

2003 ASSEMBLY BILL 821

February 5, 2004 – Introduced by Representative FREESE, cosponsored by Senator LEIBHAM. Referred to Committee on Transportation.

1 **AN ACT to amend** 218.0111 (1) (intro.), 218.0114 (1), 218.0114 (13) (b) and (c),
2 218.0114 (18) and 218.33 (2) (a); and **to create** 218.0101 (22m), 218.0114 (14)
3 (fm) and 218.34 of the statutes; **relating to:** motor vehicle buyers, granting
4 rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

Current law requires a motor vehicle dealer, motor vehicle salesperson, and motor vehicle sales finance company to have a license issued by the Department of Transportation (DOT) in order to conduct business. A motor vehicle dealer is responsible for ensuring that each motor vehicle salesperson in his or her employ has a valid license. Failure to comply with these licensing requirements may result in a fine of not less than \$500 nor more than \$5,000. This bill defines a motor vehicle buyer as a person who is employed by one or more motor vehicle dealers to bid on or purchase a motor vehicle from a motor vehicle dealer or a motor vehicle auction and requires a motor vehicle buyer and a motor vehicle wholesaler to be licensed. A motor vehicle buyer must obtain a separate license for each motor vehicle dealer on whose behalf the buyer operates and each motor vehicle dealer is responsible for ensuring that each motor vehicle buyer in his or her employ has a valid license.

Under current law, motor vehicles sold at a motor vehicle auction may only be sold to licensed motor vehicle dealers. Under the bill, motor vehicles sold at a motor vehicle auction may be sold to licensed motor vehicle dealers, licensed motor vehicle wholesalers, and licensed motor vehicle buyers. The licensed dealer, wholesaler, or buyer must display his or her valid license and include his or her license number on

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each sheet of any bid submitted to a motor vehicle auction and on any document evidencing the purchase of a motor vehicle from the auction. Prior to accepting a bid, the motor vehicle auction must verify that the license number displayed on the buyer or bidder's license and the number included on the bid or other documents are identical. After a motor vehicle is sold at an auction, the motor vehicle auction must include information, to be determined by DOT, to indicate that ownership of the vehicle was transferred by a motor vehicle auction.

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:

1 **SECTION 1.** 218.0101 (22m) of the statutes is created to read:

2 218.0101 (**22m**) "Motor vehicle buyer" means an individual who is employed
3 by or who has contracted with one or more motor vehicle dealers to bid on or purchase
4 a motor vehicle being held and offered for sale by a motor vehicle dealer or motor
5 vehicle auction.

6 **SECTION 2.** 218.0111 (1) (intro.) of the statutes is amended to read:

7 218.0111 (**1**) (intro.) The department of transportation shall issue the licenses
8 provided for in s. 218.0114 (14) (a) to ~~(f)~~ (fm) and have supervision over the licensees
9 in respect to all of the provisions of ss. 218.0101 to 218.0163, except that the division
10 of banking shall have jurisdiction and control over all of the following:

11 **SECTION 3.** 218.0114 (1) of the statutes is amended to read:

12 218.0114 (**1**) No motor vehicle dealer, motor vehicle wholesaler, motor vehicle
13 salesperson, motor vehicle buyer, or sales finance company may engage in business
14 as a motor vehicle dealer, motor vehicle wholesaler, motor vehicle salesperson, motor
15 vehicle buyer, or sales finance company in this state without a license therefor as
16 provided in ss. 218.0101 to 218.0163. If any motor vehicle dealer acts as a motor
17 vehicle salesperson, he or she shall secure a motor vehicle salesperson's license in

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1 addition to a motor vehicle dealer license. Every motor vehicle dealer shall be
2 responsible for the licensing of every motor vehicle salesperson or motor vehicle
3 buyer in his or her employ. Any person violating this subsection may be fined not less
4 than \$500 nor more than \$5,000.

5 **SECTION 4.** 218.0114 (13) (b) and (c) of the statutes are amended to read:

6 218.0114 **(13)** (b) The department of transportation shall promulgate rules
7 establishing the license period for each type of license described in sub. (14) (a) to ~~(f)~~
8 (fm).

9 (c) The department of transportation may promulgate rules establishing
10 expiration dates for the various types of licenses described in sub. (14) (a) to ~~(f)~~ (fm).

11 **SECTION 5.** 218.0114 (14) (fm) of the statutes is created to read:

12 218.0114 **(14)** (fm) For motor vehicle buyers, \$6. Any motor vehicle buyer who
13 buys a motor vehicle on behalf of more than one dealership must hold a separate
14 motor vehicle buyer license for each employing dealership.

15 **SECTION 6.** 218.0114 (18) of the statutes is amended to read:

16 218.0114 **(18)** Every salesperson, factory representative ~~or~~, distributor
17 representative, or motor vehicle buyer shall carry his or her license when engaged
18 in business, and display the license upon request. The license shall name the
19 licensee's employer or motor vehicle dealership for whom the motor vehicle buyer is
20 buying. Upon leaving an employer, or, in the case of a buyer, terminating a buying
21 relationship with a motor vehicle dealership, the licensee shall immediately
22 surrender the license to his or her employer or to the dealership, who shall mail the
23 license to the licensor. If during the license period the licensee again is employed or
24 acts as a salesperson or motor vehicle buyer, he or she shall make application for
25 reissue of a salesperson's or motor vehicle buyer license. There shall be no fee in

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1 connection with the subsequent ~~applications~~ application for a salesperson's license.

2 The fee for a subsequent application for a motor vehicle buyer license is \$6.

3 **SECTION 7.** 218.33 (2) (a) of the statutes is amended to read:

4 218.33 (2) (a) Sales of motor vehicles shall be confined to those offered by
5 licensed motor vehicle dealers and shall be ~~sold~~ made only to ~~licensed motor vehicle~~
6 ~~dealers~~ a person who is qualified under s. 218.34 to purchase, or submit a bid for the
7 purchase of, a motor vehicle from a motor vehicle auction.

8 **SECTION 8.** 218.34 of the statutes is created to read:

9 **218.34 Purchases from a motor vehicle auction. (1)** No person may
10 purchase or submit a bid for the purchase of a motor vehicle from a motor vehicle
11 auction unless the following conditions are satisfied:

12 (a) The person holds a valid motor vehicle dealer, motor vehicle wholesaler, or
13 motor vehicle buyer license.

14 (b) If licensed as a motor vehicle buyer, the person bids on a vehicle for only one
15 motor vehicle dealer at a time, and uses that dealer's funds when purchasing the
16 vehicle.

17 (c) The person displays his or her valid motor vehicle dealer, motor vehicle
18 wholesaler, or motor vehicle buyer license to the motor vehicle auction and includes
19 his or her license number on each sheet of any bid submitted to a motor vehicle
20 auction for the purchase of a motor vehicle or other document evidencing the
21 purchase of a motor vehicle from a motor vehicle auction.

22 (2) No motor vehicle auction may accept a bid for the purchase of a motor
23 vehicle or complete the sale transaction unless the person who submits the bid or
24 offers to purchase a motor vehicle from the motor vehicle auction satisfies the
25 requirements of sub. (1) and the motor vehicle auction verifies that the motor vehicle

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1 dealer license, motor vehicle wholesaler license, or motor vehicle buyer license
2 number displayed on the person's license and included on each sheet of that person's
3 bid or other document evidencing the purchase of a motor vehicle are identical.

4 **(3)** For each motor vehicle sold by a motor vehicle auction, the motor vehicle
5 auction shall enter on the certificate of title, or on the form or in the automated
6 format used to reassign the title, any information that the department requires to
7 indicate that ownership of the vehicle was transferred by a motor vehicle auction.

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(END)