

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1956

SPONSOR: Senator Latvala

SUBJECT: Motor Vehicle Dealers

DATE: April 8, 2001

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Vickers	Meyer	TR	Favorable
2.	_____	_____	CM	_____
3.	_____	_____	JU	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill prohibits various misrepresentations by motor vehicle dealers regarding a vehicle's condition or previous maintenance or warranty coverage, and prohibits the dealer from performing certain unfair or deceptive acts against the customer. The bill provides for the award of attorney's fees and court costs in enforcement actions.

This bill creates unnumbered sections of the Florida Statutes. This bill repeals s. 320.27(9)(n) of the Florida Statutes.

II. Present Situation:

Section 320.27, F.S., provides for the denial, suspension, or revocation of a motor vehicle dealer license based on certain violations. Currently, motor vehicle dealers are required to make certain disclosures to consumers. For example, motor vehicle dealers must disclose the previous use of a vehicle if it was used as a police vehicle, taxicab, short-term lease vehicle, or if it was a flood damaged vehicle, rebuilt vehicle, assembled from parts vehicle, or otherwise a nonconforming vehicle. Dealers must also disclose all costs associated with a vehicle purchase and the provisions of whatever warranty apply. Dealers must also disclose damage to a new motor vehicle if the damage is worth more than three percent of the manufacturer's suggested retail price. An exception is provided when the damage involves paint, which must be disclosed if the repair cost exceeds \$100.

III. Effect of Proposed Changes:

This bill significantly adds to the disclosures motor vehicle dealers must provide to customers, which will provide additional protection for consumers. This includes prohibiting representation that a vehicle was a "factory executive vehicle" or "demonstrator" without reasonable proof. The

bill also prohibits various misrepresentations by motor vehicle dealers regarding a vehicle's condition or previous maintenance or warranty coverage.

This bill prohibits dealers from having customers sign contracts which are incomplete, accepting a deposit from a customer before entering into a binding contract, adding fees or charges not authorized by law, increasing the price of a vehicle after having accepted a purchase order, and filing a lien against a new vehicle purchased with a check. An exception is provided for vehicles purchased with a check if the dealer fully discloses the procedures and costs for gaining title after the lien is filed. It also provides certain exceptions where the price of the vehicle may be increased due to reasons outside the control of the dealer.

This bill prohibits charging a customer for any pre-delivery service required by the manufacturer for which the dealer is reimbursed by the manufacturer. The dealer must clearly disclose all pre-delivery service charges noting that they represent costs and profit to the dealer. Dealers are also required to disclose damage to a new motor vehicle that is greater than three percent of the manufacturer's suggested retail price or \$650, whichever is less. Finally, the bill provides that any civil litigation resulting from its provisions may result in the prevailing party receiving reasonable attorney's fees and costs.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill provides significant additional protections to consumers who purchase motor vehicles from motor vehicle dealers.

Motor vehicle dealers may incur greater costs in selling motor vehicles in order to comply with the various disclosure requirements.

C. Government Sector Impact:

Implementation of this bill may increase the number of dealer complaints that would be processed by the Department of Highway Safety and Motor Vehicles staff. Any workload increase or related costs would be absorbed within existing resources.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
