

HCS HB 1002 -- OWNERSHIP OF MOTOR VEHICLES (Berry)

COMMITTEE OF ORIGIN: Standing Committee on Transportation

This bill changes the laws regarding the ownership of motor vehicles.

TRANSFERRED LICENSE PLATES (Section 301.140.1, RSMo)

Currently, the operation of a motor vehicle with transferred license plates must be lawful for no more than 30 days. The bill changes the time period to 90 days when issued by a motor vehicle dealer.

TEMPORARY PERMITS (Section 301.140.4)

Currently, the Director of the Department of Revenue or a motor vehicle dealer may issue a temporary permit authorizing the operation of a motor vehicle or trailer by a buyer for not more than 30 days from the date of purchase. The bill authorizes a temporary permit to operate the motor vehicle for not more than 90 days from the date of purchase when the permit is issued by a motor vehicle dealer.

CERTIFICATE OF OWNERSHIP (Section 301.190)

Currently, an individual acquiring a motor vehicle is required to apply for a certificate of ownership within 30 days of acquiring the vehicle. The bill specifies that if he or she has acquired the vehicle from a motor vehicle dealer prior to the dealer having a certificate of ownership, he or she must make application within 30 days after receiving the title from the dealer.

MOTOR VEHICLE DEALER TITLE REQUIREMENTS FOR USED MOTOR VEHICLES (Sections 301.213 and 407.581)

The bill repeals the provisions authorizing a motor vehicle dealer to purchase or accept in trade any motor vehicle that has been issued a certificate of title and to receive the vehicle subject to any existing liens if the licensed dealer receives specified documents and physical delivery of the vehicle. The bill specifies that a licensed motor vehicle dealer who has provided the Director of the Department of Revenue a surety bond or irrevocable letter of credit in an amount not less than \$100,000 and in lieu of the \$25,000 bond otherwise required for licensure as a motor vehicle dealer must be authorized to purchase or accept in trade any vehicle that has been issued a certificate of ownership and to receive the vehicle subject to any existing liens if the dealer receives the specified documents and physical delivery of the

vehicle. Once the vehicle has been delivered to the dealer, the prior owner's insurable interest in the vehicle must cease to exist. The dealer may sell the vehicle prior to receiving and assigning to the purchaser the certificate of ownership if all outstanding liens have been paid in full and the dealer provides a copy of proof to the purchaser, including any outstanding child support lien; the dealer has obtained proof from the department that all applicable state sales tax has been satisfied; he or she has signed an application for duplicate or replacement title for the vehicle and has prepared and delivered to the purchaser an application for title in the purchaser's name; and he or she has entered into a written agreement for the subsequent assignment and delivery of the certificate of ownership within 60 days after delivery of the motor vehicle to the purchaser. The agreement must require the purchaser to provide to the dealer proof of financial responsibility and proof of insurance. The dealer must maintain a copy of the agreement and must deliver a copy to the purchaser. The dealer must also complete and deliver to the department director a form as prescribed by the director showing that the purchaser has purchased the vehicle without simultaneous delivery of the title. When the requirements are met, the agreement is evidence of an ownership interest in the vehicle.

Currently, following a sale in which a certificate of ownership has not been assigned from the owner to the dealer, the dealer must apply for a duplicate or replacement certificate of ownership within five business days. The bill changes this requirement to within 10 business days.

The bill allows the purchaser of a vehicle to use a dealer-supplied copy of the agreement to transfer ownership of a vehicle to an insurance company when the vehicle has been declared salvage or a total loss by the insurance company as a result of a settlement or claim. The insurance company may apply for a salvage certificate of title or junking certificate in order to transfer its interest in the vehicle.

If the dealer fails or is unable to deliver a certificate of ownership to the purchaser and the purchaser of the vehicle is damaged, the dealer must be liable for actual damages plus court costs and attorney fees. If a seller misrepresents to a dealer that he or she is the owner of a vehicle and certain parties are damaged as a result, the seller must be liable to the party for actual and punitive damages, plus court costs and attorney fees. When a lienholder is damaged as a result of a licensed dealer's acts, errors, omissions, or violations of these provisions, the dealer must be liable for actual damages, plus court costs and reasonable attorney fees. The department may use a dealer's repeated or intentional violation of these provisions as a cause to

refuse to issue or renew any license. The hearing process must be the same as currently established for suspended or revoked licenses.