AN ACT to renumber 218.0114 (5) (a) and 218.0116 (4) (c); to amend 218.0163

(1) (a), 218.0163 (2) and 342.16 (1) (am) 1.; and to create 218.0101 (3t),
218.0114 (5) (a) 2., 218.0116 (1) (z), 218.0116 (4) (c) 2. and 342.16 (1) (am) 2m.
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.

December 28, 2017 - Introduced by Representatives SHANKLAND, BERCEAU and
SARGENT, cosponsored by Senators HANSEN and L. TAYLOR. Referred to
Committee on Transportation.
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 \textit{state} fiscal estimate, which will be printed as an appendix to this bill.

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

\textbf{SECTION 1.} 218.0101 (3t) of the statutes is created to read:

\begin{verbatim}
218.0101 (3t) “Consignment motor vehicle dealer” means a motor vehicle
dealer that derives at least 90 percent of its income from vehicle consignment
agreements.
\end{verbatim}

\textbf{SECTION 2.} 218.0114 (5) (a) of the statutes is renumbered 218.0114 (5) (a) 1.

\textbf{SECTION 3.} 218.0114 (5) (a) 2. of the statutes is created to read:

\begin{verbatim}
218.0114 (5) (a) 2. Notwithstanding subd. 1., a consignment motor vehicle
dealer or an applicant for a motor vehicle dealer license who will be a consignment
motor vehicle dealer shall provide and maintain in force a bond or irrevocable letter
of credit of not less than $500,000. 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 of a consignment motor vehicle dealer that
constitutes grounds for the suspension or revocation of a license under ss. 218.0101
to 218.0163.
\end{verbatim}

\textbf{SECTION 4.} 218.0116 (1) (z) of the statutes is created to read:

\begin{verbatim}
218.0116 (1) (z) Being a consignment motor vehicle dealer who does any of the
following:
\end{verbatim}
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. Processes an application for transfer of title for a consignment sale utilizing an electronic process under s. 342.16 (1) (am) 1.

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.

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

Section 5. 218.0116 (4) (c) of the statutes is renumbered 218.0116 (4) (c) 1.

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

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

Section 7. 218.0163 (1) (a) of the statutes is amended to read:

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

Section 8. 218.0163 (2) of the statutes is amended to read:

218.0163 (2) Any retail buyer, lessee or prospective lessee suffering pecuniary loss because of a violation by a licensee of s. 218.0116 (1) (bm), (c), (cm), (dm), (e), (em), (f), (im), (m) or (p), or (z) may recover damages for the loss in any court of competent jurisdiction together with costs, including reasonable attorney fees.
SECTION 9. 342.16 (1) (am) 1. of the statutes is amended to read:

342.16 (1) (am) 1. Except as provided in subds. 2. and 2m., a motor vehicle dealer, as defined in s. 218.0101 (23), who processes an application for transfer of title and registration as provided in par. (a) shall utilize an electronic process prescribed by the department under this paragraph or provided for under ss. 341.20 and 341.21.

SECTION 10. 342.16 (1) (am) 2m. of the statutes is created to read:

342.16 (1) (am) 2m. Notwithstanding s. 342.20, no application for transfer of title and registration of a motor vehicle transferred by consignment sale may be processed electronically.