

**As Reported by the House Policy and Legislative Oversight
Committee**

**130th General Assembly
Regular Session
2013-2014**

Sub. S. B. No. 260

Senator Patton

**Cosponsors: Senators Balderson, Hite, Coley, Hughes, Jones
Representatives Buchy, Gerberry**

—

A B I L L

To amend section 4517.12 of the Revised Code to
generally prohibit the Registrar of Motor Vehicles
from issuing a motor vehicle dealer's license or
motor vehicle leasing dealer's license to a motor
vehicle manufacturer for the retail sale or lease
of new or used motor vehicles.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 4517.12 of the Revised Code be
amended to read as follows:

Sec. 4517.12. (A) The registrar of motor vehicles shall deny
the application of any person for a license as a motor vehicle
dealer, motor vehicle leasing dealer, or motor vehicle auction
owner and refuse to issue the license if the registrar finds that
the applicant:

(1) Has made any false statement of a material fact in the
application;

(2) Has not complied with sections 4517.01 to 4517.45 of the

Revised Code; 17

(3) Is of bad business reput e or has habitually defaulted on 18
financial obligations; 19

(4) Is engaged or will engage in the business of selling at 20
retail any new motor vehicles without having written authority 21
from the manufacturer or distributor thereof to sell new motor 22
vehicles and to perform repairs under the terms of the 23
manufacturer's or distributor's new motor vehicle warranty, except 24
as provided in division (C) of this section and except that a 25
person who assembles or installs special equipment or accessories 26
for handicapped persons, as defined in section 4503.44 of the 27
Revised Code, upon a motor vehicle chassis supplied by a 28
manufacturer or distributor shall not be denied a license pursuant 29
to division (A)(4) of this section; 30

(5) Has been guilty of a fraudulent act in connection with 31
selling or otherwise dealing in, or leasing, motor vehicles, or in 32
connection with brokering manufactured homes; 33

(6) Has entered into or is about to enter into a contract or 34
agreement with a manufacturer or distributor of motor vehicles 35
that is contrary to sections 4517.01 to 4517.45 of the Revised 36
Code; 37

(7) Is insolvent; 38

(8) Is of insufficient responsibility to ensure the prompt 39
payment of any final judgments that might reasonably be entered 40
against the applicant because of the transaction of business as a 41
motor vehicle dealer, motor vehicle leasing dealer, or motor 42
vehicle auction owner during the period of the license applied 43
for, or has failed to satisfy any such judgment; 44

(9) Has no established place of business that, where 45
applicable, is used or will be used for the purpose of selling, 46
displaying, offering for sale, dealing in, or leasing motor 47

vehicles at the location for which application is made; 48

(10) Has, less than twelve months prior to making 49
application, been denied a motor vehicle dealer's, motor vehicle 50
leasing dealer's, or motor vehicle auction owner's license, or has 51
any such license revoked; 52

(11) Is a manufacturer, or a parent company, subsidiary, or 53
affiliated entity of a manufacturer, applying for a license to 54
sell or lease new or used motor vehicles at retail. Division 55
(A)(11) of this section shall not serve as a basis for the 56
termination, revocation, or nonrenewal of a license granted prior 57
to the effective date of this amendment. Nothing in division 58
(A)(11) of this section shall prohibit a manufacturer from doing 59
either of the following: 60

(a) Owning, operating, or controlling not more than three 61
licensed motor vehicle dealerships if, as of January 1, 2014, the 62
manufacturer was selling or otherwise distributing its motor 63
vehicles at an established place of business in this state. Such 64
ownership, operation, or control may continue unless the 65
manufacturer's motor vehicle operations are sold or acquired or 66
the manufacturer produces any motor vehicles other than 67
all-electric motor vehicles. 68

(b) Disposing of motor vehicles at wholesale at the 69
termination of a consumer lease through a motor vehicle auction. 70

(B) If the applicant is a corporation or partnership, the 71
registrar may refuse to issue a license if any officer, director, 72
or partner of the applicant has been guilty of any act or omission 73
that would be cause for refusing or revoking a license issued to 74
such officer, director, or partner as an individual. The 75
registrar's finding may be based upon facts contained in the 76
application or upon any other information the registrar may have. 77
Immediately upon denying an application for any of the reasons in 78

this section, the registrar shall enter a final order together 79
with the registrar's findings and certify the same to the motor 80
vehicle dealers' and salespersons' licensing board. 81

(C) Notwithstanding division (A)(4) of this section, the 82
registrar shall not deny the application of any person and refuse 83
to issue a license if the registrar finds that the applicant is 84
engaged or will engage in the business of selling at retail any 85
new motor vehicles and demonstrates all of the following in the 86
form prescribed by the registrar: 87

(1) That the applicant has posted a bond, surety, or 88
certificate of deposit with the registrar in an amount not less 89
than one hundred thousand dollars for the protection and benefit 90
of the applicant's customers except that a new motor vehicle 91
dealer who is not exclusively engaged in the business of selling 92
remanufactured vehicles shall not be required to post the bond, 93
surety, or certificate of deposit otherwise required by division 94
(C)(1) of this section; 95

(2) That, at the time of the sale of the vehicle, each 96
customer of the applicant will be furnished with a warranty issued 97
by the remanufacturer for a term of at least one year; 98

(3) That the applicant provides and maintains at the 99
applicant's location and place of business a permanent facility 100
with all of the following: 101

(a) A showroom with space, under roof, for the display of at 102
least one new motor vehicle; 103

(b) A service and parts facility for remanufactured vehicles; 104

(c) Full-time service and parts personnel with the proper 105
training and technical expertise to service the remanufactured 106
vehicles sold by the applicant. 107

Section 2. That existing section 4517.12 of the Revised Code 108

is hereby repealed.

109