



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-4032/1
EVM:emw&amn

2017 ASSEMBLY BILL 807

December 28, 2017 - Introduced by Representatives SHANKLAND, BERCEAU and SARGENT, cosponsored by Senators HANSEN and L. TAYLOR. Referred to Committee on Transportation.

1 **AN ACT** *to renumber* 218.0114 (5) (a) and 218.0116 (4) (c); *to amend* 218.0163
2 (1) (a), 218.0163 (2) and 342.16 (1) (am) 1.; and *to create* 218.0101 (3t),
3 218.0114 (5) (a) 2., 218.0116 (1) (z), 218.0116 (4) (c) 2. and 342.16 (1) (am) 2m.
4 of the statutes; **relating to:** consignment motor vehicle dealers.

Analysis by the Legislative Reference Bureau

This bill enumerates certain conduct of consignment motor vehicle dealers as motor vehicle dealer license violations and requires a higher bonding amount for consignment motor vehicle dealers. A “consignment motor vehicle dealer” under this bill is “a motor vehicle dealer that derives at least 90 percent of its income from vehicle consignment agreements.”

Under current law, a motor vehicle dealer must be licensed by the Department of Transportation. For a variety of reasons enumerated in existing law, DOT may seek suspension or revocation of a motor vehicle dealer license and a motor vehicle dealer may be subject to a forfeiture. This bill enumerates several additional reasons. Specifically, a consignment motor vehicle dealer who does any of the following may be subject to a forfeiture or license suspension or revocation:

1. Delivers a consigned motor vehicle to a purchaser before the consignor is paid in full and title of the vehicle is transferred to the dealer.
2. Uses an electronic process to process an application for transfer of title for a consignment sale.
3. Sells a motor vehicle that is subject to a lien for less than the full amount of the lien without the prior written consent of the lienholder.

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4. Releases the proceeds from the sale of a motor vehicle that is subject to a lien without a written release of the lien.

Also under current law, a motor vehicle dealer must provide and maintain in force a bond or irrevocable letter of credit of not less than \$50,000. Under this bill, a consignment motor vehicle dealer must provide and maintain in force a bond or irrevocable letter of credit of not less than \$500,000.

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 (3t) of the statutes is created to read:

2 218.0101 (3t) “Consignment motor vehicle dealer” means a motor vehicle
3 dealer that derives at least 90 percent of its income from vehicle consignment
4 agreements.

5 **SECTION 2.** 218.0114 (5) (a) of the statutes is renumbered 218.0114 (5) (a) 1.

6 **SECTION 3.** 218.0114 (5) (a) 2. of the statutes is created to read:

7 218.0114 (5) (a) 2. Notwithstanding subd. 1., a consignment motor vehicle
8 dealer or an applicant for a motor vehicle dealer license who will be a consignment
9 motor vehicle dealer shall provide and maintain in force a bond or irrevocable letter
10 of credit of not less than \$500,000. The bond or letter of credit shall be executed in
11 the name of the department of transportation for the benefit of any person who
12 sustains a loss because of an act of a consignment motor vehicle dealer that
13 constitutes grounds for the suspension or revocation of a license under ss. 218.0101
14 to 218.0163.

15 **SECTION 4.** 218.0116 (1) (z) of the statutes is created to read:

16 218.0116 (1) (z) Being a consignment motor vehicle dealer who does any of the
17 following:

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1 1. Delivers a consigned motor vehicle to a purchaser before the consignor is paid
2 in full and title of the vehicle is transferred to the dealer.

3 2. Processes an application for transfer of title for a consignment sale utilizing
4 an electronic process under s. 342.16 (1) (am) 1.

5 3. Sells a motor vehicle that is subject to a lien for less than the full amount of
6 the lien without the prior written consent of the lienholder.

7 4. Releases the proceeds from the sale of a motor vehicle that is subject to a lien
8 without a written release of the lien.

9 **SECTION 5.** 218.0116 (4) (c) of the statutes is renumbered 218.0116 (4) (c) 1.

10 **SECTION 6.** 218.0116 (4) (c) 2. of the statutes is created to read:

11 218.0116 (4) (c) 2. Notwithstanding subd. 1., if the department of
12 transportation requests the division of hearings and appeals to hear a matter
13 brought before the department of transportation under par. (b) related to a
14 consignment motor vehicle dealer, the division of hearings and appeals shall hear
15 and decide the matter within 7 days after the date of the department of
16 transportation's request.

17 **SECTION 7.** 218.0163 (1) (a) of the statutes is amended to read:

18 218.0163 (1) (a) A violation by any other licensee of s. 218.0116 (1) (bm), (f), (h),
19 (hm), (i), (km), (L), (Lm), (mm), (pm), (q), (qm), (r), (rm), (s), (sm), (t), (u), (um), (v),
20 (vm), (w), (wm), (x), (xm), (y), (ym), ~~or~~ or (z).

21 **SECTION 8.** 218.0163 (2) of the statutes is amended to read:

22 218.0163 (2) Any retail buyer, lessee or prospective lessee suffering pecuniary
23 loss because of a violation by a licensee of s. 218.0116 (1) (bm), (c), (cm), (dm), (e), (em),
24 (f), (im), (m) ~~or~~ (p), or (z) may recover damages for the loss in any court of competent
25 jurisdiction together with costs, including reasonable attorney fees.

