

2001 DRAFTING REQUEST

Bill

Received: **12/05/2001**

Received By: **agary**

Wanted: **Soon**

Identical to LRB:

For: **Jeff Stone (608) 266-8590**

By/Representing: **Tami Rongstad (aide)**

This file may be shown to any legislator: **NO**

Drafter: **agary**

May Contact:

Addl. Drafters:

Subject: **Transportation - motor vehicles**

Extra Copies: **TNF**

Submit via email: **YES**

Requester's email: **Rep.Stone@legis.state.wi.us**

Carbon copy (CC:) to: **Tami.Rongstad@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Requiring notice to DOT of transfer of title and requiring DOT to create a perforated title certificate

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	agary 01/23/2002	jdyer 01/24/2002	haugeca 01/24/2002	_____	lrb_docadmin 01/24/2002		State
	agary 02/05/2002	jdyer 02/11/2002		_____			
/2			rschluet 02/11/2002	_____	lrb_docadmin 02/11/2002	lrb_docadmin	State 02/13/2002

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

lrb_docadmin
02/13/2002

FE Sent For:

<END>

02-13-2002
("1/2")

see
attached

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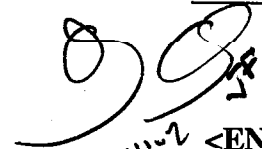
Instructions:

See Attached

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/1	agary 01/23/2002	jdye 01/24/2002	haugca 01/24/2002		lrb_docadmin 01/24/2002		State

FE Sent For:

1/2 3/11 jld

 2-11-02 <END>

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1?	agary	1/1/24 jld	CH 1/24/02	CH 1/24/02			State

FE Sent For:

<END>

Gary, Aaron

From: Rongstad, Tami
Sent: Wednesday, December 05, 2001 3:53 PM
To: Fast, Timothy; Gary, Aaron
Subject: drafting request - vehicle title transfers

Hi Tim & Aaron--

I have a drafting request on the topic of vehicle title transfers.

WisDOT-DMV currently has a form MV 2488 that they encourage sellers to use. It is a transfer of ownership form intended to let the seller notify WisDOT-DMV that they have transferred the vehicle title.

We'd like to do a couple of things:

- 1). Require owner of vehicles to notify the WisDOT-DMV when they transfer a title (sell or give away the vehicle)
- 2) Change the format of Wisconsin titles to include a section (similar to form MV 2488) that could be separated from the title and sent to WisDOT-DMV.

Requiring a seller to notify DOT when they transfer a title would protect the seller if the buyer doesn't immediately register the vehicle.

Thank you! Email or call with questions and to let me know who will be doing this drafting request.

Tami Rongstad
Office of Rep. Jeff Stone

D-Note Jld

2001 BILL

Needed by 1/30 - end of day

Gen

1 AN ACT ...; relating to: certificates of vehicle title, transfers of ownership of
2 vehicles, and providing a penalty.

Analysis by the Legislative Reference Bureau

of title

Current law requires the owner of a vehicle, when transferring an interest in the vehicle, to record certain information on the vehicle's certificate of title and deliver the certificate of title to the person taking the interest in the vehicle. Upon receiving the certificate, the person taking the interest in the vehicle must promptly complete an application for a new certificate of title and submit the application and the old certificate of title to the department of transportation (DOT), which then updates its records to show the new owner of the vehicle. An owner who fails to execute and deliver the certificate of title may be required to forfeit \$500.

This bill requires DOT to include a detachable "notice of sale" section on each certificate of title. The bill also requires a vehicle owner, upon transfer of the vehicle, to notify DOT of the transfer by completing and executing the detachable notice of sale and submitting it to DOT. An owner who fails to complete the notice of sale and submit it to DOT may be required to forfeit \$500. The bill further requires DOT to keep records of notices of sale received from vehicle owners.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

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

BILL

→ INSERT A (from next page)

1 SECTION 1. 342.10 (2) (c) of the statutes is created to read:

2 342.10 (2) (c) The certificate of title shall contain a section captioned "NOTICE
3 OF SALE" that is easily detachable, that contains spaces for any information
4 required by the department to maintain records of vehicle sales, and that informs the
5 owner of the requirement to comply with s. 342.15 (1) (a) 2.

6 SECTION 2. 342.15 (1) (a) of the statutes is renumbered 342.15 (1) (a) (intro.)
7 and amended to read:

8 342.15 (1) (a) (intro.) If an owner transfers an interest in a vehicle, other than
9 by the creation of a security interest, the owner shall comply with the requirements
10 of s. 342.155 and, at the time of the delivery of the vehicle, ~~execute~~ do all of the
11 following:

12 1. Execute an assignment and warranty of title to the transferee in the space
13 provided therefor on the certificate, and ~~cause~~ mail or deliver the certificate ~~to be~~
14 ~~mailed or delivered~~ to the transferee, except that if the vehicle being transferred is
15 a junk vehicle or has been junked, the owner shall return the certificate to the
16 department in accordance with s. 342.34.

17 SECTION 3. 342.15 (1) (a) 2. of the statutes is created to read:

18 342.15 (1) (a) 2. Complete and execute the detachable notice of sale section of
19 the certificate and mail or deliver the notice of sale to the department, unless the
20 owner returns the certificate to the department in accordance with s. 342.34.

21 SECTION 4. 342.15 (5) of the statutes is amended to read:

22 342.15 (5) Any owner of a vehicle for which a certificate of title has been issued,
23 who upon transfer of the vehicle fails to execute and mail or deliver the assignment
24 and warranty of title and the notice of sale as required by sub. (1), may be required
25 to forfeit not more than \$500.

BILL

INSERT A
(move to previous page) ↓

1
2
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10

SECTION 5. 342.09 (2) (intro.) of the statutes is amended to read:
342.09 (2) (intro.) The department shall maintain a record of all applications
and, all certificates of title issued by it, and all notices of sale received by it:

SECTION 6. Initial applicability.

(1) This act first applies to certificates of title issued on the effective date of this subsection.

SECTION 7. Effective date.

(1) This act takes effect on the first day of the 7th month beginning after publication.

(END)

D-Note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4402/1dn

ARG. ^.....

Jed

Under existing law, the transfer of a vehicle from an owner to a buyer is not effective until the owner executes the certificate of title and delivers it to the buyer and the buyer thereafter applies to the department of transportation (DOT) for a new certificate of title. While a vehicle transfer is not effective if the buyer fails to apply for a new certificate of title, a vehicle owner who has satisfied his or her legal obligations and transferred possession of the vehicle will not be liable for damage resulting from the buyer's operation of the vehicle. ^{see} s. 342.15 (3). There is not a similar provision relating to liability for non^emoving violations, such as parking tickets. Would you like to amend s. 342.15 (3) to also include exemption from liability for non^emoving violations? I also note that the effect of the attached bill is that, under existing s. 342.15 (3), an owner will not be entitled to the statutory exemption from liability until the owner satisfies his or her obligation to notify DOT of the vehicle sale by mailing or delivering the detachable notice of sale.

Also, I have included a delayed effective date to allow DOT time to reformat vehicle titles as required by the bill.

Aaron R. Gary
Legislative Attorney
Phone: (608) 261-6926
E-mail: aaron.gary@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4402/1dn

ARG:jld:ch

January 24, 2002

Under existing law, the transfer of a vehicle from an owner to a buyer is not effective until the owner executes the certificate of title and delivers it to the buyer and the buyer thereafter applies to the department of transportation (DOT) for a new certificate of title. While a vehicle transfer is not effective if the buyer fails to apply for a new certificate of title, a vehicle owner who has satisfied his or her legal obligations and transferred possession of the vehicle will not be liable for damage resulting from the buyer's operation of the vehicle. See s. 342.15 (3). There is not a similar provision relating to liability for nonmoving violations, such as parking tickets. Would you like to amend s. 342.15 (3) to also include exemption from liability for nonmoving violations? I also note that the effect of the attached bill is that, under existing s. 342.15 (3), an owner will not be entitled to the statutory exemption from liability until the owner satisfies his or her obligation to notify DOT of the vehicle sale by mailing or delivering the detachable notice of sale.

Also, I have included a delayed effective date to allow DOT time to reformat vehicle titles as required by the bill.

Aaron R. Gary
Legislative Attorney
Phone: (608) 261-6926
E-mail: aaron.gary@legis.state.wi.us

LRB 4402
2/01/02

Telephone conference with Tami Rongstad in Rep. Stone's office, 6-8590. Wants the bill simplified. Make the following changes: Don't require DOT to include a detachable notice of sale on the certificate. Allow seller to copy the title and send it in to DOT or allow DOT to create its own form (by rule or otherwise) and allow seller to send that form in to DOT notifying of sale of vehicle. Allow, don't require, owner to notify DOT of sale of vehicle; no forfeiture if seller chooses not to do so. If seller does notify DOT, seller is not considered the owner of the vehicle and does not have any liability regarding the vehicle.

ARG

Gary, Aaron

From: Rongstad, Tami
Sent: Friday, February 01, 2002 12:40 PM
To: Gary, Aaron
Subject: RE: LRB-4402

Use your best judgment. If the DOT will need to promulgate rules under this draft, give them time to do that.....

Thank you!

Tami

-----Original Message-----

From: Gary, Aaron
Sent: Friday, February 01, 2002 12:20 PM
To: Rongstad, Tami
Subject: LRB-4402

Tami,

I am revising LRB-4402 re transfers of vehicles per your instructions today. Because the draft initially required DOT to make changes to certificates of title, it included a 7 month delayed effective date. The draft is now considerably simplified. Do you want any delayed effective date and, if so, how long? Thank you. Aaron

Aaron R. Gary
Legislative Attorney
Legislative Reference Bureau
608.261.6926 (voice)
608.264.6948 (fax)
aaron.gary@legis.state.wi.us

(NML)

(Soren)

turned in 2/5

NO # Except as between the parties, a transfer is not effective until all requirements of the owner and buyer have been satisfied.

2001 BILL

NO # The owner must also, in most circumstances, remove the registration plates from the vehicle.

Regen

- 1 AN ACT to renumber and amend 342.15 (1) (a); to amend 342.09 (2) (intro.) and
- 2 342.15 (5); and to create 342.10 (2) (c) and 342.15 (1) (a) 2. of the statutes;
- 3 relating to: ~~certificates of vehicle title~~ transfers of ownership of vehicles ~~and~~
- 4 ~~providing a penalty.~~

(owner) (buyer)

Analysis by the Legislative Reference Bureau

> Current law requires the owner of a vehicle, when transferring an interest in the vehicle, to record certain information on the vehicle's certificate of title and deliver the certificate of title to the person taking the interest in the vehicle. Upon receiving the certificate of title, the ^{buyer} person taking the interest in the vehicle must promptly complete an application for a new certificate of title and submit the application and the old certificate of title to the department of transportation (DOT), which then updates its records ~~to show the new owner of the vehicle.~~ An owner who fails to execute and deliver the certificate of title may be required to forfeit \$500.

> This bill ~~requires DOT to include a detachable "notice of sale" section on each certificate of title. The bill also requires a vehicle owner, upon transfer of the vehicle, to notify DOT of the transfer by completing and executing the detachable notice of sale and submitting it to DOT. An owner who fails to complete the notice of sale and submit it to DOT may be required to forfeit \$500.~~ The bill further requires DOT to keep records of notices of sale received from ~~vehicle~~ owners.

provides that a transfer of a vehicle is effective, regardless of whether the buyer satisfies his or her obligations, if the owner satisfies his or her obligations and also notifies DOT of the transfer by submitting to DOT a photocopy of the executed certificate of title or by providing notice in any other form prescribed by DOT.

BILL

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

under s. 342.15(3)

1 SECTION 1. 342.09 (2) (intro.) of the statutes is amended to read:

2 342.09 (2) (intro.) The department shall maintain a record of all applications
3 and, all certificates of title issued by it, and all notices of ~~sale~~ ^{transfer} received by it:

4 SECTION 2. 342.10 (2) (c) of the statutes is created to read:

5 342.10 (2) (c) The certificate of title shall contain a section captioned "NOTICE
6 OF SALE" that is easily detachable, that contains spaces for any information
7 required by the department to maintain records of vehicle sales, and that informs the
8 owner of the requirement to comply with s. 342.15 (1) (a) 2.

9 SECTION 3. 342.15 (1) (a) of the statutes is renumbered 342.15 (1) (a) (intro.)
10 and amended to read:

11 342.15 (1) (a) (intro.) If an owner transfers an interest in a vehicle, other than
12 by the creation of a security interest, the owner shall comply with the requirements
13 of s. 342.155 and, at the time of the delivery of the vehicle, ~~execute~~ do all of the
14 following:

15 1. Execute an assignment and warranty of title to the transferee in the space
16 provided therefor on the certificate, and ~~cause mail or deliver~~ the certificate ~~to be~~
17 ~~mailed or delivered~~ to the transferee, except that, if the vehicle being transferred is
18 a junk vehicle or has been junked, the owner shall return the certificate to the
19 department in accordance with s. 342.34.

20 SECTION 4. 342.15 (1) (a) 2. of the statutes is created to read:

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4402/lins
ARG:.....

INSERT 3-8:

SECTION ~~3~~ [#] 342.15 (3) of the statutes is amended to read:

342.15 (3) Except as provided in s. 342.16 and as between the parties, a transfer by an owner is not effective until the provisions of ~~this section~~ [✓] subs. (1), (2), and (4) have been complied with or, unless the vehicle is a junk vehicle or has been junked, until the owner has complied with the provisions of subs. (1) and (4) and has notified the department of the transfer by mailing or delivering a photocopy of the certificate of title that was mailed or delivered to the transferee under sub. (1) or by providing notice of the transfer in any other form prescribed by the department. An owner who has delivered possession of the vehicle to the transferee and has complied with the provisions of ~~this section~~ [✓] subs. (1) and (4) is not liable as owner for any damages thereafter resulting from operation of the vehicle.

(end ins)

Basford, Sarah

From: Rongstad, Tami
Sent: Tuesday, February 12, 2002 4:44 PM
To: LRB.Legal
Subject: Draft review: LRB-4402/2 Topic: Requiring notice to DOT of transfer of title and requiring DOT to create a perforated title certificate

It has been requested by <Rongstad, Tami> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB-4402/2 Topic: Requiring notice to DOT of transfer of title and requiring DOT to create a perforated title certificate

Barman, Mike

From: Rongstad, Tami
Sent: Tuesday, February 12, 2002 4:46 PM
To: Barman, Mike; Uecker, Deborah
Subject: FE request

This is to request a FE on an unintroduced draft. The LRB is 4402/2 and is attached for your reference.

Thank you,

Tami Rongstad
Office of Rep. Jeff Stone



01-4402-2.pdf



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

Lrb

February 22, 2002

MEMORANDUM

To: Representative Stone

From: Aaron R. Gary, Attorney, (608) 261-6926

Subject: Technical Memorandum to **2001 AB 827** (LRB-4402/2)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

February 19, 2002

To: Legislative Reference Bureau

From: Department of Transportation

Re: Technical memo, 2001 LRB-4402/2, relating to transfers of ownership of vehicles

DOT would like to point out the following drafting concern.

Section 2 of LRB-4402/2 says that the sale is not effective until (1) a seller and buyer have complied with current law, or (2) a seller has assigned the title, disclosed any necessary disclosures, removed the plates if appropriate, and notified DOT of the transfer.

- The first part of the statement is contradicted by the second part of the statement. The provision in reality cannot be interpreted to allow two different ways to transfer a vehicle; DOT could never know which method operates. Thus, the provision as currently drafted implies that a sale is not effective unless the seller has notified DOT of the sale. If that is the case, DOT could not effect a vehicle transfer if the seller has not informed DOT of the sale – even if the buyer presents a properly assigned title and application to title and register the vehicle as prescribed by current law.
- Moreover, current law (S.341.04(1)) requires the transferee to register the vehicle within two business days after the transfer. It is physically impossible for the seller notification to be received by DOT and entered into the vehicle record within two business days if the seller mails the notice to DMV. The only way this could physically occur is if the seller actually comes to DMV in person, immediately upon transfer.
- DOT believes that the author intends that notice to DOT be voluntary on the part of the seller, and that if the seller notifies DOT of the sale, the seller is no longer responsible for the vehicle. However, current law already says that if the seller complies with current law the seller is no longer responsible for the vehicle. The draft, line 14, says what current law says – it does not add the requirement that the seller notify DOT, to absolve the seller of responsibility for the vehicle. Thus, the provision does not improve the seller's security, compared to current law.
- In addition, the bill as drafted is effective the first day of the 4th month after publication. It is physically impossible to meet this deadline, because of the complicated data processing modifications and other implementation requirements.