

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6540
BILL NUMBER: SB 180

DATE PREPARED: Dec 1, 1999
BILL AMENDED:

SUBJECT: Motor vehicle dealership matters.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes it an unfair practice for a manufacturer or distributor of motor vehicles to establish a dealership that would unfairly compete with a new vehicle dealer of the same line make operating under a dealer agreement in the same relevant market area. It defines "relevant market area". The bill provides that it is an unfair act or trade practice for a motor vehicle manufacturer or distributor to sell, offer to sell, or lease a new vehicle, vehicle part, or vehicle accessory at a lower price than that which the new vehicle, vehicle part, or vehicle accessory is offered to a dealer. It exempts government purchases and driver's education purchases from the requirement. The bill provides scheduling and delivery requirements for manufacturers. It requires manufacturers to disclose in writing to dealers the method by which new motor vehicles, parts, and accessories are allocated, scheduled, or delivered to their dealers handling the same line make of vehicles.

Effective Date: July 1, 2000.

Explanation of State Expenditures: The Bureau of Motor Vehicles may request the Attorney General to institute and conduct an action in the name of the state for: 1) injunctive relief to recover the civil penalties as provides by law; 2) injunctive relief for the suspension and or revocation of the license of the manufacturer or distributor; or 3) both. This would be done in the normal course of business for the Attorney General and can be accomplished within the Attorney General's current budget. The fund affected is the State General Fund.

Explanation of State Revenues: This bill provides for a civil penalty and a criminal penalty for violation of its provisions. A civil penalty of not less than \$50 and not more than \$1,000 for each day for each day of violation and for each act of violation, as determined by the court may be imposed. Revenue from civil penalties is deposited in the State General Fund.

In addition, the bill provides for a Class B misdemeanor. If additional court cases occur and fines are

collected, revenue to both the Common School Fund and the State General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the State General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the State General Fund.

Explanation of Local Expenditures: A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed, and if collected would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Bureau of Motor Vehicles; Attorney General.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: