



2003 ASSEMBLY BILL 490

August 29, 2003 - Introduced by Representatives FREESE, GRONEMUS, GUNDERSON, HAHN, HINES, HUNDERTMARK, KESTELL, KRAWCZYK, M. LEHMAN, LEMAHIEU, McCORMICK, MONTGOMERY, OTT, PETROWSKI, RHOADES, SHILLING, SUDER, VAN ROY and VRAKAS, cosponsored by Senators LEIBHAM, BRESKE, BROWN, CARPENTER, S. FITZGERALD, KANAVAS, PLALE, RISSER, SCHULTZ and WELCH. Referred to Committee on Transportation.

1 **AN ACT** *to amend* 218.0101 (6), 218.0101 (7), 218.0101 (8), 218.0114 (5) (a) and
2 218.0114 (20) (b); and *to create* 218.0101 (38) and 218.0114 (5) (c) of the
3 statutes; **relating to:** wholesale motor vehicle dealers.

Analysis by the Legislative Reference Bureau

Current law defines a motor vehicle wholesaler as a person who sells or distributes motor vehicles to a motor vehicle dealer, or who maintains motor vehicle distributor representatives.

Under this bill, a motor vehicle wholesaler is a person who is not a licensed motor vehicle dealer or a licensed motor vehicle auction dealer and who does one of the following: 1. Sells more than five used motor vehicles in any 12 month period to a dealer, auction dealer, or salvage dealer. 2. Purchases used motor vehicles from a motor vehicle dealer or at a motor vehicle auction. 3. Purchases used motor vehicles on behalf of a motor vehicle dealer. However, under the bill, a person is not a wholesaler if he or she receives compensation from, purchase vehicles on behalf of, and uses the financial funds of, only one motor vehicle dealer.

Current law requires a motor vehicle dealer, or an applicant for a motor vehicle dealer license, to maintain in force a bond or irrevocable letter of credit of at least \$25,000. If the dealer commits an act that would constitute grounds for the revocation or suspension of his or her dealer license and the act results in a loss to another person, the Department of Transportation (DOT) may use the bond or letter of credit for the benefit the person who sustained the loss.

This bill increases the amount of the bond or irrevocable letter of credit for motor vehicle dealers to not less than \$50,000. It also requires a motor vehicle

ASSEMBLY BILL 490

wholesaler to maintain a bond or irrevocable letter of credit of not less than \$25,000, to be held by DOT for the benefit of any person who sustains a loss because of an act or omission by a wholesaler.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 218.0101 (6) of the statutes is amended to read:

2 218.0101 (6) “Distributor” ~~or “wholesaler”~~ means a person, resident or
3 nonresident who in whole or part, sells or distributes new motor vehicles to motor
4 vehicle dealers, or who maintains distributor representatives.

5 **SECTION 2.** 218.0101 (7) of the statutes is amended to read:

6 218.0101 (7) “Distributor branch” means a branch office similarly maintained
7 by a distributor ~~or wholesaler~~ for the same purposes.

8 **SECTION 3.** 218.0101 (8) of the statutes is amended to read:

9 218.0101 (8) “Distributor representative” means a representative similarly
10 employed by a distributor, or distributor branch ~~or wholesaler~~.

11 **SECTION 4.** 218.0101 (38) of the statutes is created to read:

12 218.0101 (38) (a) “Wholesaler” or “wholesale dealer” means a person, other
13 than a licensed motor vehicle dealer or licensed motor vehicle auction dealer, who
14 does any of the following:

15 1. Sells more than 5 used motor vehicles in any 12-month period to one or more
16 motor vehicle dealers, motor vehicle auction dealers, or salvage dealers.

17 2. Except as provided in par. (b), purchases used motor vehicles from a motor
18 vehicle dealer or at a motor vehicle auction.

19 3. Except as provided in par. (b), purchases used motor vehicles on behalf of a
20 motor vehicle dealer.

ASSEMBLY BILL 490

1 (b) A person is not a wholesaler or a wholesale dealer if the person is employed
2 by and receives compensation from only one motor vehicle dealer for services relating
3 to the sale or purchase of motor vehicles and the person conducts all financial
4 transactions involving the sale or purchase of motor vehicles in the name of the motor
5 vehicle dealer that employs him or her, under the supervision of the motor vehicle
6 dealer that employs him or her, and using the motor vehicle dealer's funds or
7 financial accounts.

8 **SECTION 5.** 218.0114 (5) (a) of the statutes is amended to read:

9 218.0114 **(5)** (a) A motor vehicle dealer or an applicant for a motor vehicle
10 dealer license shall provide and maintain in force a bond or irrevocable letter of credit
11 of not less than ~~\$25,000~~ \$50,000 or, if the dealer or applicant sells or proposes to sell
12 motorcycles and not other types of motor vehicles, a bond or irrevocable letter of
13 credit of not less than \$5,000. The bond or letter of credit shall be executed in the
14 name of the department of transportation for the benefit of any person who sustains
15 a loss because of an act of a motor vehicle dealer that constitutes grounds for the
16 suspension or revocation of a license under ss. 218.0101 to 218.0163.

17 **SECTION 6.** 218.0114 (5) (c) of the statutes is created to read:

18 218.0114 **(5)** (c) A wholesaler or a wholesale dealer or an applicant for a
19 wholesaler or wholesale dealer license shall provide and maintain in force a bond or
20 irrevocable letter of credit of not less than \$25,000. The bond or letter of credit shall
21 be executed in the name of the department of transportation for the benefit of any
22 person who sustains a loss because of an act or omission by the wholesaler or
23 wholesale dealer.

24 **SECTION 7.** 218.0114 (20) (b) of the statutes is amended to read:

