

**As Passed by the Senate**

**130th General Assembly**

**Regular Session**

**2013-2014**

**Sub. S. B. No. 260**

**Senator Patton**

**Cosponsors: Senators Balderson, Hite, Coley, Hughes, Jones**

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**A B I L L**

To amend section 4517.12 of the Revised Code to 1  
generally prohibit the Registrar of Motor Vehicles 2  
from issuing a motor vehicle dealer's license or 3  
motor vehicle leasing dealer's license to a motor 4  
vehicle manufacturer for the retail sale or lease 5  
of new or used motor vehicles. 6

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

**Section 1.** That section 4517.12 of the Revised Code be 7  
amended to read as follows: 8

**Sec. 4517.12.** (A) The registrar of motor vehicles shall deny 9  
the application of any person for a license as a motor vehicle 10  
dealer, motor vehicle leasing dealer, or motor vehicle auction 11  
owner and refuse to issue the license if the registrar finds that 12  
the applicant: 13

(1) Has made any false statement of a material fact in the 14  
application; 15

(2) Has not complied with sections 4517.01 to 4517.45 of the 16  
Revised Code; 17

(3) Is of bad business repute 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  
leasing dealer's, or motor vehicle auction owner's license, or has  
any such license revoked;

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

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

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

(B) If the applicant is a corporation or partnership, the  
registrar may refuse to issue a license if any officer, director,  
or partner of the applicant has been guilty of any act or omission  
that would be cause for refusing or revoking a license issued to  
such officer, director, or partner as an individual. The  
registrar's finding may be based upon facts contained in the  
application or upon any other information the registrar may have.  
Immediately upon denying an application for any of the reasons in  
this section, the registrar shall enter a final order together  
with the registrar's findings and certify the same to the motor  
vehicle dealers' and salespersons' licensing board.

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

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

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

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

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

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

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

**Section 2.** That existing section 4517.12 of the Revised Code is hereby repealed.