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IN THE SENATE

SENATE BILL NO. 1064

BY TRANSPORTATION COMMITTEE

AN ACT

2 RELATING TO VEHICLE TITLES; AMENDING SECTION 49-504, IDAHO CODE, TO PRO
3 VIDE FOR A CERTAIN TEMPORARY PERMIT AND TO MAKE A TECHNICAL CORRECTION;

4 AMENDING SECTION 49-1613, IDAHO CODE, TO PROVIDE FOR A LIMIT ON THE

5 ISSUANCE OF TEMPORARY PERMITS AND TO MAKE TECHNICAL CORRECTIONS; AND

6 DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 49-504, Idaho Code, be, and the same is hereby amended to read as follows:

49-504. APPLICATIONS TO DEPARTMENT FOR CERTIFICATES -- PROCEDURE --IDENTIFICATION NUMBERS. (1) Application for a certificate of title shall be made upon a form furnished by the department and shall contain the owner's Idaho driver's license number, Idaho identification card number or social security number or individual taxpayer identification number. In the case of a business, the employer tax identification number is required. Every application shall also contain the owner's true and full legal name. the event that the owner does not possess a social security number, Idaho driver's license number, Idaho identification card number or individual taxpayer identification number, the owner shall present written documentation sufficient to the department to determine that no social security number has been issued. In the event that a business, trust, or other statutorily created entity is not required to have and does not possess an employer tax identification number, the applicant shall provide a written statement certifying that the entity does not possess an employer tax identification number. The form must contain the owner's physical domicile address or, in the case of a business, trust or other statutorily created entity, such entity's physical address and any mailing address if different from the physical address. If the owner has submitted an application pursuant to the provisions of chapter 58, title 19, Idaho Code, then the owner may state, in the application required pursuant to this section, the applicant's alternative Idaho mailing address in place of his or her physical domicile address. Such application must be signed by the owner and contain a full description of the vehicle, including the make, identification numbers, and the odometer reading at the time of sale or transfer, and whether the vehicle is new or used, together with a statement of the applicant's title and of any liens or encumbrances upon the vehicle, and the name and address of the person to whom the certificate of title shall be delivered, and any other information as the department may require. The application shall be filed with the department and, if a certificate of title has previously been issued for that vehicle in this state, shall be accompanied by the certificate of title duly assigned, unless otherwise provided for in this chapter. The department may promulgate rules to provide for exceptions to the odometer requirement. Social

security numbers collected shall not appear on certificates of title, and all applications on file shall be exempt from disclosure, except as provided in sections 49-202, 49-203 and 49-203A, Idaho Code.

- (2) If the current certificate of title was not issued for the vehicle in this state, the application, unless otherwise provided for in this chapter, shall be accompanied by a certificate of title, bill of sale or other evidence of ownership required by the law of any other jurisdiction from which the vehicle was brought into this state and a vehicle identification number inspection completed by any city, county or state peace officer or other special agent authorized by the department.
- (3) In the case of a new vehicle being titled for the first time, no certificate of title or registration shall be issued unless the application is endorsed by a franchised new vehicle dealer licensed to sell a new vehicle. Each application shall be accompanied by a statement completed by the franchised new car dealer that it is authorized to transfer the vehicle to the purchaser. The dealer shall retain in its records a manufacturer's certificate of origin or manufacturer's statement of origin executed by the manufacturer and delivered to his agent or his franchised vehicle dealer. The certificate or statement of origin shall be in a form prescribed by the board and shall contain the year of manufacture or the model year of the vehicle, the manufacturer's vehicle identification number, the name of the manufacturer, the number of cylinders, a general description of the body, if any, and the type or model. Upon sale of a new vehicle, the manufacturer or his agent or franchised dealer shall execute and deliver to the purchaser an assignment of the certificate or statement, together with any lien or encumbrance to which the vehicle is subject. The certificate or statement will be retained by the dealer for five (5) years so that it is available for inspection by the department.
- (4) The department shall retain the evidence of title presented by the applicant and on which the certificate of title is issued. The department shall maintain an identification numbers index of registered vehicles except that said index is not required to include operators who have been issued a certificate of number or nonresident user certificate pursuant to sections 67-7122 and 67-7124, Idaho Code, and, upon receiving an application for a certificate of title shall first check the identification number shown in the application against the index. The department, when satisfied that the applicant is the owner of the vehicle and that the application is in proper form, shall issue in the name of the owner of the vehicle a certificate of title bearing a title number, the date issued and a description of the vehicle as determined by the department, together with a statement of the owner's title and of all liens or encumbrances upon the vehicle, and whether possession is held by the owner under a lease, contract or conditional sale, or other like agreement.
- (5) In all cases of transfer of vehicles, the application for certificates of title shall be filed within thirty (30) calendar days after the delivery of the vehicles. Licensed dealers need not apply for certificate of title for vehicles in stock or when they are acquired for stock purposes.
- (6) In the case of the sale of a vehicle by a dealer to a general purchaser or user, the certificate of title shall be obtained in the name of the purchaser by the dealer upon application signed by the purchaser. If a lien

is to be recorded, the title documentation as required in this section shall be submitted to the department by the dealer or the lienholder upon application signed by the purchaser. A copy of this application shall be given to the purchaser to be used as a seventy-two (72) hour temporary permit, unless the application is submitted by an electronic means approved by the department, in which case a forty-five (45) calendar day temporary permit may be issued. In all other cases, the certificates shall be obtained by the purchaser and the certificate of title properly assigned and dated by the seller, or the seller's bill of sale shall serve as a seventy-two (72) hour permit. The seventy-two (72) hour time period for temporary permits shall be calculated excluding weekend days and legal holidays observed by the state of Idaho. This temporary permit allows These temporary permits allow operation of any noncommercial vehicle or unladened commercial vehicle or vehicle combination without license plates for the period of time specified in the permit. A ladened commercial vehicle or vehicle combination may also operate without license plates for the period of time specified in the temporary permit, provided that the owner or operator has also obtained a permit issued under the provisions of section 49-432, Idaho Code.

- (7) If the vehicle has no identification number, then the department shall designate an identification number for that vehicle at the time of issuance of the certificate of title. The identification number shall be permanently affixed to or indented upon the frame of the vehicle and legibly maintained by the owner at all times while a certificate of title to the vehicle shall be issued and outstanding.
- (8) An EVC provider authorized pursuant to section 49-401C, Idaho Code, may act on behalf of the department in receiving, processing, and transmitting applications for title and any related fees to the department. The security, oversight, and processing requirements in chapter 4, title 49, Idaho Code, shall also apply to titling transactions conducted by an EVC provider.
- (9) The department may allow a person to submit a required document by using electronic media deemed feasible by the department instead of requiring an original document. If a signature on a document is required by law and the document is submitted electronically, the signature requirement will be satisfied by an authenticated electronically submitted signature. An electronically submitted document, once accepted by the department, shall be deemed the same as an original document and shall be admissible in all administrative, quasi-judicial, and judicial proceedings.
- SECTION 2. That Section 49-1613, Idaho Code, be, and the same is hereby amended to read as follows:
- 49-1613. UNLAWFUL ACTS BY LICENSEE. (1) It shall be unlawful for the holder of any license issued under the provisions of this chapter to:
 - (a) Intentionally publish or circulate any advertising which that is misleading or inaccurate in any material particular or which that misrepresents any of the products sold or furnished by a licensed dealer;
 - (b) Violate any of the provisions of this chapter or any of the applicable rules;
 - (c) Knowingly purchase, sell or otherwise acquire or dispose of a stolen vehicle;

- (d) Violate any law respecting commerce in vehicles or any lawful rule respecting commerce in vehicles promulgated by any licensing or regulating authority now existing or hereafter created by the laws of the state;
- (e) Engage in the business for which the dealer is licensed without at all times maintaining a principal place of business;
- (f) Engage in a type of business respecting the selling or exchanging of vehicles for which he is not licensed;
- (g) Knowingly purchase a vehicle which that has an altered or removed vehicle identification number plate or alter or remove a vehicle identification number plate;
- (h) Violate any provision of this title or any rules promulgated;
- (i) Violate any provision of the federal motor vehicle safety standards, federal odometer laws or regulations; or
- (j) Display for sale, exchange, or sell any vehicle for which the vehicle dealer does not hold title or consignment agreement or other documentary evidence of his right to the possession of every vehicle in his possession—; or
- (k) Issue more than one (1) temporary permit per vehicle sale pursuant to the provisions set forth in section 49-504(6), Idaho Code.
- (2) It shall be unlawful for any manufacturer or distributor licensed under this chapter to require, attempt to require, coerce, or attempt to coerce, any new vehicle dealer in this state to:
 - (a) Order or accept delivery of any new vehicle, part or accessory, equipment or any other commodity not required by law which that shall not have been voluntarily ordered by the new vehicle dealer. This paragraph is not intended to modify or supersede any terms or provisions of a franchise requiring dealers to market a representative line of vehicles which that the manufacturer or distributor is publicly advertising.
 - (b) Order or accept delivery of any new vehicle with special features, accessories or equipment not included in the list price of such vehicles as publicly advertised by the manufacturer or distributor.
 - (c) Participate monetarily in an advertising campaign or contest, or to purchase any promotional materials, training materials, showroom or other display decorations or materials at the expense of the dealer.
 - (d) Enter into any agreement with the manufacturer or distributor or to do any other act prejudicial to the dealer by threatening to terminate or cancel a franchise or any contractual agreement existing between the dealer and the manufacturer or distributor. This paragraph is not intended to preclude the manufacturer or distributor from insisting on compliance with reasonable terms or provisions of the franchise or other contractual agreement, and notice in good faith to any dealer of the dealer's violation of those terms or provisions shall not constitute a violation of the provisions of this chapter.
 - (e) Change the capital structure of the dealer or the means by or through which the dealer finances the operation of the dealership, provided that the dealer at all times meets any reasonable capital standards determined by the manufacturer or distributor in accordance with uniformly applied criteria. No change in the capital structure shall cause a change in the principal management or have the effect of a sale

of the franchise without the consent of the manufacturer or distributor. Consent shall not be unreasonably withheld.

- (f) Refrain from participation in the management of, investment in, or the acquisition of any other line of new vehicle or related products. This paragraph does not apply unless the dealer maintains a reasonable line of credit for each make or line of new vehicle, and the dealer remains in compliance with any reasonable facilities requirements of the manufacturer or distributor, and no change is made in the principal management of the dealership.
- (g) Prospectively assent to a release, assignment, novation, waiver or estoppel which that would relieve any person from liability to be imposed by this chapter or to require any controversy between a dealer and a manufacturer, distributor, or representatives, to be referred to any person other than the duly constituted courts of the state or the United States, or to the director, if that referral would be binding upon the dealer.
- (h) Either establish or maintain exclusive facilities, personnel, or display space.
- (i) Expand facilities without a written guarantee of a sufficient supply of new vehicles so as to justify an expansion, in light of the market and economic conditions.
- (j) Make significant modifications to an existing dealership or to construct a new vehicle dealership facility without providing a written guarantee of a sufficient supply of new vehicles so as to justify modification or construction, in light of the market and economic conditions.
- (3) It shall be unlawful for any manufacturer or distributor licensed under this chapter to:
 - (a) Delay, refuse, or fail to deliver new vehicles or new vehicle parts or accessories in a reasonable time, and in reasonable quantity, relative to the dealer's facilities and sales potential in the dealer's relevant market area, after acceptance of an order from a dealer having a franchise for the retail sale of any new vehicle sold or distributed by the manufacturer or distributor, any new vehicle, parts or accessories to new vehicles as are covered by the franchise, if the vehicle, parts, or accessories are publicly advertised as being available for delivery or actually being delivered. These provisions are not violated, however, if failure is caused by acts or causes beyond the control of the manufacturer or distributor.
 - (b) Refuse to disclose to any dealer handling the same line, the manner and mode of distribution of that line within the relevant market area.
 - (c) Obtain money, goods, service, or any other benefit from any other person with whom the dealer does business, on account of, or in relation to, the transaction between the dealer and other person, other than for compensation for services rendered, unless the benefit is promptly accounted for, and transmitted to the dealer.
 - (d) Increase prices of new vehicles which that the dealer had ordered for consumers prior to the dealer's receipt of the written official price increase notification. A sales contract signed by a consumer shall constitute evidence of each such order, provided that the vehicle

is in fact delivered to that customer. In the event of manufacturer or distributor price reductions or cash rebates paid to the dealer, the amount of any reduction or rebate received by a dealer shall be passed on to the private retail consumer by the dealer. Price reductions shall apply to all vehicles in the dealer's inventory which that were subject to the price reduction. Price differences applicable to new model or series shall not be considered a price increase or price decrease. Price changes caused by the addition to a vehicle of required or optional equipment, or revaluation of the United States dollar, in the case of foreign-make vehicles or components, or an increase in transportation charges due to increased rates imposed by a carrier, shall not be subject to the provisions of this subsection.

- (e) Release to any outside party, except under subpoena or as otherwise required by law or in an administrative, judicial or arbitration proceeding involving the manufacturer or distributor or dealer, any business, financial, or personal information which may be provided from time to time by the dealer to the manufacturer or distributor without the express written consent of the dealer.
- (f) Deny any dealer the right of free association with any other dealer for any lawful purpose.
- (g) Unfairly compete with a dealer in the same line make, operating under an agreement or franchise from the aforementioned manufacturer or distributor, in the relevant market area. A manufacturer or distributor shall not, however, be deemed to be competing when operating a dealership either temporarily for a reasonable period, in any case not to exceed one (1) year, or in a retail operation which that is for sale to any qualified independent person at a fair and reasonable price, or in a relationship in which an independent person has made a significant investment subject to loss in the dealership and can reasonably expect to acquire full ownership of that dealership on reasonable terms and conditions. Upon a showing of good cause by the manufacturer or distributor to the department, the period of temporary ownership may be extended up to one (1) additional year, resulting in a maximum temporary ownership period of two (2) years.
- (h) Unfairly discriminate among its dealers with respect to warranty reimbursement.
- (i) Unreasonably withhold consent to the sale, transfer, or exchange of the franchise to a qualified buyer capable of being licensed as a dealer in this state or to condition the sale, transfer, or exchange of a franchise agreement upon site control or an agreement to renovate or make improvements to a facility, unless required by the technology of a motor vehicle being sold at the facility. Provided however, that a voluntary acceptance of such conditions by the dealer in writing including, but not limited to, a written agreement for which the dealer has accepted separate and valuable consideration, shall not constitute a violation.
- (j) Fail to respond in writing to a request for consent as specified in paragraph (i) of this <u>section</u> <u>subsection</u> within sixty (60) days of receipt of a written request on the forms, if any, generally utilized by the manufacturer or distributor for those purposes and containing the

required information. Failure to respond shall be deemed to be consent to the request.

- (k) Prevent or attempt to prevent, by contract or otherwise, any dealer from changing the executive management control of the dealership unless the manufacturer or distributor, having the burden of proof, can show that the change of executive management will result in executive management or control by a person or persons who are not of good moral character or who do not meet reasonable, preexisting and, with consideration given to the volume of sales and service of the dealership, uniformly applied minimum business experience standards. Where the manufacturer or distributor rejects a proposed change in executive management control, the manufacturer or distributor shall give written notice of his reasons to the dealer within sixty (60) days of notice to the manufacturer or distributor by the dealer of the proposed change; otherwise, the change in the executive management of the dealership shall be presumptively considered approved.
- (1) Terminate, cancel or fail to renew any franchise solely because of the death or incapacity of an owner who is not listed in the franchise as one on whose expertise and abilities the manufacturer or distributor relied in the granting of the franchise.
- (m) Prevent or attempt to prevent the dealer, by written instrument or otherwise, from either receiving the fair market value of the dealership in a sale transaction, or from transferring the dealership to a spouse or legal heir, as specified in this chapter.
- (n) Engage in any predatory practice or discrimination against any dealer.
- (o) Resort to or to use any false or misleading advertisement in the conducting of his business as a manufacturer or distributor in this state.
- (p) Make any false or misleading statement, either directly or through any agent or employee, in order to induce any dealer to enter into any agreement or franchise, or to take any action which that is prejudicial to that dealer or his business.
- (q) Require or coerce dealers to participate in local or national advertising campaigns or contests or to require or coerce dealers to purchase promotional or display materials.
- (r) Charge back, deny motor vehicle allocation, withhold payments, or take other actions against a dealer, or to condition a franchise agreement, or renewal of a franchise agreement, or to condition sales, service, parts, or finance incentives upon site control or an agreement to renovate or make improvements to a facility unless required by the technology of a motor vehicle being sold at the facility. Provided however, that a voluntary acceptance of such conditions by the dealer in writing including τ but not limited to τ a written agreement for which the dealer has accepted separate and valuable consideration, shall not constitute a violation.
- (s) Charge back, deny motor vehicle allocation, withhold payments, or take other actions against a motor vehicle dealer if a motor vehicle sold by the motor vehicle dealer is exported from Idaho or the dealer's assigned area of responsibility unless the manufacturer, distributor,

or manufacturer representative proves that the motor vehicle dealer knew or reasonably should have known a motor vehicle was intended to be exported, which shall operate as a rebuttable presumption that the motor vehicle dealer did not have such knowledge. This paragraph does not apply if exporting of motor vehicles outside of the state of Idaho is provided for by the manufacturer or distributor.

- (4) It is unlawful for any manufacturer or distributor or any officer, agent or representative to coerce, or attempt to coerce, any dealer in this state to offer to sell or sell any extended service contract or extended maintenance plan that is offered, sold, backed by or sponsored by the manufacturer or distributor or to sell, assign or transfer any retail installment sales contract, obtained by the dealer in connection with the sale by him in this state of new vehicles, manufactured or sold by the manufacturer or distributor, to a specified finance company or class of such companies, or to any other specified person, by any of the acts or means set forth, namely by:
 - (a) Any statement, suggestion, promise or threat that the manufacturer or distributor will, in any manner, benefit or injure the dealer, whether the statement, suggestion, threat or promise is express or implied or made directly or indirectly;
 - (b) Any act that will benefit or injure the dealer;

- (c) Any contract, or any express or implied offer of contract, made directly or indirectly to a dealer for handling new vehicles, on the condition that the dealer shall offer to sell or sell any extended service contract or extended maintenance plan that is offered, sold, backed by, or sponsored by the manufacturer or distributor or sell, assign or transfer his retail installment sales contract in this state to a specified finance company or class of such companies, or to any other specified person; or
- (d) Any express or implied statement or representation made directly or indirectly that the dealer is under any obligation whatsoever to offer to sell or sell any extended service contract or extended maintenance plan that is offered, sold, backed by, or sponsored by the manufacturer or distributor or to sell, assign or transfer any of his retail sales contracts, in this state, on new vehicles manufactured or sold by that manufacturer or distributor to a finance company or class of companies, or other specified person, because of any relationship or affiliation between the manufacturer or distributor and a finance company or companies, or a specified person or persons.
- (e) Nothing contained in this subsection shall prohibit a manufacturer or distributor from offering or providing incentive benefits or bonus programs to a retail motor vehicle dealer or prospective retail motor vehicle dealer in this state who makes the voluntary decision to offer to sell or sell any extended service contract or extended maintenance plan offered, sold, backed by or sponsored by the manufacturer or distributor to sell, assign or transfer any retail installment sale or lease by him in this state of motor vehicles manufactured or sold by the manufacturer or distributor to a specified finance company or leasing company controlled by or affiliated with the manufacturer or distributor.

Any statement, threats, promises, acts, contracts or offers of contracts, when the effect may be to lessen or eliminate competition or tend to create a monopoly, are declared unfair trade practices and unfair methods of competition, against the policy of this state, and are unlawful.

- (5) It is unlawful for any manufacturer or distributor or agent or employee of a manufacturer or distributor to use a written instrument, agreement, or waiver to attempt to nullify any of the provisions of this section, and such agreement, written instrument or waiver shall be null and void.
- (6) It shall be unlawful, directly or indirectly, to impose unreasonable restrictions on the dealer relative to the sale, transfer, right to renew, termination discipline, noncompetition covenants, site control (whether by sublease, collateral pledge of lease, or otherwise), right of first refusal to purchase, option to purchase, compliance with subjective standards and assertion of legal or equitable rights.
- (7) The provisions of this chapter shall apply to all written franchise agreements between a manufacturer or distributor and a dealer, including the franchise offering, the franchise agreement, sales of goods, services or advertising, leases or mortgages of real or personal property, promises to pay, security interests, pledges, insurance contract, advertising contract, construction or installation contract, servicing contracts and all other agreements where the manufacturer or distributor has any direct or indirect interest.

SECTION 3. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2023.