

## 2003 SENATE BILL 234

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.

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*Analysis by the Legislative Reference Bureau*

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

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

5           218.0101 (6) “Distributor” ~~or “wholesaler”~~ means a person, resident or  
6           nonresident who in whole or part, sells or distributes new motor vehicles to motor  
7           vehicle dealers, or who maintains distributor representatives.

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

9           218.0101 (7) “Distributor branch” means a branch office similarly maintained  
10          by a distributor ~~or wholesaler~~ for the same purposes.

**SENATE BILL 234****SECTION 3**

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

2           218.0101 **(8)** “Distributor representative” means a representative similarly  
3 employed by a distributor, or distributor branch ~~or wholesaler~~.

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

5           218.0101 **(38)** (a) “Wholesaler” or “wholesale dealer” means a person, other  
6 than a licensed motor vehicle dealer or licensed motor vehicle auction dealer, who  
7 does any of the following:

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

10           2. Except as provided in par. (b), purchases used motor vehicles from a motor  
11 vehicle dealer or at a motor vehicle auction for the purpose of selling the vehicles to  
12 a motor vehicle dealer, motor vehicle auction, or wholesaler.

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

15           (b) A person is not a wholesaler or a wholesale dealer if the person is employed  
16 by and receives compensation from only one motor vehicle dealer for services relating  
17 to the sale or purchase of motor vehicles and the person conducts all financial  
18 transactions involving the sale or purchase of motor vehicles in the name of the motor  
19 vehicle dealer that employs him or her, under the supervision of the motor vehicle  
20 dealer that employs him or her, and using the motor vehicle dealer’s funds or  
21 financial accounts.

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

23           218.0114 **(5)** (a) A motor vehicle dealer or an applicant for a motor vehicle  
24 dealer license shall provide and maintain in force a bond or irrevocable letter of credit  
25 of not less than ~~\$25,000~~ \$50,000 or, if the dealer or applicant sells or proposes to sell

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1 motorcycles and not other types of motor vehicles, a bond or irrevocable letter of  
2 credit of not less than \$5,000. The bond or letter of credit shall be executed in the  
3 name of the department of transportation for the benefit of any person who sustains  
4 a loss because of an act of a motor vehicle dealer that constitutes grounds for the  
5 suspension or revocation of a license under ss. 218.0101 to 218.0163.

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

7 218.0114 (5) (c) A wholesaler or a wholesale dealer or an applicant for a  
8 wholesaler or wholesale dealer license shall provide and maintain in force a bond or  
9 irrevocable letter of credit of not less than \$25,000. The bond or letter of credit shall  
10 be executed in the name of the department of transportation for the benefit of any  
11 person who sustains a loss because of an act or omission by the wholesaler or  
12 wholesale dealer.

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

14 218.0114 (20) (b) If the licensor has reasonable cause to doubt the financial  
15 responsibility of the applicant or licensee or the compliance by the applicant or  
16 licensee with ss. 218.0101 to 218.0163, the licensor may require the applicant or  
17 licensee to furnish and maintain ~~a~~ an additional bond in the form, amount and with  
18 the sureties it approves, but not less than \$5,000, nor more than \$100,000,  
19 conditioned upon the applicant or licensee complying with the statutes applicable to  
20 the licensee and as indemnity for any loss sustained by any person by reason of any  
21 acts of the licensee constituting grounds for suspension or revocation of the license  
22 under ss. 218.0101 to 218.0163. The bonds shall be executed in the name of the  
23 department of transportation for the benefit of any aggrieved ~~parties,~~ person who  
24 sustains a loss because of an act of the licensee that constitutes grounds for the  
25 suspension or revocation of his or her license under ss. 218.0101 to 218.0163, except

**SENATE BILL 234****SECTION 7**

1 that the aggregate liability of the surety to all aggrieved ~~parties~~ persons shall, in no  
2 event, exceed the amount of the bond. The bonding requirements in this paragraph  
3 shall not apply to manufacturers, factory branches, and their agents and is in  
4 addition to the bond or letter of credit required of a motor vehicle dealer under sub.  
5 (5) (a).

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**(END)**