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HOUSE BILL NO. 896

Offered January 10, 2018

Prefiled January 9, 2018

A BILL to amend and reenact § 46.2-1500 of the Code of Virginia, relating to motor vehicle dealer; definition.

Patron—Landes

Referred to Committee on Transportation

Be it enacted by the General Assembly of Virginia:

1. That § 46.2-1500 of the Code of Virginia is amended and reenacted as follows:

§ 46.2-1500. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Affiliate" means any entity in which a manufacturer, factory branch, distributor, or distributor branch has voting control or owns at least 51 percent of the ownership equity, or any entity in which another entity has voting control or owns at least 51 percent of the ownership equity and also has voting control and owns at least 51 percent of the ownership of a manufacturer, factory branch, distributor, or distributor branch. An entity that provides vehicle purchase or lease financing that uses the name of the manufacturer or distributor, or the name of any line make of the manufacturer or distributor, in the name of the entity under which it transacts business with a consumer, other than in the name of an individual product offered by the entity, shall be considered an "affiliate."

"Board" means the Motor Vehicle Dealer Board.

"Camping trailer" means a recreational vehicle constructed with collapsible partial side walls that fold for towing by a consumer-owned tow vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.

"Certificate of origin" means the document provided by the manufacturer of a new motor vehicle, or its distributor, which is the only valid indication of ownership between the manufacturer, its distributor, its franchised motor vehicle dealers, and the original purchaser not for resale.

"Dealer-operator" means the individual who works at the established place of business of a dealer and who is responsible for and in charge of day-to-day operations of that place of business.

"Demonstrator" means a new motor vehicle having a gross vehicle weight rating of less than 16,000 pounds that (i) has more than 750 miles accumulated on its odometer that has been driven by dealer personnel or by prospective purchasers during the course of selling, displaying, demonstrating, showing, or exhibiting it and (ii) may be sold as a new motor vehicle, provided the dealer complies with the provisions of subsection D of § 46.2-1530.

"Distributor" means a person who is licensed by the Department under this chapter and who sells or distributes new motor vehicles pursuant to a written agreement with the manufacturer to franchised motor vehicle dealers in the Commonwealth.

"Distributor branch" means a branch office licensed by the Department under this chapter and maintained by a distributor for the sale of motor vehicles to motor vehicle dealers or for directing or supervising, in whole or in part, its representatives in the Commonwealth.

"Distributor representative" means a person who is licensed by the Department under this chapter and employed by a distributor or by a distributor branch, for the purpose of making or promoting the sale of motor vehicles or for supervising or contacting its dealers, prospective dealers, or representatives in the Commonwealth.

"Factory branch" means a branch office maintained by a person for the sale of motor vehicles to distributors or for the sale of motor vehicles to motor vehicle dealers, or for directing or supervising, in whole or in part, its representatives in the Commonwealth.

"Factory representative" means a person who is licensed by the Department under this chapter and employed by a person who manufactures or assembles motor vehicles or by a factory branch for the purpose of making or promoting the sale of its motor vehicles or for supervising or contacting its dealers, prospective dealers, or representatives in the Commonwealth.

"Factory repurchase motor vehicle" means a motor vehicle sold, leased, rented, consigned, or otherwise transferred to a person under an agreement that the motor vehicle will be resold or otherwise retransferred only to the manufacturer or distributor of the motor vehicle, and which is reacquired by the manufacturer or distributor, or its agents.

"Family member" means a person who either (i) is the spouse, child, grandchild, spouse of a child, spouse of a grandchild, brother, sister, or parent of the dealer or owner or (ii) has been employed

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59 continuously by the dealer for at least five years.

60 "Franchise" means a written contract or agreement between two or more persons whereby one
61 person, the franchisee, is granted the right to engage in the business of offering and selling, offering and
62 delivering pursuant to a lease, servicing, or offering, selling, and servicing new motor vehicles of a
63 particular line-make or late model or used motor vehicles of a particular line-make manufactured or
64 distributed by the grantor of the right, the franchisor, and where the operation of the franchisee's
65 business is substantially associated with the franchisor's trademark, trade name, advertising, or other
66 commercial symbol designating the franchisor, the motor vehicle or its manufacturer or distributor.
67 "Franchise" includes any severable part or parts of a franchise agreement which separately provides for
68 selling and servicing different line-makes of the franchisor.

69 "Franchised late model or franchised used motor vehicle dealer" means a dealer selling used motor
70 vehicles, including vehicles purchased from the franchisor, under the trademark of a manufacturer or
71 distributor that has a franchise agreement with a manufacturer or distributor.

72 "Franchised motor vehicle dealer" or "franchised dealer" means a dealer in new motor vehicles that
73 has a franchise agreement with a manufacturer or distributor of new motor vehicles to sell new motor
74 vehicles or to sell used motor vehicles under the trademark of a manufacturer or distributor regardless of
75 the age of the motor vehicles.

76 "Fund" means the Motor Vehicle Dealer Board Fund.

77 "Independent motor vehicle dealer" means a dealer in used motor vehicles.

78 "Late model motor vehicle" means a motor vehicle of the current model year and the immediately
79 preceding model year.

80 "Line-make" means the name of the motor vehicle manufacturer or distributor and a brand or name
81 plate marketed by the manufacturer or distributor. The line-make of a motorcycle manufacturer, factory
82 branch, distributor, or distributor branch includes every brand of all-terrain vehicle, autocycle, and
83 off-road motorcycle manufactured or distributed bearing the name of the motorcycle manufacturer or
84 distributor.

85 "Manufactured home dealer" means any person licensed as a manufactured home dealer under
86 Chapter 4.2 (§ 36-85.16 et seq.) of Title 36.

87 "Manufacturer" means a person who is licensed by the Department under this chapter and engaged in
88 the business of constructing or assembling new motor vehicles and, in the case of trucks, recreational
89 vehicles, and motor homes, also means a person engaged in the business of manufacturing engines,
90 transmissions, power trains, or rear axles, when such engines, transmissions, power trains, or rear axles
91 are not warranted by the final manufacturer or assembler of the truck, recreational vehicle, or motor
92 home.

93 "Motorcycle" means every motor vehicle designed to travel on not more than three wheels in contact
94 with the ground, except any vehicle within the term "farm tractor" or "moped" as defined in § 46.2-100.
95 Except as otherwise provided, for the purposes of this chapter, all-terrain vehicles, autocycles, and
96 off-road motorcycles are deemed to be motorcycles.

97 "Motor home" means a motorized recreational vehicle designed to provide temporary living quarters
98 for recreational, camping, or travel use that contains at least four of the following permanently installed
99 independent life support systems that meet the National Fire Protection Association standards for
100 recreational vehicles: (i) a cooking facility with an onboard fuel source; (ii) a potable water supply
101 system that includes at least a sink, a faucet, and a water tank with an exterior service supply
102 connection; (iii) a toilet with exterior evacuation; (iv) a gas or electric refrigerator; (v) a heating or air
103 conditioning system with an onboard power or fuel source separate from the vehicle engine; or (vi) a
104 110-125 volt electric power supply.

105 "Motor vehicle" means the same as provided in § 46.2-100, except, for the purposes of this chapter,
106 "motor vehicle" does not include (i) manufactured homes, sales of which are regulated under Chapter
107 4.2 (§ 36-85.16 et seq.) of Title 36; (ii) nonrepairable vehicles, as defined in § 46.2-1600; (iii) salvage
108 vehicles, as defined in § 46.2-1600; or (iv) mobile cranes that exceed the size or weight limitations as
109 set forth in § 46.2-1105, 46.2-1110, or 46.2-1113 or Article 17 (§ 46.2-1122 et seq.) of Chapter 10.

110 "Motor vehicle dealer" or "dealer" means any person who:

111 1. For commission, money, or other thing of value, (i) buys *at least five motor vehicles within 12*
112 *consecutive months*, (ii) offers to sell or sells *at least five motor vehicles within 12 consecutive months*,
113 (iii) displays or permits the display for sale of *at least five motor vehicles within 12 consecutive months*,
114 (iv) exchanges, either outright or on conditional sale, bailment lease, or chattel mortgage *at least five*
115 *motor vehicles within 12 consecutive months*, ~~or otherwise~~ or (v) arranges or offers or attempts to solicit
116 or negotiate on behalf of others *a the sale, purchase, or exchange of an interest in new at least five*
117 *motor vehicles within 12 consecutive months, new and used motor vehicles, or used motor vehicles*
118 ~~alone~~, whether or not the motor vehicles are owned by ~~him~~ *such person*; or

119 2. Is wholly or partly engaged in the business of selling ~~new motor vehicles, new and used motor~~
120 ~~vehicles, or used motor vehicles only~~, whether or not the motor vehicles are owned by ~~him~~; ~~or~~

121 3. ~~Offers such person, provided that such person, through such business, offers to sell, sells,~~
122 ~~displays, or permits the display for sale, of at least five or more motor vehicles within any 12~~
123 ~~consecutive months.~~

124 For the purposes of Article 7.2 (§ 46.2-1573.2 et seq.), "dealer" means recreational vehicle dealer.
125 For the purposes of Article 7.3 (§ 46.2-1573.13 et seq.), "dealer" means trailer dealer and watercraft
126 trailer dealer. For the purposes of Article 7.4 (§ 46.2-1573.25 et seq.), "dealer" means motorcycle dealer.

127 "Motor vehicle dealer" or "dealer" does not include:

128 1. Receivers, trustees, administrators, executors, guardians, conservators or other persons appointed
129 by or acting under judgment or order of any court or their employees when engaged in the specific
130 performance of their duties as employees.

131 2. Public officers, their deputies, assistants, or employees, while performing their official duties.

132 3. Persons other than business entities primarily engaged in (i) the leasing or renting of motor
133 vehicles to others when selling or offering such vehicles for sale at retail, or (ii) disposing of motor
134 vehicles acquired for their own use and actually so used, when the vehicles have been so acquired and
135 used in good faith and not for the purpose of avoiding the provisions of this chapter.

136 4. Persons dealing solely in the sale and distribution of funeral vehicles, including motor vehicles
137 adapted therefor; however, this exemption shall not exempt any person from the provisions of
138 §§ 46.2-1519, 46.2-1520, and 46.2-1548.

139 5. Any financial institution chartered or authorized to do business under the laws of the
140 Commonwealth or the United States which may have received title to a motor vehicle in the normal
141 course of its business by reason of a foreclosure, other taking, repossession, or voluntary reconveyance
142 to that institution occurring as a result of any loan secured by a lien on the vehicle.

143 6. An employee of an organization arranging for the purchase or lease by the organization of
144 vehicles for use in the organization's business.

145 7. Any person licensed to sell real estate who sells a manufactured home or similar vehicle in
146 conjunction with the sale of the parcel of land on which the manufactured home or similar vehicle is
147 located.

148 8. Any person who permits the operation of a motor vehicle show or permits the display of motor
149 vehicles for sale by any motor vehicle dealer licensed under this chapter.

150 9. An insurance company authorized to do business in the Commonwealth that sells or disposes of
151 vehicles under a contract with its insured in the regular course of business.

152 10. Any publication, broadcast, or other communications media when engaged in the business of
153 advertising, but not otherwise arranging for the sale of vehicles owned by others.

154 11. Any person dealing solely in the sale or lease of vehicles designed exclusively for off-road use.

155 12. Any credit union authorized to do business in Virginia, provided the credit union does not
156 receive a commission, money, or other thing of value directly from a motor vehicle dealer.

157 13. Any person licensed as a manufactured home dealer, broker, manufacturer, or salesperson under
158 Chapter 4.2 (§ 36-85.16 et seq.) of Title 36.

159 14. The State Department of Social Services or local departments of social services.

160 15. Any person dealing solely in the sale and distribution of utility or cargo trailers that have
161 unloaded weights of 3,000 pounds or less; however, this exemption shall not exempt any person who
162 deals in stock trailers or watercraft trailers.

163 For the purposes of Article 7.2 (§ 46.2-1573.2 et seq.), "dealer" means recreational vehicle dealer.
164 For the purposes of Article 7.3 (§ 46.2-1573.13 et seq.), "dealer" means trailer dealer and watercraft
165 trailer dealer. For the purposes of Article 7.4 (§ 46.2-1573.25 et seq.), "dealer" means motorcycle
166 dealer.

167 For the purposes of Article 7 (§ 46.2-1566 et seq.), "dealer" does not include recreational vehicle
168 dealers, trailer dealers, watercraft trailer dealers, or motorcycle dealers.

169 "Motor vehicle salesperson" or "salesperson" means (i) any person who is hired as an employee by a
170 motor vehicle dealer to sell or exchange motor vehicles and who receives or expects to receive a
171 commission, fee, or any other consideration from the dealer; (ii) any person who supervises salespersons
172 employed by a motor vehicle dealer, whether compensated by salary or by commission; (iii) any person,
173 compensated by salary or commission by a motor vehicle dealer, who negotiates with or induces a
174 customer to enter into a security agreement on behalf of a dealer; or (iv) any person who is licensed as
175 a motor vehicle dealer and who sells or exchanges motor vehicles. For purposes of this section, any
176 person who is an independent contractor as defined by the United States Internal Revenue Code shall be
177 deemed not to be a motor vehicle salesperson.

178 "Motor vehicle show" means a display of motor vehicles to the general public at a location other
179 than a dealer's location licensed under this chapter where the vehicles are not being offered for sale or
180 exchange during or as part of the display.

181 "New motor vehicle" means any vehicle, excluding trailers, that is in the possession of the

182 manufacturer, factory branch, distributor, distributor branch, or motor vehicle dealer and for which an
183 original title has not been issued by the Department or by the issuing agency of any other state and has
184 less than 7,500 miles accumulated on its odometer.

185 "New trailer" means any trailer that (i) has not been previously sold except in good faith for the
186 purpose of resale; (ii) has not been used as a rental, driver education, or demonstration trailer or for the
187 personal or business transportation of the manufacturer, distributor, dealer, or any of its employees; (iii)
188 has not been used except for limited use necessary in moving or road testing the trailer prior to delivery
189 to a customer; (iv) is transferred by a certificate of origin; and (v) has the manufacturer's certification
190 that it conforms to all applicable federal trailer safety and emission standards. Notwithstanding clauses
191 (i) and (iii), a trailer that has been previously sold but not titled shall be deemed a new trailer if it
192 meets the requirements of clauses (ii), (iv), and (v).

193 "Original license" means a motor vehicle dealer license issued to an applicant who has never been
194 licensed as a motor vehicle dealer in Virginia or whose Virginia motor vehicle dealer license has been
195 expired for more than 30 days.

196 "Recreational vehicle" or "RV" means a vehicle that (i) is either self-propelled or towed by a
197 consumer-owned tow vehicle, (ii) is primarily designed to provide temporary living quarters for
198 recreational, camping, or travel use; and (iii) complies with all applicable federal vehicle regulations and
199 does not require a special movement permit to legally use the highways. Recreational vehicle includes
200 motor homes, travel trailers, and camping trailers.

201 "Relevant market area" means as follows:

202 1. For motor vehicle dealers except motorcycle dealers, in metropolitan localities the relevant market
203 area shall be a circular area around an existing franchised dealer with a population of 250,000, not to
204 exceed a radius of 10 miles, but in no case less than seven miles.

205 2. For motor vehicle dealers except motorcycle dealers, if the population in a circular area within a
206 radius of 10 miles around an existing franchised dealer is less than 250,000, but the population in an
207 area within a radius of 15 miles around an existing franchised dealer is 150,000 or more, the relevant
208 market area shall be that circular area within the 15-mile radius.

209 3. For motor vehicle dealers except motorcycle dealers, in all other cases the relevant market area
210 shall be a circular area within a radius of 20 miles around an existing franchised dealer or the area of
211 responsibility defined in the franchise, whichever is greater. In any case where the franchise agreement
212 is silent as to area of responsibility, the relevant market area shall be the greater of a circular area
213 within a radius of 20 miles around an existing franchised dealer or that area in which the franchisor
214 otherwise requires the franchisee to make significant retail sales or sales efforts.

215 4. For motorcycle dealers, the relevant market area shall be a circular area within a radius of 20
216 miles around an existing franchised dealer location with a population of one million or more. If the
217 population within a 20-mile radius is less than one million but greater than 750,000, the relevant market
218 area shall be a circular area within a radius of 30 miles. If the population within a 30-mile radius is less
219 than 750,000, the relevant market area shall be a circular area within a radius of 40 miles.

220 Notwithstanding the foregoing provision of this section, in the case of dealers in motor vehicles with
221 gross vehicle weight ratings of 26,000 pounds or greater, excluding recreational vehicles, the relevant
222 market area with respect to the dealer's franchise for all such vehicles shall be a circular area around an
223 existing franchised dealer with a radius of 25 miles, except where the population in such circular area is
224 less than 250,000, in which case the relevant market area shall be a circular area around an existing
225 franchised dealer with a radius of 50 miles, or the area of responsibility defined in the franchise,
226 whichever is greater.

227 In determining population for relevant market areas, the most recent census by the U.S. Bureau of
228 the Census or the most recent population update, either from the National Planning Data Corporation or
229 other similar recognized source, shall be accumulated for all census tracts either wholly or partially
230 within the relevant market area.

231 "Retail installment sale" means every sale of one or more motor vehicles to a buyer for his use and
232 not for resale, in which the price of the vehicle is payable in one or more installments and in which the
233 seller has either retained title to the goods or has taken or retained a security interest in the goods under
234 form of contract designated either as a security agreement, conditional sale, bailment lease, chattel
235 mortgage, or otherwise.

236 "Sale at retail" or "retail sale" means the act or attempted act of selling, bartering, exchanging, or
237 otherwise disposing of a motor vehicle to a buyer for his personal use and not for resale.

238 "Sale at wholesale" or "wholesale" means a sale to motor vehicle dealers or wholesalers other than to
239 consumers; a sale to one who intends to resell.

240 "Semitrailer" means every vehicle of the trailer type so designed and used in conjunction with
241 another motor vehicle that some part of its own weight and that of its own load rests on or is carried by
242 another vehicle.

243 "Tractor truck" means every motor vehicle designed and used primarily for drawing other vehicles

244 and not so constructed as to carry a load other than a part of the load and weight of the vehicle attached
245 thereto.

246 "Trailer" means every vehicle without motive power designed for carrying property or passengers
247 wholly on its own structure and for being drawn by another motor vehicle, including semitrailers but not
248 manufactured homes, watercraft trailers, camping trailers, or travel trailers.

249 "Travel trailer" means a vehicle designed to provide temporary living quarters for recreational,
250 camping, or travel use of such size or weight so as not to require a special highway movement permit
251 when towed by a consumer-owned tow vehicle.

252 "Used motor vehicle" means any vehicle other than a new motor vehicle as defined in this section.

253 "Watercraft trailer" means any new or used trailer specifically designed to carry a watercraft or a
254 motorboat and purchased, sold, or offered for sale by a watercraft dealer licensed under Chapter 8
255 (§ 29.1-800 et seq.) of Title 29.1.

256 "Watercraft trailer dealer" means any watercraft dealer licensed under Chapter 8 (§ 29.1-800 et seq.)
257 of Title 29.1.

258 "Wholesale auction" means an auction of motor vehicles restricted to sales at wholesale.