

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 443 - SB 508

January 26, 2016

SUMMARY OF ORIGINAL BILL: : Removes the language "in light of the circumstances under which it was made" relating to false or misleading statements with respect to any material fact by an applicant or license holder in an application for a license to sell motor vehicles.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (011057): Deletes all language after the enacting clause. Establishes that no licensed motor vehicle dealer shall be required to purchase nonrepairable vehicles, salvage vehicles, or a combination thereof from an automobile auction if such auction primarily sells motor vehicles on consignment. Establishes that no natural person who resides in this state may purchase at retail more than five nonrepairable vehicles, salvage vehicles, or a combination thereof within a twelve-month period. Such five-car limit does not apply to partnerships, corporations, associations, trusts, estates, or any other legal entity.

Establishes that the provisions of this act shall not limit the sale of nonrepairable vehicles or salvage vehicles titled in a state or jurisdiction other than Tennessee, or the sale of nonrepairable or salvage vehicles to a person residing in a state other than Tennessee. Requires each automobile auction entity that sells nonrepairable vehicles or salvage vehicles, to maintain an electronic record of transactional details for a period of two years. Requires each automobile auction entity to make such records available upon request to law enforcement officers, the Department of Revenue, and the Motor Vehicle Commission.

A violation of this statute is a Class A misdemeanor, punishable by a fine of no less than \$1,000 and no more than \$2,500. Any action to impose a penalty may be brought in a court of competent jurisdiction by a District Attorney or the Attorney General and Reporter. Requires monies generated by this fine to be used only for purposes of enforcement, investigation, prosecution, and training. This legislation has an effective date of July 1, 2016.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

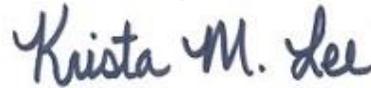
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Assumptions for the bill as amended:

- There will not be a significant decrease in the number of motor vehicle dealer licenses issued as a result of this bill. Any decrease in license fee revenue to the Motor Vehicle Commission will be not significant.
- This legislation will require additional training for the Motor Vehicle Commission's inspectors to ensure that only qualifying automobile auction entities sell salvaged or nonrepairable vehicles to the public.
- Any additional training can provided to inspection staff utilizing existing resources during normal work hours.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period.
- The Motor Vehicle Commission had an annual surplus of \$929,379 in FY12-13, an annual surplus of \$282,456 in FY13-14, and a cumulative reserve balance of \$1,621,447 on June 30, 2014.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb