



MEMO

To : POLICY AND PROCEDURE COMMITTEE **Date:** November 7, 2014
KATHRYN ELLEN DOI, CHAIR
BISMARCK OBANDO, MEMBER

From : WILLIAM G. BRENNAN
ROBIN PARKER

Subject: DISCUSSION CONCERNING ENACTED LEGISLATION

The following provides a summary of enacted State legislation that is of interest to the New Motor Vehicle Board ("Board"). The criteria for reporting on "legislation of general interest" is that the bill impacts the Vehicle Code, the Board, and/or the automotive industry in general and does not directly impact the Board or its enabling statute. For purposes of this report "legislation of special interest" is that which directly affects the Board's laws or functions.

Bill summaries include an overview of the bill, including aspects of the overview provided by the Legislative Counsel's Digest, as well as the current status of the bill.¹

a. Enacted Legislation of Special Interest.

Assembly Bill 988 - Assembly Member Jones (Chaptered August 25, 2014)
Legislative Counsel's Digest: New Motor Vehicle Board: all-terrain vehicles: recreational off-highway vehicles.

Existing law establishes the New Motor Vehicle Board that regulates the activities or practices of a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative, as those terms are defined by the Vehicle Code. Existing law requires licensing by the Department of Motor Vehicles to do these activities for specified types of vehicles.

This bill would make a person who acts as a dealer, among other things, of recreational off-highway vehicles and utility-terrain vehicles subject to these licensing provisions and the provisions governing the New Motor Vehicle Board.

Under existing law, the Board consists of nine members, four of whom are required to be new motor vehicle dealers, which existing law defines as a dealer who acquires for resale new and unregistered motor vehicles, off-highway motorcycles, or all-terrain vehicles. Existing law excludes a dealer who deals exclusively in

¹ All statutory references are to the Vehicle Code, unless otherwise indicated.

motorcycles or recreational vehicles from appointment to the board as a new motor vehicle dealer.

This bill would also exclude a dealer who deals exclusively in all-terrain vehicles from appointment to the board as a new motor vehicle dealer.

- b. Enacted Legislation of General Interest.

Assembly Bill 1732 - Assembly Member Stone (Chaptered September 30, 2014)
Legislative Counsel's Digest: Vehicles: manufacturers, distributors and dealers.

Existing law generally requires a manufacturer, manufacturer branch, remanufacturer, remanufacturer branch, distributor, distributor branch, transporter, or dealer of vehicles to be licensed by the Department of Motor Vehicles. Existing law prohibits these licensees from, among other things, failing to, within 48 hours, withdraw in writing an advertisement of a vehicle that has been sold or withdrawn from sale and advertising or representing a vehicle as a new vehicle if the vehicle is a used vehicle. Existing law makes it a crime to violate these provisions.

This bill would prohibit a licensee from advertising a vehicle's prior use or ownership history in an inaccurate manner. By expanding the scope of a crime, the bill would impose a state-mandated local program.

Existing law makes it a violation for the holder of a dealer's license to, among other things, use "rebate" or similar words in advertising the sale of a vehicle unless the rebate is expressed in a specified dollar amount and is in fact a rebate offered by the vehicle manufacturer or distributor. Existing law also makes it a violation to advertise as the total sales price of a vehicle an amount that includes a deduction from a rebate, except as specified.

This bill would additionally authorize the use of "rebate" if the rebate meets the requirements described above and is offered by a finance company affiliated with a vehicle manufacturer or distributor, a regulated utility, or a governmental entity. The bill would also prohibit a dealer from advertising a rebate reduction that conflicts with another advertised rebate deduction. By expanding the scope of a crime, the bill would impose a state-mandated local program.

- c. Pending Federal Legislation of General Interest: None.

This matter is for information only at the December 11, 2014, General Meeting. If you have any question or require additional information, please contact me at (916) 324-6197 or Robin at (916) 323-1536.

cc: Glenn Stevens