

HCS SS SCS SB 278 -- MOTOR VEHICLES

SPONSOR: Schatz (Hinson)

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Transportation by a vote of 11 to 0. Voted "Do Pass" by the Select Committee on State and Local Governments by a vote of 9 to 1.

This bill changes the laws regarding motor vehicles.

JUNKING CERTIFICATES (Sections 301.010 and 301.227, RSMo)

The bill includes a vehicle that has been designated as junk or a substantially equivalent designation by this state or any other state to the definition of "junk vehicle." The bill specifies allowable transactions with a junking certificate and revising the language restricting issuance of a salvage or original certificate of title after a junking certificate has been issued.

PERMANENT TRAILER REGISTRATION (Section 301.067)

The provision is repealed that requires a trailer or semitrailer to be coupled to a towing vehicle in a particular manner in order to be eligible for permanent registration. The supervising department for the registration is changed from the Motor Carrier and Railroad Safety Division in the Department of Economic Development to the Highways and Transportation Commission in the Department of Transportation.

LICENSE PLATE MOUNTING (Section 301.130)

The bill allows trailer and motorcycle license plates to be mounted horizontally or vertically on the left rear of the motor vehicle so long as the plate is plainly visible.

TRANSFERRED LICENSE PLATES (Section 301.140.1)

Currently, the operation of a motor vehicle with transferred license plates must be lawful for up to 30 days. The bill specifies that it must be lawful for up to 90 days if the dealer is selling the vehicle without yet having obtained a certificate of ownership.

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. The bill specifies that the temporary permit authorizes operation for not more than 90 days if the dealer is selling the vehicle without yet having obtained a certificate of ownership.

#### CERTIFICATE OF OWNERSHIP (Section 301.190)

Currently, a person 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 title from the dealer.

#### ELECTRONIC SIGNATURE FOR TITLE TRANSFER (Sections 301.196 and 301.645)

The bill changes the requirements for a notice of transfer of interest in a motor vehicle to the Department of Revenue to allow for the electronic signature of the transferor and allows the notice of sale to be effective even though it contains minor errors that are not materially misleading. The bill allows the use of an electronic signature for a motor vehicle owner to assign ownership of a motor vehicle or trailer to an insurance company where the insurance company has paid or is paying a total loss claim on the motor vehicle or trailer.

#### MOTOR VEHICLE DEALER TITLE REQUIREMENTS FOR USED MOTOR VEHICLES (Section 301.213)

Currently, a motor vehicle dealer is authorized to purchase or accept in trade any motor vehicle for which there has been issued a certificate of title. The bill changes this to any vehicle for which there has been issued a certificate of ownership. Once the vehicle has been delivered to the dealer, the prior owners' insurable interest in the vehicle must cease. The bill specifies that the dealer must provide to the Department of Revenue a surety bond or irrevocable letter of credit in an amount not less than \$100,000 in lieu of the \$25,000 bond otherwise required for licensure as a motor vehicle dealer.

If a dealer receives certain items, he or she must give the purchaser a certificate of ownership. In order to do so, they have to have prepared and delivered to the purchaser an application for title for the vehicle in the purchaser's name and have 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 form to the Department of Revenue showing that the purchaser has purchased the vehicle without contemporaneous delivery of the title. If these requirements are met, among others, it must constitute evidence of an ownership interest in the vehicle.

The purchaser may use the dealer-supplied copy of the agreement to transfer his or her ownership of the vehicle to an insurance company in situations where the vehicle has been declared salvage or a total-loss by the insurance company as a result of a settlement of a claim. The purchaser may also use the dealer-supplied copy of the agreement on the form prescribed by the department director as proof of ownership interest. Any lender or insurance company may rely upon a copy of the signed written agreement as proof of ownership interest.

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.

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 the vehicle and certain parties are damaged as a result, the seller must be liable to the party for both 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 violation of these provisions, the dealer must be liable for actual damages, plus court costs and attorney fees. The department may use a dealer's repeated or intentional violation of the provisions of the bill as a cause to suspend, revoke, or refuse to issue or renew any license. The hearing process must be the same as currently established for suspended or revoked licenses.

#### DEALER LICENSE SUSPENSION OR REVOCATION (Section 301.562)

The department is allowed to enter into an agreement with the holder of a dealer's license to ensure future compliance with specified provisions in lieu of revoking or suspending his or her license. The agreement may include an assessment fee of up to \$500 per violation or \$5,000 total unless otherwise permitted by law, probation terms and conditions, or other requirements as may be deemed appropriate by the department and the holder of the license.

PROPONENTS: Supporters say that when a motor vehicle is designated as junk in another state, the designation can be removed in Missouri which makes the vehicle drivable again. The bill will prevent that from happening and vehicles designated as junk in another state will keep that designation in Missouri.

Testifying for the bill were Senator Schatz; Missouri Bankers Association; Tony Sheperd; Jay Reichard; and Department of Revenue.

OPPONENTS: There was no opposition voiced to the committee.