

SCS SB 456 with HCA 1 -- OWNERSHIP OF MOTOR VEHICLES

SPONSOR: Kehoe (Kolkmeier)

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Transportation by a vote of 12 to 0.

This bill modifies the provisions relating to the ownership of a motor vehicle.

TRANSFERRED LICENSE PLATES (Section 301.140.1, RSMo)

Currently, the operation of a motor vehicle with transferred license plates is lawful for 30 days. This bill allows a dealer that is selling a vehicle prior to obtaining a certificate of ownership 90 days to transfer the license plates.

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. This bill extends the temporary permit to 90 days if the dealer is selling the vehicle prior to obtaining the 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. This bill requires the person to apply for a certificate of ownership 30 days after receiving the title from the dealer if the dealer did not have the certificate at the time of the purchase.

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. This bill modifies this provision to include a certificate of ownership. Once the vehicle has been delivered to the dealer, the prior owners' insurable interest in the vehicle ceases. 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 specified documents, they may sell the vehicle

prior to receiving and assigning a certificate of ownership to the purchaser. To sell a vehicle under this provision the dealer must prepare and deliver to the purchaser an application for title for the vehicle in the purchaser's name, and enter 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 deliver a form to the Department of Revenue showing that the purchaser has purchased the vehicle without contemporaneous delivery of the title. If all requirements specified in the bill including these requirements are met they will constitute evidence of an ownership interest in the vehicle.

Currently, following a sale in which a certificate of ownership was not assigned from the owner to the dealer, the dealer must apply for a duplicate or replacement certificate of ownership within five business days. This bill modifies this requirement to 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 is liable for actual damages, plus court costs and attorney fees. If a seller misrepresents to a dealer that they are 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 this provision, the dealer will also be liable for actual damages, plus court costs and attorney fees. The Department of Revenue may use a dealer's repeated or intentional violation of this act as a cause to refuse to issue or renew any license. The hearing process will be the same as currently established for suspended or revoked licenses.

HCA 1: Adds electronic signature for title transfer; changes the requirements for notice of transfer of interest in a motor vehicle to the Department of Revenue to allow for the electronic signature of the transferor; allows the notice to be effective even in the case of including minor errors that are not materially misleading; allows the use of an electronic signature for a motor vehicle owner to assign ownership of motor vehicle or trailer to an insurance company where the insurance company has paid or is paying a total loss claim on such motor vehicle or trailer; allows an insurance company to apply for a salvage certificate of title or junking certificate in order to transfer its interests in a vehicle

PROPOSERS: Supporters say that this bill will help small

businesses and automobile dealers. This bill will give dealers the option to sell vehicles without yet acquiring title.

Testifying for the bill were Senator Kehoe; Doug Smith, Missouri Automobile Dealers Association; and Craig L Overfelt, Missouri Bankers Association.

OPPONENTS: There was no opposition voiced to the committee.