

- 1001 (v) selling a motor vehicle on consecutive days of Saturday and Sunday; or
1002 (vi) failing to record and report the sale of a salvage vehicle at a motor vehicle auction
1003 as described in Section [41-3-201](#).
- 1004 (c) Level III:
- 1005 (i) operating without a principal place of business;
1006 (ii) selling a new motor vehicle as a dealer who is not a direct-sale manufacturer
1007 without holding the franchise;
- 1008 (iii) crushing a motor vehicle without proper evidence of ownership;
1009 (iv) selling from an unlicensed location;
1010 (v) altering a temporary permit;
1011 (vi) refusal to furnish copies of records;
1012 (vii) assisting an unlicensed dealer or salesperson in sales of motor vehicles;
1013 (viii) advertising violation;
1014 (ix) failing to separately identify the fees required by Title 41, Chapter 1a, Motor
1015 Vehicle Act;
- 1016 (x) encouraging or conspiring with unlicensed persons to solicit for prospective
1017 purchasers; [~~and~~] or
- 1018 (xi) selling, offering for sale, or displaying for sale or exchange a vehicle, vessel, or
1019 outboard motor in violation of Section [41-1a-705](#).
- 1020 (2) (a) The schedule of civil penalties for violations of Subsection (1) is:
- 1021 (i) Level I: \$25 for the first offense, \$100 for the second offense, and \$250 for the third
1022 and subsequent offenses;
- 1023 (ii) Level II: \$100 for the first offense, \$250 for the second offense, and \$1,000 for the
1024 third and subsequent offenses; and
- 1025 (iii) Level III: \$250 for the first offense, \$1,000 for the second offense, and \$5,000 for
1026 the third and subsequent offenses.
- 1027 (b) When determining under this section if an offense is a second or subsequent

1028 offense, only prior offenses committed within the 12 months [~~prior to~~] before the commission
1029 of the current offense may be considered.

1030 (3) The following are civil violations in addition to criminal violations under Section
1031 [41-1a-1008](#):

1032 (a) knowingly selling a salvage vehicle, as defined in Section [41-1a-1001](#), without
1033 disclosing that the salvage vehicle has been repaired or rebuilt;

1034 (b) knowingly making a false statement on a vehicle damage disclosure statement, as
1035 defined in Section [41-1a-1001](#); or

1036 (c) fraudulently certifying that a damaged motor vehicle is entitled to an unbranded
1037 title, as defined in Section [41-1a-1001](#), when it is not.

1038 (4) The civil penalty for a violation under Subsection (3) is:

1039 (a) not less than \$1,000, or treble the actual damages caused by the person, whichever
1040 is greater; and

1041 (b) reasonable attorney fees and costs of the action.

1042 (5) A civil action may be maintained by a purchaser or by the administrator.