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LEGISLATIVE ACTION

Senate Comm: RCS 01/22/2018 House

The Committee on Commerce and Tourism (Passidomo) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause and insert:

Section 1. Paragraphs (c) and (d) of subsection (1) and subsections (2), (3), and (4) of section 320.27, Florida Statutes, are amended to read:

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320.27 Motor vehicle dealers.-

9 (1) DEFINITIONS.—The following words, terms, and phrases10 when used in this section have the meanings respectively

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11 ascribed to them in this subsection, except where the context
12 clearly indicates a different meaning:

13 (c) "Motor vehicle dealer" means any person engaged in the 14 business of buying, selling, or leasing dealing in motor vehicles or offering or displaying motor vehicles for sale or 15 16 lease at wholesale, excluding sales from a manufacturer, factory 17 branch, distributor, or importer licensed pursuant to s. 320.61 18 to a franchised motor vehicle dealer licensed pursuant to this 19 section, or at retail, or who may service and repair motor 20 vehicles pursuant to an agreement as defined in s. 320.60(1). 21 Any person who buys, sells, or leases deals in three or more 22 motor vehicles in any 12-month period or who offers or displays 23 for sale or lease three or more motor vehicles in any 12-month 24 period is shall be prima facie presumed to be a motor vehicle 25 dealer. Any person who engages in any of the following 26 activities is deemed to be a motor vehicle dealer: possessing, 27 storing, or displaying motor vehicles that such person offers 28 for retail sale or lease; advertising motor vehicles held in 29 inventory which such person offers for retail sale or lease; 30 compensating customers for vehicles at wholesale or retail, also 31 known as trade-ins; negotiating with customers regarding the 32 terms of sale or lease for a motor vehicle; providing test 33 drives of motor vehicles that such person offers for retail sale or lease; delivering or arranging for the delivery of a motor 34 35 vehicle in conjunction with the retail sale or lease of the motor vehicle by such person engaged in such business. The terms 36 37 "selling" and "sale" include lease-purchase transactions. A 38 motor vehicle dealer may, at retail or wholesale, sell a 39 recreational vehicle as described in s. 320.01(1)(b)1.-6. and



8., acquired in exchange for the sale or lease of a motor 40 41 vehicle, provided such acquisition is incidental to the 42 principal business of being a motor vehicle dealer. However, a motor vehicle dealer may not buy a recreational vehicle for the 43 44 purpose of resale unless licensed as a recreational vehicle 45 dealer pursuant to s. 320.771. A motor vehicle dealer may apply for a certificate of title to a motor vehicle required to be 46 registered under s. 320.08(2)(b), (c), and (d), using a 47 48 manufacturer's statement of origin as permitted by s. 319.23(1), 49 only if such dealer is authorized by a franchised agreement as 50 defined in s. 320.60(1), to buy, sell, or deal in such vehicle 51 and is authorized by such agreement to perform delivery and preparation obligations and warranty defect adjustments on the 52 53 motor vehicle; provided this limitation shall not apply to 54 recreational vehicles, van conversions, or any other motor 55 vehicle manufactured on a truck chassis. The transfer of a motor 56 vehicle by a dealer not meeting these qualifications shall be titled as a used vehicle. The classifications of motor vehicle 57 dealers are defined as follows: 58 59 1. "Franchised motor vehicle dealer" means any person who

60 engages in the business of repairing, servicing, buying, 61 selling, or leasing dealing in motor vehicles pursuant to an 62 agreement as defined in s. 320.60(1). A motor vehicle dealer may 63 apply for a certificate of title to a motor vehicle required to be registered under s. 320.08(2)(b), (c), and (d) or s. 64 65 320.08(3)(a), (b), or (c), using a manufacturer's statement of 66 origin as permitted by s. 319.23(1), only if such dealer is 67 authorized by a franchise agreement as defined in s. 320.60(1) to buy, sell, or lease such vehicles and to perform delivery and 68

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69 preparation obligations and warranty defect adjustments on the 70 motor vehicle. This limitation does not apply to recreational 71 vehicles, van conversions, or any other motor vehicle 72 manufactured on a truck chassis. A motor vehicle dealer may not 73 transfer a manufacturer's statement of origin for a motor 74 vehicle to any person who intends to sell such motor vehicle in 75 this state unless such person is a licensed motor vehicle dealer 76 authorized by a franchise agreement to buy, sell, or lease such 77 vehicles.

78 2. "Independent motor vehicle dealer" means any person 79 other than a franchised or wholesale motor vehicle dealer who 80 engages in the business of buying, selling, or <u>leasing</u> <del>dealing</del> 81 <del>in</del> motor vehicles, and who may service and repair motor 82 vehicles.

83 3. "Wholesale motor vehicle dealer" means any person who 84 engages exclusively in the business of buying or  $\tau$  selling, or 85 dealing in motor vehicles at wholesale or with motor vehicle 86 auctions. Such person shall be licensed to do business in this 87 state, shall not sell or auction a vehicle to any person who is not a licensed dealer, and shall not have the privilege of the 88 89 use of dealer license plates. Any person who buys, sells, or deals in motor vehicles at wholesale or with motor vehicle 90 91 auctions on behalf of a licensed motor vehicle dealer and as a 92 bona fide employee of such licensed motor vehicle dealer is not 93 required to be licensed as a wholesale motor vehicle dealer. In 94 such cases it shall be prima facie presumed that a bona fide 95 employer-employee relationship exists. A wholesale motor vehicle 96 dealer shall be exempt from the display provisions of this 97 section but shall maintain an office wherein records are kept in

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98 order that those records may be inspected.

4. "Motor vehicle auction" means any person offering motor vehicles or recreational vehicles for sale to the highest bidder where buyers are licensed motor vehicle dealers. Such person shall not sell a vehicle to anyone other than a licensed motor 103 vehicle dealer.

5. "Salvage motor vehicle dealer" means any person who engages in the business of acquiring salvaged or wrecked motor vehicles for the purpose of reselling them and their parts.

108 Notwithstanding anything in this subsection to the contrary, the term "motor vehicle dealer" does not include persons not engaged 109 110 in the purchase, or sale, or lease of motor vehicles as a 111 business who are disposing of vehicles acquired for their own 112 use or for use in their business or acquired by foreclosure or 113 by operation of law, provided such vehicles are acquired and 114 sold in good faith and not for the purpose of avoiding the 115 provisions of this law; persons engaged in the business of manufacturing, selling, or offering or displaying for sale or 116 117 lease at wholesale or retail no more than 25 trailers in a 12-118 month period; public officers while performing their official duties; receivers; trustees, administrators, executors, 119 120 guardians, or other persons appointed by, or acting under the 121 judgment or order of, any court; banks, finance companies, or 122 other loan agencies that acquire motor vehicles as an incident 123 to their regular business; motor vehicle brokers; persons whose 124 sole dealing in motor vehicles is owning a publication in which, 125 or hosting a website on which, licensed motor vehicle dealers 126 display vehicles for sale; persons primarily engaged in the



127 business of the short-term rental of motor vehicles, which rental term may not exceed 12 months, who are not involved in 128 129 the retail sale or lease of motor vehicles; and motor vehicle 130 rental and leasing companies that sell motor vehicles only to 131 motor vehicle dealers licensed under this section. Vehicles 132 owned under circumstances described in this paragraph may be 133 disposed of at retail, wholesale, or auction, unless otherwise 134 restricted. A manufacturer of fire trucks, ambulances, or school 135 buses may sell such vehicles directly to governmental agencies 136 or to persons who contract to perform or provide firefighting, 137 ambulance, or school transportation services exclusively to 138 governmental agencies without processing such sales through 139 dealers if such fire trucks, ambulances, school buses, or 140 similar vehicles are not presently available through motor 141 vehicle dealers licensed by the department.

142 (d) "Motor vehicle broker" means any person engaged in the 143 business of, or who holds himself or herself out through solicitation, advertisement, or other means as being in the 144 145 business of, assisting offering to procure or procuring motor 146 vehicles for the general public in purchasing or leasing a motor 147 vehicle from a licensed motor vehicle dealer. A motor vehicle broker may, or who holds himself or herself out through 148 149 solicitation, advertisement, or otherwise as one who offers to 150 procure or procures motor vehicles for the general public, and 151 who does not store, display, or take ownership of any vehicles 152 for the purpose of selling such vehicles. Any advertisement or 153 solicitation by a motor vehicle broker must include conspicuous 154 notice that the broker is receiving a fee and must clearly state 155 that the broker is not a licensed motor vehicle dealer. A



## 156 <u>licensed manufacturer, distributor, or importer is not</u> 157 considered a motor vehicle broker.

158 (2) LICENSE REQUIRED.-No person shall engage in business 159 as, serve in the capacity of, or act as a motor vehicle dealer 160 or motor vehicle broker in this state without first obtaining a 161 license therefor in the appropriate classification as provided in this section. With the exception of transactions with motor 162 163 vehicle auctions, no person other than a licensed motor vehicle 164 dealer may advertise for sale or lease any motor vehicle 165 belonging to another party unless as a direct result of a bona fide legal proceeding, court order, settlement of an estate, or 166 167 by contract with a motor vehicle dealer, or by operation of law. 168 However, owners of motor vehicles titled in their names may 169 advertise and offer motor vehicles for sale on their own 170 behalves, provided such vehicles are acquired and sold in good 171 faith and not for the purpose of avoiding the requirements of 172 this section behalf. It shall be unlawful for a licensed motor 173 vehicle dealer to allow any person other than its a bona fide 174 employee to use the motor vehicle dealer license for the purpose 175 of acting in the capacity of or conducting motor vehicle sales 176 or lease transactions as a motor vehicle dealer. Any person acting selling or offering a motor vehicle for sale in violation 177 178 of the licensing requirements of this subsection, or who 179 misrepresents to any person his or her its relationship with any 180 manufacturer, importer, or distributor, or motor vehicle dealer, 181 in addition to the penalties provided herein, shall be deemed to 182 have committed quilty of an unfair and deceptive trade practice 183 as defined in violation of part II of chapter 501 and shall be subject to the provisions of subsections (8) and (9). 184

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185 (3) APPLICATION AND FEE. - The application for the license 186 shall be in such form as may be prescribed by the department and 187 shall be subject to such rules with respect thereto as may be so 188 prescribed by it. Such application shall be verified by oath or 189 affirmation and shall contain a full statement of the name and 190 birth date of the person or persons applying therefor; the name 191 of the firm or copartnership, with the names and places of 192 residence of all members thereof, if such applicant is a firm or 193 copartnership; the names and places of residence of the principal officers, if the applicant is a body corporate or 194 195 other artificial body; the name of the state under whose laws 196 the corporation is organized; the present and former place or 197 places of residence of the applicant; and prior business in 198 which the applicant has been engaged and the location thereof. 199 Such application shall describe the exact location of the place 200 of business and shall state whether the place of business is 201 owned by the applicant and when acquired, or, if leased, a true 202 copy of the lease shall be attached to the application. The 203 applicant shall certify that the location provides an adequately 204 equipped office and is not a residence; that the location 205 affords sufficient unoccupied space upon and within which 206 adequately to store all motor vehicles offered and displayed for 207 sale; and that the location is a suitable place where the 2.08 applicant can in good faith carry on such business and keep and 209 maintain books, records, and files necessary to conduct such 210 business, which shall be available at all reasonable hours to 211 inspection by the department or any of its inspectors or other 212 employees. The applicant shall certify that the business of a 213 motor vehicle dealer is the principal business which shall be

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214 conducted at that location. The application shall contain a 215 statement that the applicant is <del>either</del> franchised by a manufacturer of motor vehicles, in which case the name of each 216 217 motor vehicle that the applicant is franchised to sell shall be 218 included; is, or an independent (nonfranchised) motor vehicle dealer; or is a motor vehicle broker. The application shall 219 contain other relevant information as may be required by the 220 221 department, including evidence that the applicant is insured 222 under a garage liability insurance policy or a general liability 223 insurance policy coupled with a business automobile policy, 224 which shall include, at a minimum, \$25,000 combined single-limit 225 liability coverage including bodily injury and property damage 226 protection and \$10,000 personal injury protection. However, a 227 salvage motor vehicle dealer as defined in subparagraph (1)(c)5. 228 is exempt from the requirements for garage liability insurance 229 and personal injury protection insurance on those vehicles that 230 cannot be legally operated on roads, highways, or streets in 231 this state. Franchise dealers must submit a garage liability 232 insurance policy, and all other dealers must submit a garage 233 liability insurance policy or a general liability insurance 234 policy coupled with a business automobile policy. Such policy shall be for the license period, and evidence of a new or 235 236 continued policy shall be delivered to the department at the 237 beginning of each license period. Upon making initial 238 application, the applicant shall pay to the department a fee of 239 \$300 in addition to any other fees required by law. Applicants 240 may choose to extend the licensure period for 1 additional year for a total of 2 years. An initial applicant shall pay to the 241 department a fee of \$300 for the first year and \$75 for the 242

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243 second year, in addition to any other fees required by law. An 244 applicant for renewal shall pay to the department \$75 for a 1-245 year renewal or \$150 for a 2-year renewal, in addition to any 246 other fees required by law. Upon making an application for a 247 change of location, the person shall pay a fee of \$50 in 248 addition to any other fees now required by law. The department shall, in the case of every application for initial licensure, 249 250 verify whether certain facts set forth in the application are 251 true. Each applicant, general partner in the case of a 252 partnership, or corporate officer and director in the case of a 253 corporate applicant, must file a set of fingerprints with the 254 department for the purpose of determining any prior criminal 255 record or any outstanding warrants. The department shall submit 256 the fingerprints to the Department of Law Enforcement for state 257 processing and forwarding to the Federal Bureau of Investigation 258 for federal processing. The actual cost of state and federal processing shall be borne by the applicant and is in addition to the fee for licensure. The department may issue a license to an applicant pending the results of the fingerprint investigation, which license is fully revocable if the department subsequently determines that any facts set forth in the application are not true or correctly represented.

(4) LICENSE CERTIFICATE.-

(a) A license certificate shall be issued by the department in accordance with such application when the application is regular in form and in compliance with the provisions of this section. The license certificate may be in the form of a 270 document or a computerized card as determined by the department. 271 The actual cost of each original, additional, or replacement

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272 computerized card shall be borne by the licensee and is in 273 addition to the fee for licensure. Such license, when so issued, 274 entitles the licensee to carry on and conduct the business of a 275 motor vehicle dealer or motor vehicle broker. Each license 276 issued to a franchise motor vehicle dealer or motor vehicle 277 broker expires on December 31 of the year of its expiration 278 unless revoked or suspended before prior to that date. Each 279 license issued to an independent or wholesale dealer or auction 280 expires on April 30 of the year of its expiration unless revoked 281 or suspended prior to that date. At least 60 days before the 282 license expiration date, the department shall deliver or mail to 283 each licensee the necessary renewal forms along with a statement 284 that the licensee is required to complete any applicable 285 continuing education or industry certification requirements. 286 Each independent dealer shall certify that the dealer (owner, 287 partner, officer, or director of the licensee, or a full-time 288 employee of the licensee that holds a responsible management-289 level position) has completed 8 hours of continuing education 290 prior to filing the renewal forms with the department. Such 291 certification shall be filed once every 2 years. The continuing education shall include at least 2 hours of legal or legislative 292 293 issues, 1 hour of department issues, and 5 hours of relevant 294 motor vehicle industry topics. Continuing education shall be provided by dealer schools licensed under paragraph (b) either 295 296 in a classroom setting or by correspondence. Such schools shall 297 provide certificates of completion to the department and the 298 customer which shall be filed with the license renewal form, and 299 such schools may charge a fee for providing continuing 300 education. Any licensee who does not file his or her application



301 and fees and any other requisite documents, as required by law, 302 with the department at least 30 days prior to the license expiration date shall cease to engage in business as a motor 303 304 vehicle dealer on the license expiration date. A renewal filed 305 with the department within 45 days after the expiration date 306 shall be accompanied by a delinquent fee of \$100. Thereafter, a 307 new application is required, accompanied by the initial license 308 fee. A license certificate duly issued by the department may be 309 modified by endorsement to show a change in the name of the 310 licensee, provided, as shown by affidavit of the licensee, the 311 majority ownership interest of the licensee has not changed or 312 the name of the person appearing as franchisee on the sales and 313 service agreement has not changed. Modification of a license 314 certificate to show any name change as herein provided shall not 315 require initial licensure or reissuance of dealer tags; however, 316 any dealer obtaining a name change shall transact all business 317 in and be properly identified by that name. All documents relative to licensure shall reflect the new name. In the case of 318 319 a franchise dealer, the name change shall be approved by the 320 manufacturer, distributor, or importer. A licensee applying for 321 a name change endorsement shall pay a fee of \$25 which fee shall 322 apply to the change in the name of a main location and all 323 additional locations licensed under the provisions of subsection 324 (5). Each initial license application received by the department 325 shall be accompanied by verification that, within the preceding 326 6 months, the applicant, or one or more of his or her designated 327 employees, has attended a training and information seminar 328 conducted by a licensed motor vehicle dealer training school. 329 Any applicant for a new franchised motor vehicle dealer license



330 who has held a valid franchised motor vehicle dealer license 331 continuously for the past 2 years and who remains in good 332 standing with the department is exempt from the prelicensing 333 training requirement. Such seminar shall include, but is not 334 limited to, statutory dealer requirements, which requirements 335 include required bookkeeping and recordkeeping procedures, requirements for the collection of sales and use taxes, and such 336 337 other information that in the opinion of the department will 338 promote good business practices. No seminar may exceed 8 hours 339 in length.

340 (b) Each initial license application received by the 341 department for licensure under subparagraph (1)(c)2. shall be 342 accompanied by verification that, within the preceding 6 months, 343 the applicant (owner, partner, officer, or director of the 344 applicant, or a full-time employee of the applicant that holds a 345 responsible management-level position) has successfully 346 completed training conducted by a licensed motor vehicle dealer 347 training school. Such training must include training in titling 348 and registration of motor vehicles, laws relating to unfair and 349 deceptive trade practices, laws relating to financing with 350 regard to buy-here, pay-here operations, and such other 351 information that in the opinion of the department will promote 352 good business practices. Successful completion of this training 353 shall be determined by examination administered at the end of 354 the course and attendance of no less than 90 percent of the 355 total hours required by such school. Any applicant who had held 356 a valid motor vehicle dealer's license continuously within the 357 past 2 years and who remains in good standing with the 358 department is exempt from the prelicensing requirements of this

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359 section. The department shall have the authority to adopt any 360 rule necessary for establishing the training curriculum; length 361 of training, which shall not exceed 8 hours for required 362 department topics and shall not exceed an additional 24 hours 363 for topics related to other regulatory agencies' instructor 364 qualifications; and any other requirements under this section. 365 The curriculum for other subjects shall be approved by any and 366 all other regulatory agencies having jurisdiction over specific 367 subject matters; however, the overall administration of the 368 licensing of these dealer schools and their instructors shall 369 remain with the department. Such schools are authorized to 370 charge a fee.

371 (c) Each application received by the department for renewal 372 of a license under subparagraph (1)(c)2. must certify that the 373 dealer (owner, partner, officer, or director of the licensee, or 374 a full-time employee of the licensee that holds a responsible 375 management-level position) has completed 8 hours of continuing 376 education prior to filing the renewal forms with the department. 377 Such certification must be filed once every 2 years. The 378 continuing education must include at least 2 hours of legal or 379 legislative issues, 1 hour of department issues, and 5 hours of 380 relevant motor vehicle industry topics. Continuing education 381 shall be provided by dealer schools licensed under paragraph (b) 382 either in a classroom setting or by correspondence. Such schools 383 shall provide certificates of completion to the department and 384 the customer which shall be filed with the license renewal form, 385 and such schools may charge a fee for providing continuing 386 education.

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(d) Each application received by the department for renewal



388 of a license under subparagraph (1) (c)1. must certify that the dealer (dealer operator, owner, partner, officer, director, or 389 390 general manager of the licensee) has completed 4 hours of 391 industry certification on legal and legislative issues each year 392 prior to filing the renewal forms with the department. Industry 393 certification shall be provided by a Florida-based, nonprofit, 394 dealer-owned, statewide industry association of franchised motor 395 vehicle dealers with state and federal compliance credentials approved by the department, and shall be in a classroom setting 396 397 in convenient locations within the state. Such association shall 398 provide certificates of completion to the department and the 399 customer which shall be filed with the license renewal form. An 400 application for renewal of a license previously issued for 1 401 year must be accompanied by a certificate establishing 402 completion of 4 hours of industry certification during the prior 403 year. An application for renewal of a license previously issued 404 for 2 years must be accompanied by certificates establishing 405 completion of 8 hours of industry certification, except that 406 renewal of a 2 year license that expires on December 31, 2019, 407 must be accompanied by a certificate establishing completion of 408 4 hours of industry certification. An association may charge a 409 fee for providing the industry certification. In the case of 410 licensees belonging to a dealership group, the required industry 411 certification may be satisfied for all licensees in the 412 dealership group through completion of the industry 413 certification by a single designated owner, officer, director, 414 or manager of the dealership group. For purposes of this 415 section, a dealership group is two or more licensed franchised 416 motor vehicle dealers with common owners having legal or

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417	equitable title of at least 80 percent of each dealer in the
418	group. A licensee who seeks to satisfy the required industry
419	certification through a dealership group must provide the
420	department with evidence of the required common ownership at the
421	time of filing the certificate of completion.
422	Section 2. This act shall take effect January 1, 2019.
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425	And the title is amended as follows:
426	Delete everything before the enacting clause
427	and insert:
428	A bill to be entitled
429	An act relating to motor vehicle dealers; amending s.
430	320.27, F.S.; revising the definitions of the terms
431	"motor vehicle dealer," "franchised motor vehicle
432	dealer," "independent motor vehicle dealer,"
433	"wholesale motor vehicle dealer," and "motor vehicle
434	broker"; prohibiting persons from engaging in business
435	as, serving in the capacity of, or acting as a motor
436	vehicle broker in this state without first obtaining a
437	certain license; adding an exception to the
438	prohibition on persons other than a licensed motor
439	vehicle dealer from advertising for sale or lease any
440	motor vehicle belonging to another party; authorizing
441	owners of motor vehicles titled in their names to
442	advertise and offer motor vehicles for sale on their
443	own behalves provided such vehicles are acquired and
444	sold in good faith and not for the purpose of avoiding
445	specified requirements; prohibiting a licensed motor



446 vehicle dealer from allowing any person other than its 447 bona fide employee to use its motor vehicle dealer 448 license for the purpose of acting in the capacity of 449 or conducting motor vehicle lease transactions as a 450 motor vehicle dealer; providing that any person acting 451 in violation of specified licensing requirements or 452 misrepresenting to any person his or her relationship 453 with any motor vehicle dealer is deemed to have 454 committed an unfair and deceptive trade practice in 455 violation of specified provisions; requiring an 456 application for a license to contain a statement that 457 the applicant is a motor vehicle broker under certain 458 circumstances; providing that a certain license 459 entitles a licensee to carry on and conduct the 460 business of a motor vehicle broker; providing that 461 each license issued to a motor vehicle broker expires 462 on a specified date of the year of its expiration 463 unless revoked or suspended before that date; 464 requiring, within a specified timeframe, the 465 Department of Highway Safety and Motor Vehicles to 466 deliver or mail to each licensee the necessary renewal 467 forms along with a statement that the licensee is 468 required to complete any applicable continuing 469 education or industry certification requirements; 470 deleting certain continuing education and 471 certification requirements; requiring applications 472 received by the department for renewal of independent 473 motor vehicle dealer licenses to certify that the 474 dealer has completed continuing education prior to



475 filing the renewal forms with the department, subject 476 to certain requirements; providing requirements for 477 continuing education and dealer schools; authorizing 478 such schools to charge a fee for providing continuing 479 education; requiring applications received by the 480 department for renewal of franchised motor vehicle 481 dealer licenses to certify that the dealer has 482 completed certain industry certification prior to 483 filing the renewal forms with the department, subject 484 to certain requirements; providing requirements for 485 industry certification and certain statewide industry 486 associations of franchised motor vehicle dealers; 487 authorizing an association to charge a fee for 488 providing the industry certification; authorizing 489 industry certification for licensees belonging to a 490 certain dealership group to be accomplished by a 491 certain designated person; requiring a licensee who 492 seeks to satisfy the certification through a 493 dealership group to provide the department with 494 certain evidence at the time of filing the certificate 495 of completion; providing an effective date.