

2003 DRAFTING REQUEST

Bill

Received: **08/01/2003**

Received By: **phurley**

Wanted: **As time permits**

Identical to LRB:

For: **Stephen Freese (608) 266-7502**

By/Representing:

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

Drafter: **phurley**

May Contact:

Addl. Drafters:

Subject: **Transportation - mot veh dealers**

Extra Copies: **TNF, ARG**

Submit via email: **YES**

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

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Motor vehicle wholesalers

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>
/?							
/P1	phurley 08/19/2003	kgilfoy 08/21/2003	rschluet 08/26/2003	_____	lemery 08/26/2003		State
/1	phurley 09/29/2003	kgilfoy 09/29/2003	chaugen 10/06/2003	_____	mbarman 10/14/2003		State
		kgilfoy	chaugen	_____			

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
		10/13/2003	10/14/2003	_____			
/2	phurley 12/26/2003	kgilfoy 12/26/2003	pgreensl 12/29/2003	_____	Inorthro 12/29/2003		State
/3	phurley 01/07/2004	kgilfoy 01/07/2004	chaugen 01/20/2004	_____	Inorthro 01/23/2004	lemery 02/05/2004	
	phurley 01/23/2004	kgilfoy 01/20/2004	pgreensl 01/23/2004	_____			
		kgilfoy 01/23/2004		_____			

FE Sent For: *at intro*
2/6

<END>

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	phurley 01/23/2004	kgilfoy 01/20/2004	pgreensl 01/23/2004	_____			
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		kgilfoy	chaugen				

11-1/7/04
Kmg

1/23/04
PBT

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		kgilfoy <i>12-12/26 King</i>	chaugen <i>12/29 PG</i>	<i>12/29</i>			

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FE Sent For:

1-9/29
mg

CH
10-13

CH
PG 10/13

<END>

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1?	phurley	1-8/21 King					
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FE Sent For:

8-25-03

<END>

Bonding wholesalers, licensing buyers
Draft language revisions from WisDOT Dealer Section, June 5, 2003

Create 218.0101(22M)

“Motor Vehicle Buyer” means a person who is employed by one or more motor vehicle dealer to bid on or purchase motor vehicles being held and offered for sale by a motor vehicle dealer or motor vehicle auction. Any motor vehicle buyer licensed under SS.218.0101 to 218.0163 who buys motor vehicles on behalf of more than one dealership must hold a separate motor vehicle buyer license for each employing dealership.

Change your proposed 218.0101(38)(a) to read as follows.....

- (a) “Wholesaler” means a person, other than a licensed motor vehicle dealer, licensed motor vehicle auction dealer, or licensed motor vehicle buyer who does any of the following:
1. Sells more than 5 used motor vehicles in any 12-month period to one or more motor vehicle dealers, motor vehicle auction dealers or salvage dealers.
 2. Except as provided in par. (b), purchases used motor vehicles from a motor vehicle dealer or at a motor vehicle auction.
 3. Except as provided in par. (b), purchases used motor vehicles on behalf of a motor vehicle dealer.
- (a) A person is not a wholesaler if the person is a licensed motor vehicle buyer, and conducts all financial transactions involving the sale or purchase of motor vehicles in the name of and under the supervision of the motor vehicle dealer or dealers that employ him or her, and using the employing dealer's funds or financial accounts.

Add the following language (previously proposed in our April 22 email, but revised somewhat below):

- Amend 218.0111 Authority of Licensors

The department of transportation shall issue the licenses provided for in S. 218.0114 (14) (a) to ~~(f)-(g)~~ and have supervision over the licensees in respect to all of the provisions of SS.218.0101 to 218.0163, except that the division of banking shall have jurisdiction and control over all of the following:

- Amend 218.0114 Licenses, how granted; agreements, filing.

218.0114(1)

- (1) No motor vehicle dealer, motor vehicle wholesaler, motor vehicle salesperson, motor vehicle buyer, or sales finance company may engage in business as a motor vehicle dealer, motor vehicle salesperson, motor vehicle buyer, or sales finance company in this state without a license therefore as provided in ss. 218.0101 to 218.0163. If any motor vehicle dealer acts as a motor vehicle salesperson, he or she shall secure a motor vehicle salesperson's license in addition to a motor vehicle dealer license. Every motor vehicle dealer shall be responsible for the licensing of every motor vehicle salesperson or motor vehicle buyer in his or her employ. Any person violating this

subsection may be fined not less than \$500 nor more than \$5,000.

- Change your proposed 218.0114(5)(c) to read:

218.0114(5)(c) A wholesaler or wholesale dealer or an applicant for a wholesaler or wholesale dealer license shall provide and maintain in force a bond or irrevocable letter of credit of not less than \$25,000. The bond or letter of credit shall be executed in the name of the department of transportation for the benefit of any person who sustains a loss because of an act or omission by the wholesaler or wholesale dealer. of a motor vehicle wholesaler that constitutes grounds for suspension or revocation of a license under ss. 218.0101 to 218.0163.

Amend 218.0114(13)(b)

(b) The department of transportation shall promulgate rules establishing the license period for each type of license described in sub. (14) (a) to ~~(f)~~ (g). _

Amend 218.0114(13)(c)

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

Amend 218.0114(13)(d)

(d) The division of banking shall promulgate rules establishing the license period for the license described in sub. (14) ~~(g)~~ (h). - *do not add*

Amend 218.0114(13)(e)

(e) The division of banking may promulgate rules establishing expiration dates for licenses issued under sub. (14) ~~(g)~~ (h). - *do not add*

Create 218.0114 (14) ~~(g)~~ (m)
For motor vehicle buyers, \$6.

Amend 218.0114 (14) ~~(g)~~ (h) 1. Except - - -

Amend 218.0114 (18)

Every salesperson, factory representative, distributor representative or motor vehicle buyer shall carry his or her license when engaged in business, and display the license upon request. The license shall name the licensee's employer or motor vehicle dealership that the buyer is buying for. Upon leaving an employer; or in the case of a buyer, terminating a buying relationship with the dealership, the licensee shall immediately surrender the license to his or her employer or dealership, who shall mail the license to the licensor. If during the license period the licensee again is employed or acts as a salesperson or buyer, he or she shall make application for reissue of a salesperson or buyer's license. There shall be no fee in connection with the subsequent application for a salesperson license. The fee for a subsequent application for a motor vehicle buyer license is \$6.

Amend 218.33(2)(a)

218.33 (2) The following rules shall govern the conduct of motor vehicle auctions sales:

a) Sales of motor vehicles shall be confined to those offered by licensed motor vehicle dealers, ~~and shall be sold only to~~ Only licensed motor vehicle dealers, licensed motor vehicle wholesalers, and licensed motor vehicle buyers shall be allowed to bid on or purchase motor vehicles at motor vehicle auctions.

Create 218.34

218.34 Purchases from motor vehicle auctions

(1) No person may purchase or submit a bid for the purchase of a motor vehicle from a motor vehicle auction unless the following conditions are satisfied:

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

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

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

(2) No motor vehicle auction may accept a bid for the purchase of a motor vehicle or complete the sales transaction unless the person who submits the bid or offers to purchase a motor vehicle from the motor vehicle auction satisfies the conditions under sub. (1)(b) and the motor vehicle auction verifies that the motor vehicle dealer license, motor vehicle wholesaler license or motor vehicle buyer license number displayed on the person's license credential and included on each sheet of that person's bid or other document evidencing the purchase of a motor vehicle are identical.

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



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3053/P1
PJH: / ...
King

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 AN ACT ^{Gen. Cat.} ...; relating to: motor vehicle buyers and granting rule-making
2 authority. ^{and providing a penalty}

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

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

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

4 218.0101 (22m) "Motor vehicle buyer" means a person who is employed by one
5 or more motor vehicle dealers to bid on or purchase a motor vehicle being held and
6 offered for sale by a motor vehicle dealer or motor vehicle auction. Any motor vehicle
7 buyer licensed under ~~§ 218.0101~~ ^{ss. 218.011} to ~~§ 218.0163~~ who buys a motor vehicle on behalf
8 of more than one dealership must hold a separate motor vehicle buyer license for each
9 employing dealership.

Handwritten mark resembling a stylized 'E' or 'F'.

Handwritten mark resembling a stylized 'P' or 'F'.

1 SECTION 2. 218.0101 (38) of the statutes is created to read:

2 ~~218.0101 (38)~~ INSERT A

3 SECTION 3. 218.0111 (1) ^(intro.) of the statutes is amended to read:

4 218.0111 (1) ^(intro.) The department of transportation shall issue the licenses
5 provided for in s. 218.0114 (14) (a) to ~~(f)~~ ^(fm) and have supervision over the licensees
6 in respect to all of the provisions of ss. 218.0101 to 218.0163, except that the division
7 of banking shall have jurisdiction and control over all of the following:

- 8 ~~(a) Matters that relate to the sale of motor vehicles on retail installment contracts and the financing and servicing of those retail installment contracts.~~
- 9 ~~(b) Matters that relate to prelease agreements under s. 218.0144 and consumer leases under chs. 421 to 427 and 429.~~
- 10 ~~(c) The issuance of licenses to sales finance companies.~~

History: 1999 a. 31 ss. 54 to 55.

13 SECTION 4. 218.0114 (1) of the statutes is amended to read:

14 218.0114 (1) No motor vehicle dealer, motor vehicle wholesaler, motor vehicle
15 salesperson, motor vehicle buyer, or sales finance company may engage in business
16 as a motor vehicle dealer, motor vehicle salesperson, motor vehicle buyer, or sales
17 finance company in this state ^{motor vehicle wholesaler} without a license therefor as provided in ss. 218.0101
18 to 218.0163. If any motor vehicle dealer acts as a motor vehicle salesperson, he or
19 she shall secure a motor vehicle salesperson's license in addition to a motor vehicle
20 dealer license. Every motor vehicle dealer shall be responsible for the licensing of
21 every motor vehicle salesperson or motor vehicle buyer in his or her employ. Any
22 person violating this subsection may be fined not less than \$500 nor more than
23 \$5,000.

History: 1999 a. 31 ss. 57 to 104; 1999 a. 186.

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

1 ~~SECTION 6~~ INSERT B

2 SECTION 6. 218.0114 (13) (b) and (c) of the statutes are amended to read:

3 218.0114 (13) (b) The department of transportation shall promulgate rules
4 establishing the license period for each type of license described in sub. (14) (a) to (f)
5 (fm).

History: 1999 a. 31 ss. 57 to 104; 1999 a. 186.

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

History: 1999 a. 31 ss. 57 to 104; 1999 a. 186.

8 SECTION 7. 218.0114 (14) (fm) of the statutes is created to read:

9 218.0114 (14) (fm) For motor vehicle buyers, \$6.

Any motor vehicle buyer who buys a motor vehicle on behalf of more than one dealership must hold a separate motor vehicle buyer license for each employing dealership.

10 SECTION 8. 218.0114 (18) of the statutes is amended to read:

11 218.0114 (18) Every salesperson, factory representative or distributor
12 representative, or motor vehicle buyer shall carry his or her license when engaged
13 in business, and display the license upon request. The license shall name the
14 licensee's employer or motor vehicle dealership for whom the motor vehicle buyer is
15 buying. Upon leaving an employer, or in the case of a buyer, terminating a buying
16 relationship with a motor vehicle dealership, the licensee shall immediately
17 surrender the license to his or her employer or to the dealership who shall mail the
18 license to the licensor. If during the license period the licensee again is employed or
19 acts as a salesperson or ^{motor vehicle} buyer, he or she shall make application for reissue of a
20 motor vehicle salesperson's or ^{motor vehicle} buyer's license. There shall be no fee in connection with the
21 subsequent ~~applications~~ application for a ^{salesperson's} salesperson's license. The fee for a
22 subsequent application for a motor vehicle buyer license is \$6.

History: 1999 a. 31 ss. 57 to 104; 1999 a. 186.

23 SECTION 9. 218.33 (2) (a) of the statutes is amended to read:

1 218.33 (2) (a) Sales of motor vehicles shall be confined to those offered by
 2 licensed motor vehicle dealers and shall be sold only to licensed motor vehicle
 3 dealers. Only licensed motor vehicle dealers, licensed motor vehicle wholesalers,
 4 and licensed motor vehicle buyers may be allowed to bid on or purchase a motor
 5 vehicle at a motor vehicle auction. plain

History: 1977 c. 29 s. 1654 (7) (a); 1977 c. 273; 1993 a. 159; 1997 a. 27.

6 **SECTION 10.** 218.34 of the statutes is created to read:

7 **218.34 Purchases from a motor vehicle auction.** (1) No person may
 8 purchase or submit a bid for the purchase of a motor vehicle from a motor vehicle
 9 auction unless the following conditions are satisfied:

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

12 (b) If licensed as a motor vehicle buyer, the person bids on a vehicle for only one
 13 ^{motor vehicle} dealer at a time, and uses that dealer's funds when purchasing the vehicle.

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

19 (2) No motor vehicle auction may accept a bid for the purchase of a motor
 20 vehicle or complete the sale transaction unless the person who submits the bid or
 21 offers to purchase a motor vehicle from the motor vehicle auction satisfies the
 22 requirements of sub. (1) and the motor vehicle auction verifies that the motor vehicle
 23 dealer license, motor vehicle wholesaler license^v or motor vehicle buyer license

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

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

7

(END)

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

218.0101 (8) "Distributor representative" means a representative similarly employed by a distributor, ~~or distributor branch or wholesaler.~~

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

218.0101 (38) (a) "Wholesaler" ~~or wholesale dealer~~ means a person, other than a licensed motor vehicle dealer ~~or licensed motor vehicle auction dealer~~, who does any of the following:

- 1. Sells more than 5 used motor vehicles in any 12-month period to one or more motor vehicle dealers, motor vehicle auction dealers, or salvage dealers.
- 2. Except as provided in par. (b), purchases used motor vehicles from a motor vehicle dealer or at a motor vehicle auction.
- 3. Except as provided in par. (b), purchases used motor vehicles on behalf of a motor vehicle dealer.

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

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

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

Insert A
"Wholesaler" does not include

Wholesale dealer
or licensed motor vehicle buyer
start

at who
the person is a motor vehicle buyer

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

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

6 218.0114 (5) (c) A wholesaler ~~or a wholesale dealer~~ or an applicant for a
7 wholesaler ~~or wholesale dealer~~ license shall provide and maintain in force a bond or
8 irrevocable letter of credit of not less than \$25,000. The bond or letter of credit shall
9 be executed in the name of the department of transportation for the benefit of any
10 person who sustains a loss because of an act ~~or omission by the wholesaler or~~
11 ~~wholesale dealer~~ of a wholesaler that constitutes grounds for suspension or
revocation of a license under (4) 218.0101
to (5) 218.0163.

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

13 218.0114 (20) (b) If the licensor has reasonable cause to doubt the financial
14 responsibility of the applicant or licensee or the compliance by the applicant or
15 licensee with ss. 218.0101 to 218.0163, the licensor may require the applicant or
16 licensee to furnish and maintain ~~a~~ an additional bond in the form, amount and with
17 the sureties it approves, but not less than \$5,000, nor more than \$100,000,
18 conditioned upon the applicant or licensee complying with the statutes applicable to
19 the licensee and as indemnity for any loss sustained by any person by reason of any
20 acts of the licensee constituting grounds for suspension or revocation of the license
21 under ss. 218.0101 to 218.0163. The bonds shall be executed in the name of the
22 department of transportation for the benefit of any aggrieved parties, person who
23 sustains a loss because of an act of the licensee that constitutes grounds for the
24 suspension or revocation of his or her license under ss. 218.0101 to 218.0163, except
25 that the aggregate liability of the surety to all aggrieved parties persons shall, in no

Insert B

ss.

(4) 218.0101
to (5) 218.0163.

Hurley, Peggy

From: Richard, Rob
Sent: Thursday, September 25, 2003 2:59 PM
To: Hurley, Peggy

Peggy:

We're ready to go on LRB-3053/P1. However, can you please incorporate the language in Assembly Amendment 1 to AB 490 into the draft and complete the analysis?

Thank you!

Rob Richard
Freese Office



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3053/11

PJH:kmg:rs

1/rmr

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Gen. Cat.

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), 218.0101 (38),
3 218.0114 (5) (c), 218.0114 (14) (fm) and 218.34 of the statutes; relating to:
4 motor vehicle buyers, granting rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

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

5 SECTION 1. 218.0101 (22m) of the statutes is created to read:
6 218.0101 (22m) "Motor vehicle buyer" means a person who is employed by one
7 or more motor vehicle dealers to bid on or purchase a motor vehicle being held and
8 offered for sale by a motor vehicle dealer or motor vehicle auction.

9 SECTION 2. 218.0101 (38) of the statutes is created to read:

Insert A

1 218.0101 (38) (a) “Wholesaler” means a person, other than a licensed motor
2 vehicle dealer or licensed motor vehicle auction dealer or licensed motor vehicle
3 buyer, who does any of the following:

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

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

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

10 (b) “Wholesaler” does not include a person who is a motor vehicle buyer and
11 conducts all financial transactions involving the sale or purchase of motor vehicles
12 in the name of the motor vehicle dealer that employs him or her, under the
13 supervision of the motor vehicle dealer that employs him or her, and using the motor
14 vehicle dealer’s funds or financial accounts.

15 **SECTION 3.** 218.0111 (1) (intro.) of the statutes is amended to read:

16 218.0111 (1) (intro.) The department of transportation shall issue the licenses
17 provided for in s. 218.0114 (14) (a) to (f) (~~fm~~) and have supervision over the licensees
18 in respect to all of the provisions of ss. 218.0101 to 218.0163, except that the division
19 of banking shall have jurisdiction and control over all of the following:

20 **SECTION 4.** 218.0114 (1) of the statutes is amended to read:

21 218.0114 (1) No motor vehicle dealer, motor vehicle wholesaler, motor vehicle
22 salesperson, motor vehicle buyer, or sales finance company may engage in business
23 as a motor vehicle dealer, motor vehicle wholesaler, motor vehicle salesperson, motor
24 vehicle buyer, or sales finance company in this state without a license therefor as
25 provided in ss. 218.0101 to 218.0163. If any motor vehicle dealer acts as a motor

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

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

7 218.0114 (5) (c) A wholesaler or an applicant for a wholesaler license shall
8 provide and maintain in force a bond or irrevocable letter of credit of not less than
9 \$25,000. The bond or letter of credit shall be executed in the name of the department
10 of transportation for the benefit of any person who sustains a loss because of an act
11 of a wholesaler that constitutes grounds for suspension or revocation of a license
12 under ss. 218.0101 to 218.0163.

13 **SECTION 6.** 218.0114 (13) (b) and (c) of the statutes are amended to read:

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

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

19 **SECTION 7.** 218.0114 (14) (fm) of the statutes is created to read:

20 218.0114 (14) (fm) For motor vehicle buyers, \$6. Any motor vehicle buyer who
21 buys a motor vehicle on behalf of more than one dealership must hold a separate
22 motor vehicle buyer license for each employing dealership.

23 **SECTION 8.** 218.0114 (18) of the statutes is amended to read:

24 218.0114 (18) Every salesperson, factory representative ~~or~~, distributor
25 representative, or motor vehicle buyer shall carry his or her license when engaged

1 in business, and display the license upon request. The license shall name the
2 licensee's employer or motor vehicle dealership for whom the motor vehicle buyer is
3 buying. Upon leaving an employer, or, in the case of a buyer, terminating a buying
4 relationship with a motor vehicle dealership, the licensee shall immediately
5 surrender the license to his or her employer or to the dealership, who shall mail the
6 license to the licensor. If during the license period the licensee again is employed or
7 acts as a salesperson or motor vehicle buyer, he or she shall make application for
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10 The fee for a subsequent application for a motor vehicle buyer license is \$6.

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16 vehicle at a motor vehicle auction.

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18 **218.34 Purchases from a motor vehicle auction.** (1) No person may
19 purchase or submit a bid for the purchase of a motor vehicle from a motor vehicle
20 auction unless the following conditions are satisfied:

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

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

2003-2004 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

3053
LRB-2004/lins
PJH:jld:rs

INSERT A:

LPS: Make all of the components
"anal: text".

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

This bill retains that definition for a distributor but defines a wholesaler as a person who is not a licensed motor vehicle dealer, motor vehicle auction dealer, or motor vehicle buyer, and who does any of the following: 1) Sells more than five used motor vehicles in any 12^v-month period to one or more motor vehicle dealers, motor vehicle auction dealers, or salvage dealers; 2) Purchases used motor vehicles from a motor vehicle dealer or at a motor vehicle auction for the purpose of selling the vehicles to a motor vehicle dealer, motor vehicle auction, or wholesaler; 3) Purchases used motor vehicles on behalf of a motor vehicle dealer. However, a person is not a wholesaler under the bill if he or she conducts all financial transactions involving the sale or purchase of motor vehicles in the name and under the supervision of the motor vehicle dealer that employs him or her, using the motor vehicle dealer's funds or financial accounts.

The 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.

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 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 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.

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, DOT may use the bond or letter of credit for the benefit of the person who sustained the loss. This bill requires a motor vehicle wholesaler or applicant for a wholesaler license 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 by the wholesaler that constitutes grounds for suspension or revocation of the wholesaler's license.

Under current law, motor vehicles sold at a motor vehicle auction may only be sold to ~~license~~ ^{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 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.



**ASSEMBLY AMENDMENT ,
TO 2003 ASSEMBLY BILL 490**

1 At the locations indicated, amend the bill as follows:

- 2 **1.** Page 2, line 18: after "auction" insert "for the purpose of selling the vehicles
3 to a motor vehicle dealer, motor vehicle auction, or wholesaler".

4 (END)

✓
Insert
B

Hurley, Peggy

From: Richard, Rob
Sent: Tuesday, October 21, 2003 5:35 PM
To: Hurley, Peggy
Subject: FW:

Peggy:

Are Mary Ann's questions easy enough to address? Let me know what you think needs to be done.

Thanks!
Rob

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

From: Mary Ann Gerrard [mailto:mgerrard@watda.org]
Sent: Monday, October 20, 2003 4:03 PM
To: Richard, Rob
Subject: Re:

Rob, I have a few questions regarding this draft that I hope you will forward to Peggy Hurley. 1) Shouldn't the def of wholesaler on line 15 page 3 of lrb 3053/1 be consistent with the def. of wholesaler in AB 490 and senate companion bill? I am referring to the language on p3 of AB 490 line 1. 2) Is it necessary to even have section 2 in lrb 3053 since it is addressed in 490? 3) Also is it necessary to repeat the language that is in 490 regarding the bond again in lrb3053? Given the fact that AB 490 or it's senate companion is not yet law perhaps it is necessary to repeat. Am just looking for a little guidance. thanks much, mary ann

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

From: "Richard, Rob" <Rob.Richard@legis.state.wi.us>
To: <mgerrard@watda.org>
Sent: Tuesday, October 14, 2003 11:16 AM

2 ml

2003 BILL

12-2603

open

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), 218.0101 (38),
 3 218.0114 (5) (c), 218.0114 (14) (fm) and 218.34 of the statutes; **relating to:**
 4 motor vehicle buyers, granting rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

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

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BILL

~~MAN~~ 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 ^{hand}

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 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.

~~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, DOT may use the bond or letter of credit for the benefit of the person who sustained the loss. This bill requires a motor vehicle wholesaler or applicant for a wholesaler license 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 by the wholesaler that constitutes grounds for suspension or revocation of the wholesaler's license.~~

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BILL

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BILL

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State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3053/2
PJH:kmg:pg

3mr

2003 BILL

*in
1-7-04*

Gen. Conf.

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2 218.0114 (18) and 218.33 (2) (a); and *to create* 218.0101 (22m), 218.0114 (14)
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BILL

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BILL

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BILL

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14 motor vehicle buyer license.

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

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

23 (2) No motor vehicle auction may accept a bid for the purchase of a motor
24 vehicle or complete the sale transaction unless the person who submits the bid or
25 offers to purchase a motor vehicle from the motor vehicle auction satisfies the

sold made

[Handwritten scribbles]

a person who is qualified under s. 218.34 to purchase, or submit a bid for the purchase of, a motor vehicle from a motor vehicle auction. plain period

BILL

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

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

9 (END)

Hurley, Peggy

From: Richard, Rob
Sent: Wednesday, January 07, 2004 2:09 PM
To: Hurley, Peggy
Subject: Draft changes to LRB-3053/2

Peggy:

Please make the following changes to the draft -

- 1) Page 2, line 2, change "a person" to "an individual"
- 2) Page 2, line 2, after "employed by" insert "or has contracted with"
- 3) Page 4, lines 6-8 should be deleted. On line 5 after "dealers" insert "and shall be sold only to a person who is qualified under s. 218.34 to purchase or submit a bid for the purchase of a motor vehicle from a motor vehicle auction."

Thank you!

Rob Richard
Freese Office

Emery, Lynn

From: Richard, Rob
Sent: Thursday, February 05, 2004 12:40 PM
To: LRB.Legal
Subject: Draft review: LRB 03-3053/3 Topic: Motor vehicle wholesalers

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

Draft review: LRB 03-3053/3 Topic: Motor vehicle wholesalers