



House of Representatives

General Assembly

File No. 323

February Session, 2024

Substitute House Bill No. 5203

House of Representatives, April 8, 2024

The Committee on Transportation reported through REP. LEMAR of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE OFFERING PRICE OF A MOTOR VEHICLE AND AUTOMOBILE DEALER CONVEYANCE FEES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 14-62 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2024*):

3 (a) For the purposes of this section, (1) "offering price" means the full
4 cash price for which a dealer will sell or finance a motor vehicle to any
5 buyer, provided the dealer may exclude only required government
6 charges; and (2) "government charges" means any fees or charges
7 imposed by any federal, state or local government agency or
8 department, including taxes, license and registration costs, inspection or
9 certification costs and any other such fees or charges.

10 ~~[(a)]~~ (b) Each sale shall be evidenced by an order properly signed by
11 both the buyer and seller, a copy of which shall be furnished to the buyer
12 when executed, and an invoice upon delivery of the motor vehicle, both
13 of which shall contain the following information: (1) Make of vehicle; (2)

14 year of model, whether sold as new or used, and on invoice the
15 identification number; (3) deposit, and (A) if the deposit is not
16 refundable, the words "No Refund of Deposit" shall appear at this point,
17 and (B) if the deposit is conditionally refundable, the words
18 "Conditional Refund of Deposit" shall appear at this point, followed by
19 a statement giving the conditions for refund, and (C) if the deposit is
20 unconditionally refundable, the words "Unconditional Refund" shall
21 appear at this point; (4) [cash selling] agreed-upon price, excluding only
22 required government charges; (5) finance charges, and (A) if these
23 charges do not include insurance, the words "No Insurance" shall
24 appear at this point, and (B) if these charges include insurance, a
25 statement shall appear at this point giving the exact type of coverage; (6)
26 allowance on motor vehicle traded in, if any, and description of the
27 same; (7) required government charges; (8) stamped or printed in a size
28 equal to at least ten-point bold type on the face of both the order and
29 invoice one of the following forms: (A) "This motor vehicle not
30 guaranteed", or (B) "This motor vehicle is guaranteed", followed by a
31 statement as to the terms of such guarantee, which terms shall include
32 the duration of the guarantee or the number of miles the guarantee shall
33 remain in effect. Such statement shall not apply to household
34 furnishings of any trailer; [(8)] (9) if the motor vehicle is new but has
35 been subject to use by the seller or use in connection with [his] the
36 seller's business as a dealer, the word "demonstrator" shall be clearly
37 displayed on the face of both order and invoice; [(9) any dealer
38 conveyance fee or processing fee and a statement that such fee is not
39 payable to the state of Connecticut printed in at least ten-point bold type
40 on the face of both order and invoice;] and (10) the dealer's legal name,
41 address and license number. [For the purposes of this subdivision,
42 "dealer conveyance fee" or "processing fee" means a fee charged by a
43 dealer to recover reasonable costs for processing all documentation and
44 performing services related to the closing of a sale, including, but not
45 limited to, the registration and transfer of ownership of the motor
46 vehicle which is the subject of the sale.] The form used by a dealer for
47 the order and invoice shall not be printed in advance of discussions with
48 a prospective buyer to include the amount of any vehicle identification

49 etching service fee or any other fee for an optional service.

50 [(b)] (c) (1) [The selling price quoted by any dealer to a prospective
51 buyer shall include, separately stated, the amount of the dealer
52 conveyance fee and that such fee is negotiable. No dealer conveyance
53 fee shall be added to the selling price at the time the order is signed by
54 the buyer.] The dealer shall disclose the offering price in any verbal or
55 written communication with a prospective buyer that includes a
56 reference, expressly or by implication, regarding a specific motor
57 vehicle or any monetary amount or financing term for any motor
58 vehicle.

59 (2) No dealer shall include in the [selling] offering price a dealer
60 preparation charge for any item or service for which the dealer is
61 reimbursed by the manufacturer or any item or service not specifically
62 ordered by the buyer and itemized on the invoice.

63 [(c) Each dealer shall provide a written statement to the buyer and
64 prominently display a sign in the area of such dealer's place of business
65 in which sales are negotiated which shall specify the amount of any
66 conveyance or processing fee charged by such dealer, the services
67 performed by the dealer for such fee, that such fee is negotiable, that
68 such fee is not payable to the state of Connecticut and that the buyer
69 may elect, where appropriate, to submit the documentation required for
70 the registration and transfer of ownership of the motor vehicle which is
71 the subject of the sale to the Commissioner of Motor Vehicles, in which
72 case the dealer shall reduce such fee by a proportional amount. The
73 Commissioner of Motor Vehicles shall determine the size, typeface and
74 arrangement of such information.]

75 (d) No dealer licensed under the provisions of section 14-52 shall sell
76 any used motor vehicle without furnishing to the buyer, at the time of
77 sale, a valid certificate of title, the assignment and warranty of title by
78 such dealer or other evidence of title issued by another state or country,
79 where applicable, disclosing the existence of any lien, security interest
80 in or other encumbrance on the vehicle. Any dealer that violates this
81 subsection shall be guilty of a class B misdemeanor.

82 (e) No person, firm or corporation shall sell a motor vehicle at a public
83 or private auction without furnishing to the buyer, at the time of sale, a
84 valid certificate of title, the assignment and warranty of title by such
85 person, firm or corporation, or other evidence of title issued by another
86 state or country, where applicable, disclosing the existence of any lien,
87 security interest in or other encumbrance on the vehicle.

88 (f) The provisions of subsection (d) of this section shall not apply to
89 the sale of any used motor vehicle by a new car dealer to a person, firm
90 or corporation which, pursuant to a lease contract option, purchases
91 such vehicle at the end of the lease term provided (1) such vehicle is
92 registered in this state in accordance with the provisions of section 14-
93 12, (2) the certificate of title for such vehicle is in the possession of a
94 lessor licensed under the provisions of section 14-15, (3) subsequent to
95 such sale, such vehicle is registered in the name of the prior lessee, and
96 (4) such dealer obtains the certificate of title from such lessor and
97 transmits all necessary documents and fees to the commissioner not
98 later than ten days following the issuance of a motor vehicle registration
99 for such vehicle.

100 (g) Before offering any used motor vehicle for retail sale, the selling
101 dealer shall complete a comprehensive safety inspection of such vehicle.
102 Such safety inspection shall cover all applicable equipment and
103 components contained in sections 14-80 to 14-106d, inclusive, and such
104 inspection shall be evidenced on a form approved by the commissioner.
105 The selling dealer shall attest to such form under the penalty of false
106 statement, as prescribed in section 53a-157b, and shall state that the
107 vehicle has undergone any necessary repairs and has been deemed to
108 be in condition for legal operation on any highway of this state. In the
109 event defects are found but not repaired, and the vehicle is not subject
110 to any warranty under section 42-221, the selling dealer shall note all
111 such defects on the form and may sell such vehicle in "as is" condition.
112 Any vehicle sold in "as is" condition with one or more defects in the
113 equipment or components shall have the retail purchase order, invoice,
114 title and assignment documents prominently marked as "not in
115 condition for legal operation on the highways" with an explanation of

116 defects noted on such retail purchase order, invoice and safety
117 inspection form. A dealer selling any vehicle pursuant to this subsection
118 shall require a purchaser to acknowledge the vehicle condition by
119 obtaining such purchaser's signature on the retail purchase order,
120 invoice and safety inspection forms, copies of which shall be furnished
121 to the buyer upon execution. No dealer shall charge any fee to a
122 customer for the completion of such safety inspection or for any repairs
123 required to remedy defects discovered during such safety inspection
124 pursuant to this subsection, except that nothing herein shall (1) limit or
125 otherwise regulate the retail sales price charged by a dealer for a vehicle
126 that has been inspected or repaired prior to sale; or (2) negate or preempt
127 any provisions of chapter 743f. This subsection shall not apply to fees
128 for any inspection or any work performed under the terms of a lease buy
129 back. Any dealer that fails to conduct the safety inspection required in
130 this subsection shall be guilty of a class B misdemeanor.

131 (h) No dealer licensed under section 14-52 shall deliver or permit a
132 retail purchaser to take possession or delivery of any used motor vehicle
133 until such purchaser has paid in full for the vehicle or until financing
134 offered by the dealer for such vehicle has been approved by the lending
135 institution or other entity through which any financing agreement has
136 been made. Any dealer that violates this subsection shall be guilty of a
137 class B misdemeanor.

138 Sec. 2. Section 14-62a of the general statutes is repealed and the
139 following is substituted in lieu thereof (*Effective October 1, 2024*):

140 (a) [No dealer licensed under the provisions of section 14-52 shall
141 advertise the price of any motor vehicle unless the stated price in such
142 advertisement includes the federal tax, the cost of delivery, dealer
143 preparation and any other charges of any nature, except that such
144 advertisement shall (1) state in at least eight-point bold type that any
145 state or local tax, registration fees or dealer conveyance fee or processing
146 fee, as defined in subsection (a) of section 14-62, is excluded from such
147 advertised price, and (2) separately state, in at least eight-point bold
148 type, immediately next to the phrase "Dealer Conveyance Fee", the

149 amount of such dealer conveyance fee or processing fee.] As used in this
 150 section, "offering price" has the same meaning as provided in section 14-
 151 62, as amended by this act. In connection with the sale or financing of
 152 any motor vehicle, a dealer licensed under the provisions of section 14-
 153 52 shall disclose the offering price in any advertisement that references,
 154 expressly or by implication, a specific motor vehicle or any monetary
 155 amount or financing terms for any vehicle.

156 (b) Any new or used car dealer violating the provisions of this section
 157 shall be fined not more than one thousand dollars. The Commissioner
 158 of Motor Vehicles may suspend or revoke, in accordance with section
 159 14-64, the license of any such dealer violating the provisions of this
 160 section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2024	14-62
Sec. 2	October 1, 2024	14-62a

TRA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Resources of the General Fund	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill defines the "offering price" of a motor vehicle to include any charges less government-required taxes and fees. In effect, the offering price includes both the baseline price of the motor vehicle and the conveyance fee charged by the dealership. There is no anticipated impact as the bill does not impose limits on the vehicle price or fees that may be charged by a dealership.

The bill also makes changes to how a dealer communicates with prospective buyers which results in a potential revenue gain to the General Fund from fines to the extent that violations occur. Since FY 14, less than 200 similar violations have been recorded.¹

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to violations.

¹Since FY 24, \$3,500 has been collected in fines for similar violations.

OLR Bill Analysis**sHB 5203*****AN ACT CONCERNING THE OFFERING PRICE OF A MOTOR VEHICLE AND AUTOMOBILE DEALER CONVEYANCE FEES.***

This bill requires auto dealers to include the additional fees or charges they require buyers to pay in the vehicle price they disclose in advertisements, communication with prospective buyers, and the order and invoice for a vehicle purchase. Under the bill, this “offering price” is the full cash price for which a dealer will sell or finance a vehicle to any buyer, except that a dealer may choose to exclude only required government-imposed charges (e.g., taxes and registration fees) from the price.

Principally, the bill’s offering price disclosure requirement changes how dealers must advertise and disclose their “dealer conveyance fee.” (A dealer conveyance fee is a fee a dealer charges to recover reasonable costs for processing documents and performing services related to a motor vehicle sale, including registration and ownership transfer.) Current law generally explicitly requires dealers to exclude this fee from the sales price and disclose information on the fee in a specified manner. Under the bill, dealers must include any dealer conveyance fee they require buyers to pay in the price they advertise or quote to buyers.

The bill also prohibits dealers from pre-printing forms for the order and invoice that include vehicle identification number (VIN) etching fees or fees for other optional services before discussions with a prospective buyer.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2024

ADVERTISEMENT

Current law requires auto dealers to include federal tax, delivery costs, and dealer preparation charges in a motor vehicle's advertised price. They must also (1) state in at least eight-point bold type that any state or local tax, registration fees, or dealer conveyance or processing fee is excluded from the advertised price and (2) separately state, in the same size font, the dealer conveyance or processing fee immediately next to the phrase "dealer conveyance fee."

The bill repeals these provisions and instead requires that a vehicle's advertised price include the conveyance fee. It does so by requiring auto dealers, in connection with the sale or financing of any vehicle, to disclose the vehicle's offering price in any advertisement that expressly or implicitly references a specific motor vehicle or any monetary amount or financing terms for any vehicle.

Dealers who violate this requirement may be fined up to \$1,000 and face suspension or revocation of their dealer's license.

COMMUNICATION WITH PROSPECTIVE BUYERS

Current law requires that the selling price a dealer quotes to a prospective buyer separately state the dealer conveyance fee amount and that the fee is negotiable. It prohibits dealers from adding the fee to the selling price.

The bill instead requires dealers to disclose a vehicle's offering price in any verbal or written communication with prospective buyers that expressly or implicitly references a specific motor vehicle or any monetary amount or financing terms for any vehicle. In doing so, it requires dealers to include any conveyance fee they require buyers to pay in the price they quote to buyers.

The bill also eliminates requirements that dealers give buyers a statement, and display a sign at the dealership, with specified information about their dealer conveyance fee. Under current law, the statement and sign must state (1) the conveyance fee amount, (2) the services performed for the fee, (3) that the fee is negotiable, (4) that the

fee is not payable to the state, and (5) that buyers may choose to submit registration and title documentation to DMV (Department of Motor Vehicles) on their own.

ORDER AND INVOICE

Existing law requires dealers to give buyers an order for a motor vehicle sale and an invoice upon delivery, and specifies the information the order and invoice must contain.

Current law requires the order and invoice to state separately from the selling price the amount of any dealer conveyance fee or processing fee along with a statement that the fee is not payable to the state. The bill repeals this requirement.

Instead, the bill requires the order and invoice to include the agreed-upon price (rather than the cash selling price, as under current law), excluding only required government charges. It also requires the order and invoice to specify required government charges.

BACKGROUND

Related Bill

sSB 3 (File 182), favorably reported by the General Law Committee, generally prohibits businesses that offer to sell, lease, or provide consumer goods or services from advertising, displaying, or offering the good or service at a price unless it includes any charges and fees other than taxes.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute
Yea 23 Nay 12 (03/20/2024)