

98TH GENERAL ASSEMBLY State of Illinois 2013 and 2014 SB3082

Introduced 2/7/2014, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

625 ILCS 5/1-171.3 625 ILCS 5/5-102 from Ch. 95 1/2, par. 5-102 625 ILCS 5/5-301 from Ch. 95 1/2, par. 5-301 625 ILCS 5/5-702 from Ch. 95 1/2, par. 5-702

Amends the Illinois Vehicle Code. Includes salvage vehicles in the definition of repairer. Provides that licensed repairers selling rebuilt salvage vehicles are not required to have a used vehicle dealer's license. Provides that licensed repairers may rebuild salvage vehicles. Provides that licensed repairers may purchase vehicles for which a salvage certificate is required at auction.

LRB098 19547 MLW 54733 b

1 AN ACT concerning transportation.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

- Section 5. The Illinois Vehicle Code is amended by changing Sections 1-171.3, 5-102, 5-301, and 5-702 as follows:
- 6 (625 ILCS 5/1-171.3)
- 7 Sec. 1-171.3. Repairer. A person who is in the business of
- 8 returning a vehicle other than a vehicle for which a salvage
- 9 certificate has been issued back to its original or operating
- 10 condition by restoring, mending, straightening, replacing,
- 11 altering, or painting its essential parts.
- 12 (Source: P.A. 90-89, eff. 1-1-98.)
- 13 (625 ILCS 5/5-102) (from Ch. 95 1/2, par. 5-102)
- 14 Sec. 5-102. Used vehicle dealers must be licensed.
- 15 (a) No person, other than a licensed new vehicle dealer,
- shall engage in the business of selling or dealing in, on
- 17 consignment or otherwise, 5 or more used vehicles of any make
- 18 during the year (except house trailers as authorized by
- 19 paragraph (j) of this Section and rebuilt salvage vehicles sold
- 20 by their rebuilders or repairers to persons licensed under this
- 21 Chapter), or act as an intermediary, agent or broker for any
- 22 licensed dealer or vehicle purchaser (other than as a

- salesperson) or represent or advertise that he is so engaged or intends to so engage in such business unless licensed to do so by the Secretary of State under the provisions of this Section.
 - (b) An application for a used vehicle dealer's license shall be filed with the Secretary of State, duly verified by oath, in such form as the Secretary of State may by rule or regulation prescribe and shall contain:
 - 1. The name and type of business organization established and additional places of business, if any, in this State.
 - 2. If the applicant is a corporation, a list of its officers, directors, and shareholders having a ten percent or greater ownership interest in the corporation, setting forth the residence address of each; if the applicant is a sole proprietorship, a partnership, an unincorporated association, a trust, or any similar form of business organization, the names and residence address of the proprietor or of each partner, member, officer, director, trustee or manager.
 - 3. A statement that the applicant has been approved for registration under the Retailers' Occupation Tax Act by the Department of Revenue. However, this requirement does not apply to a dealer who is already licensed hereunder with the Secretary of State, and who is merely applying for a renewal of his license. As evidence of this fact, the application shall be accompanied by a certification from

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the Department of Revenue showing that the Department has approved the applicant for registration under the Retailers' Occupation Tax Act.

4. A statement that the applicant has complied with the appropriate liability insurance requirement. A Certificate of Insurance in a solvent company authorized to do business in the State of Illinois shall be included with each application covering each location at which he proposes to act as a used vehicle dealer. The policy must provide liability coverage in the minimum amounts of \$100,000 for bodily injury to, or death of, any person, \$300,000 for bodily injury to, or death of, two or more persons in any one accident, and \$50,000 for damage to property. Such policy shall expire not sooner than December 31 of the year for which the license was issued or renewed. The expiration of the insurance policy shall not terminate the liability under the policy arising during the period for which the policy was filed. Trailer and mobile home dealers are exempt from this requirement.

If the permitted user has a liability insurance policy that provides automobile liability insurance coverage of at least \$100,000 for bodily injury to or the death of any person, \$300,000 for bodily injury to or the death of any 2 or more persons in any one accident, and \$50,000 for damage to property, then the permitted user's insurer shall be the primary insurer and the dealer's insurer shall be the

secondary insurer. If the permitted user does not have a liability insurance policy that provides automobile liability insurance coverage of at least \$100,000 for bodily injury to or the death of any person, \$300,000 for bodily injury to or the death of any 2 or more persons in any one accident, and \$50,000 for damage to property, or does not have any insurance at all, then the dealer's insurer shall be the primary insurer and the permitted user's insurer shall be the secondary insurer.

When a permitted user is "test driving" a used vehicle dealer's automobile, the used vehicle dealer's insurance shall be primary and the permitted user's insurance shall be secondary.

As used in this paragraph 4, a "permitted user" is a person who, with the permission of the used vehicle dealer or an employee of the used vehicle dealer, drives a vehicle owned and held for sale or lease by the used vehicle dealer which the person is considering to purchase or lease, in order to evaluate the performance, reliability, or condition of the vehicle. The term "permitted user" also includes a person who, with the permission of the used vehicle dealer, drives a vehicle owned or held for sale or lease by the used vehicle dealer for loaner purposes while the user's vehicle is being repaired or evaluated.

As used in this paragraph 4, "test driving" occurs when a permitted user who, with the permission of the used

vehicle dealer or an employee of the used vehicle dealer, drives a vehicle owned and held for sale or lease by a used vehicle dealer that the person is considering to purchase or lease, in order to evaluate the performance, reliability, or condition of the vehicle.

As used in this paragraph 4, "loaner purposes" means when a person who, with the permission of the used vehicle dealer, drives a vehicle owned or held for sale or lease by the used vehicle dealer while the user's vehicle is being repaired or evaluated.

- 5. An application for a used vehicle dealer's license shall be accompanied by the following license fees:
 - (A) \$1,000 for applicant's established place of business, and \$50 for each additional place of business, if any, to which the application pertains; however, if the application is made after June 15 of any year, the license fee shall be \$500 for applicant's established place of business plus \$25 for each additional place of business, if any, to which the application pertains. License fees shall be returnable only in the event that the application is denied by the Secretary of State. Of the money received by the Secretary of State as license fees under this subparagraph (A) for the 2004 licensing year and thereafter, 95% shall be deposited into the General Revenue Fund.

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- Except for dealers selling 25 or fewer 1 (B) 2 automobiles or as provided in subsection (h) of Section 3 5-102.7 of this Code, an Annual Dealer Recovery Fund in the amount of \$500 for the applicant's established place of business, and \$50 for each additional place of business, if any, to which the 6 application pertains; but if the application is made 7 after June 15 of any year, the fee shall be \$250 for 8 9 the applicant's established place of business plus \$25 10 for each additional place of business, if any, to which 11 the application pertains. For a license renewal 12 application, the fee shall be based on the amount of automobiles sold in the past year according to the 13 following formula: 14 15
 - (1) \$0 for dealers selling 25 or less automobiles:
 - (2) \$150 for dealers selling more than 25 but less than 200 automobiles;
 - (3) \$300 for dealers selling 200 or more automobiles but less than 300 automobiles; and
 - (4) \$500 for dealers selling 300 or more automobiles.

License fees shall be returnable only in the event that the application is denied by the Secretary of State. Moneys received under this subparagraph (B) shall be deposited into the Dealer Recovery Trust Fund.

6.	A st	atement	that	th	.e a	appli	cant	.'s	office	ers,
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interest	ther	ein, pro	prieto	r,]	partı	ner,	men	ber,	offic	cer,
director	, tru	stee, ma	ınager	or	oth	er p	rinc	cipal	s in	the
business	have	not com	mitted	in	the	past	3	year	s any	one
violatio	n as	determi	lned i	in	any	civ	il,	cri	minal	or
administ	rative	proceed	dings	of a	any	one	of	the	follow	ving
Acts:										

- (A) The Anti Theft Laws of the Illinois Vehicle Code;
- (B) The Certificate of Title Laws of the Illinois Vehicle Code;
- (C) The Offenses against Registration and Certificates of Title Laws of the Illinois Vehicle Code;
- (D) The Dealers, Transporters, Wreckers and Rebuilders Laws of the Illinois Vehicle Code;
- (E) Section 21-2 of the Illinois Criminal Code of 1961 or the Criminal Code of 2012, Criminal Trespass to Vehicles; or
 - (F) The Retailers' Occupation Tax Act.
- 7. A statement that the applicant's officers, directors, shareholders having a 10% or greater ownership interest therein, proprietor, partner, member, officer, director, trustee, manager or other principals in the business have not committed in any calendar year 3 or more

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violations, as determined in any civil or criminal or administrative proceedings, of any one or more of the following Acts:

- (A) The Consumer Finance Act;
- (B) The Consumer Installment Loan Act;
- (C) The Retail Installment Sales Act;
- 7 (D) The Motor Vehicle Retail Installment Sales 8 Act;
 - (E) The Interest Act;
 - (F) The Illinois Wage Assignment Act;
- 11 (G) Part 8 of Article XII of the Code of Civil
 12 Procedure; or
 - (H) The Consumer Fraud Act.
 - 8. A bond or Certificate of Deposit in the amount of \$20,000 for each location at which the applicant intends to act as a used vehicle dealer. The bond shall be for the term of the license, or its renewal, for which application is made, and shall expire not sooner than December 31 of the year for which the license was issued or renewed. The bond shall run to the People of the State of Illinois, with surety by a bonding or insurance company authorized to do business in this State. It shall be conditioned upon the proper transmittal of all title and registration fees and taxes (excluding taxes under the Retailers' Occupation Tax Act) accepted by the applicant as a used vehicle dealer.
 - 9. Such other information concerning the business of

- the applicant as the Secretary of State may by rule or regulation prescribe.
- 10. A statement that the applicant understands Chapter
 through Chapter 5 of this Code.
 - 11. A copy of the certification from the prelicensing education program.
 - (c) Any change which renders no longer accurate any information contained in any application for a used vehicle dealer's license shall be amended within 30 days after the occurrence of each change on such form as the Secretary of State may prescribe by rule or regulation, accompanied by an amendatory fee of \$2.
 - (d) Anything in this Chapter to the contrary notwithstanding, no person shall be licensed as a used vehicle dealer unless such person maintains an established place of business as defined in this Chapter.
 - (e) The Secretary of State shall, within a reasonable time after receipt, examine an application submitted to him under this Section. Unless the Secretary makes a determination that the application submitted to him does not conform to this Section or that grounds exist for a denial of the application under Section 5-501 of this Chapter, he must grant the applicant an original used vehicle dealer's license in writing for his established place of business and a supplemental license in writing for each additional place of business in such form as he may prescribe by rule or regulation which shall

- include the following:
- 2 1. The name of the person licensed;
 - 2. If a corporation, the name and address of its officers or if a sole proprietorship, a partnership, an unincorporated association or any similar form of business organization, the name and address of the proprietor or of each partner, member, officer, director, trustee or manager;
 - 3. In case of an original license, the established place of business of the licensee;
 - 4. In the case of a supplemental license, the established place of business of the licensee and the additional place of business to which such supplemental license pertains.
 - (f) The appropriate instrument evidencing the license or a certified copy thereof, provided by the Secretary of State shall be kept posted, conspicuously, in the established place of business of the licensee and in each additional place of business, if any, maintained by such licensee.
 - (g) Except as provided in subsection (h) of this Section, all used vehicle dealer's licenses granted under this Section expire by operation of law on December 31 of the calendar year for which they are granted unless sooner revoked or cancelled under Section 5-501 of this Chapter.
- 25 (h) A used vehicle dealer's license may be renewed upon 26 application and payment of the fee required herein, and

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- submission of proof of coverage by an approved bond under the
 "Retailers' Occupation Tax Act" or proof that applicant is not
 subject to such bonding requirements, as in the case of an
 original license, but in case an application for the renewal of
 an effective license is made during the month of December, the
 effective license shall remain in force until the application
 for renewal is granted or denied by the Secretary of State.
- 8 (i) All persons licensed as a used vehicle dealer are 9 required to furnish each purchaser of a motor vehicle:
 - A certificate of title properly assigned to the purchaser;
 - 2. A statement verified under oath that all identifying numbers on the vehicle agree with those on the certificate of title;
 - 3. A bill of sale properly executed on behalf of such person;
 - 4. A copy of the Uniform Invoice-transaction reporting return referred to in Section 5-402 of this Chapter;
 - 5. In the case of a rebuilt vehicle, a copy of the Disclosure of Rebuilt Vehicle Status; and
 - 6. In the case of a vehicle for which the warranty has been reinstated, a copy of the warranty.
 - (j) A real estate broker holding a valid certificate of registration issued pursuant to "The Real Estate Brokers and Salesmen License Act" may engage in the business of selling or dealing in house trailers not his own without being licensed as

- 1 a used vehicle dealer under this Section; however such broker
- 2 shall maintain a record of the transaction including the
- 3 following:

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- (1) the name and address of the buyer and seller,
- (2) the date of sale,
- 6 (3) a description of the mobile home, including the vehicle identification number, make, model, and year, and
 - (4) the Illinois certificate of title number.
- 9 The foregoing records shall be available for inspection by 10 any officer of the Secretary of State's Office at any 11 reasonable hour.
 - (k) Except at the time of sale or repossession of the vehicle, no person licensed as a used vehicle dealer may issue any other person a newly created key to a vehicle unless the used vehicle dealer makes a copy of the driver's license or State identification card of the person requesting or obtaining the newly created key. The used vehicle dealer must retain the copy for 30 days.
 - A used vehicle dealer who violates this subsection (k) is guilty of a petty offense. Violation of this subsection (k) is not cause to suspend, revoke, cancel, or deny renewal of the used vehicle dealer's license.
 - (1) Used vehicle dealers licensed under this Section shall provide the Secretary of State a register for the sale at auction of each salvage or junk certificate vehicle. Each register shall include the following information:

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- 1 1. The year, make, model, style and color of the vehicle;
- 2. The vehicle's manufacturer's identification number or, if applicable, the Secretary of State or Illinois

 Department of State Police identification number;
 - 3. The date of acquisition of the vehicle;
 - 4. The name and address of the person from whom the vehicle was acquired;
 - 5. The name and address of the person to whom any vehicle was disposed, the person's Illinois license number or if the person is an out-of-state salvage vehicle buyer, the license number from the state or jurisdiction where the buyer is licensed; and
- 14 6. The purchase price of the vehicle.
- The register shall be submitted to the Secretary of State via written or electronic means within 10 calendar days from the date of the auction.
- 18 (Source: P.A. 97-480, eff. 10-1-11; 97-1150, eff. 1-25-13;
- 19 98-450, eff. 1-1-14.)
- 20 (625 ILCS 5/5-301) (from Ch. 95 1/2, par. 5-301)
- Sec. 5-301. Automotive parts recyclers, scrap processors, repairers and rebuilders must be licensed.
- 23 (a) No person in this State shall, except as an incident to the servicing of vehicles, carry on or conduct the business of an $\frac{1}{2}$ automotive parts $\frac{1}{2}$ recycler recyclers, a scrap processor, a

repairer, or a rebuilder, unless licensed to do so in writing by the Secretary of State under this Section. No person shall rebuild a salvage vehicle unless such person is licensed as a rebuilder or repairer by the Secretary of State under this Section. No person shall engage in the business of acquiring 5 or more previously owned vehicles in one calendar year for the primary purpose of disposing of those vehicles in the manner described in the definition of a "scrap processor" in this Code unless the person is licensed as an automotive parts recycler by the Secretary of State under this Section. Each license shall be applied for and issued separately, except that a license issued to a new vehicle dealer under Section 5-101 of this Code shall also be deemed to be a repairer license.

- (b) Any application filed with the Secretary of State, shall be duly verified by oath, in such form as the Secretary of State may by rule or regulation prescribe and shall contain:
 - 1. The name and type of business organization of the applicant and his principal or additional places of business, if any, in this State.
 - 2. The kind or kinds of business enumerated in subsection (a) of this Section to be conducted at each location.
 - 3. If the applicant is a corporation, a list of its officers, directors, and shareholders having a ten percent or greater ownership interest in the corporation, setting forth the residence address of each; if the applicant is a

sole proprietorship, a partnership, an uning	corporated
association, a trust, or any similar form of	business
organization, the names and residence addres	s of the
proprietor or of each partner, member, officer,	director,
trustee or manager.	

- 4. A statement that the applicant's officers, directors, shareholders having a ten percent or greater ownership interest therein, proprietor, partner, member, officer, director, trustee, manager, or other principals in the business have not committed in the past three years any one violation as determined in any civil or criminal or administrative proceedings of any one of the following Acts:
 - (a) The <u>Anti-Theft</u> Anti Theft Laws of the Illinois Vehicle Code;
 - (b) The "Certificate of Title Laws" of the Illinois
 Vehicle Code;
 - (c) The "Offenses against Registration and Certificates of Title Laws" of the Illinois Vehicle Code;
 - (d) The "Dealers, Transporters, Wreckers and Rebuilders Laws" of the Illinois Vehicle Code;
 - (e) Section 21-2 of the Criminal Code of 1961 or the Criminal Code of 2012, Criminal Trespass to Vehicles; or
 - (f) The Retailers Occupation Tax Act.

5. A statement that the applicant's officers,
directors, shareholders having a ten percent or greater
ownership interest therein, proprietor, partner, member,
officer, director, trustee, manager or other principals in
the business have not committed in any calendar year 3 or
more violations, as determined in any civil or criminal or
administrative proceedings, of any one or more of the
following Acts:

- (a) The Consumer Finance Act;
- (b) The Consumer Installment Loan Act;
- (c) The Retail Installment Sales Act;
- 12 (d) The Motor Vehicle Retail Installment Sales
 13 Act;
- 14 (e) The Interest Act;
 - (f) The Illinois Wage Assignment Act;
- 16 (g) Part 8 of Article XII of the Code of Civil
 17 Procedure; or
- 18 (h) The Consumer Fraud Act.
 - 6. An application for a license shall be accompanied by the following fees: \$50 for applicant's established place of business; \$25 for each additional place of business, if any, to which the application pertains; provided, however, that if such an application is made after June 15 of any year, the license fee shall be \$25 for applicant's established place of business plus \$12.50 for each additional place of business, if any, to which the

- application pertains. License fees shall be returnable only in the event that such application shall be denied by the Secretary of State.
 - 7. A statement that the applicant understands Chapter 1 through Chapter 5 of this Code.
 - 8. A statement that the applicant shall comply with subsection (e) of this Section.
 - (c) Any change which renders no longer accurate any information contained in any application for a license filed with the Secretary of State shall be amended within 30 days after the occurrence of such change on such form as the Secretary of State may prescribe by rule or regulation, accompanied by an amendatory fee of \$2.
 - (d) Anything in this chapter to the contrary, notwithstanding, no person shall be licensed under this Section unless such person shall maintain an established place of business as defined in this Chapter.
 - (e) The Secretary of State shall within a reasonable time after receipt thereof, examine an application submitted to him under this Section and unless he makes a determination that the application submitted to him does not conform with the requirements of this Section or that grounds exist for a denial of the application, as prescribed in Section 5-501 of this Chapter, grant the applicant an original license as applied for in writing for his established place of business and a supplemental license in writing for each additional place of

- 1 business in such form as he may prescribe by rule or regulation
- which shall include the following:
 - 1. The name of the person licensed;
 - 2. If a corporation, the name and address of its officers or if a sole proprietorship, a partnership, an unincorporated association or any similar form of business organization, the name and address of the proprietor or of each partner, member, officer, director, trustee or manager;
 - 3. A designation of the kind or kinds of business enumerated in subsection (a) of this Section to be conducted at each location;
 - 4. In the case of an original license, the established place of business of the licensee;
 - 5. In the case of a supplemental license, the established place of business of the licensee and the additional place of business to which such supplemental license pertains.
 - (f) The appropriate instrument evidencing the license or a certified copy thereof, provided by the Secretary of State shall be kept, posted, conspicuously in the established place of business of the licensee and in each additional place of business, if any, maintained by such licensee. The licensee also shall post conspicuously in the established place of business and in each additional place of business a notice which states that such business is required to be licensed by

the Secretary of State under Section 5-301, and which provides the license number of the business and the license expiration date. This notice also shall advise the consumer that any complaints as to the quality of service may be brought to the attention of the Attorney General. The information required on this notice also shall be printed conspicuously on all estimates and receipts for work by the licensee subject to this Section. The Secretary of State shall prescribe the specific format of this notice.

- (g) Except as provided in subsection (h) hereof, licenses granted under this Section shall expire by operation of law on December 31 of the calendar year for which they are granted unless sooner revoked or cancelled under the provisions of Section 5-501 of this Chapter.
- (h) Any license granted under this Section may be renewed upon application and payment of the fee required herein as in the case of an original license, provided, however, that in case an application for the renewal of an effective license is made during the month of December, such effective license shall remain in force until such application is granted or denied by the Secretary of State.
- (i) All automotive repairers and rebuilders shall, in addition to the requirements of subsections (a) through (h) of this Section, meet the following licensing requirements:
 - 1. Provide proof that the property on which first time applicants plan to do business is in compliance with local

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- zoning laws and regulations, and a listing of zoning classification;
 - 2. Provide proof that the applicant for a repairer's license complies with the proper workers' compensation rate code or classification, and listing the code of classification for that industry;
 - 3. Provide proof that the applicant for a rebuilder's license complies with the proper workers' compensation rate code or classification for the repair industry or the auto parts recycling industry and listing the code of classification;
 - 4. Provide proof that the applicant has obtained or applied for a hazardous waste generator number, and listing the actual number if available or certificate of exemption;
 - 5. Provide proof that applicant has proper liability insurance, and listing the name of the insurer and the policy number; and
 - 6. Provide proof that the applicant has obtained or applied for the proper State sales tax classification and federal identification tax number, and listing the actual numbers if available.
- 22 (i-1) All automotive repairers shall provide proof that 23 they comply with all requirements of the Automotive Collision 24 Repair Act.
- 25 (j) All automotive parts recyclers shall, in addition to 26 the requirements of subsections (a) through (h) of this

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- 1 Section, meet the following licensing requirements:
- 2 1. <u>Provide a</u> A statement that the applicant purchases 5 vehicles per year or has 5 hulks or chassis in stock;
 - 2. Provide proof that the property on which all first time applicants will do business does comply to the proper local zoning laws in existence, and a listing of zoning classifications;
 - 3. Provide proof that applicant complies with the proper workers' compensation rate code or classification, and listing the code of classification; and
- 4. Provide proof that applicant has obtained or applied for the proper State sales tax classification and federal identification tax number, and listing the actual numbers if available.
- 15 (Source: P.A. 97-832, eff. 7-20-12; 97-1150, eff. 1-25-13; revised 9-24-13.)
- 17 (625 ILCS 5/5-702) (from Ch. 95 1/2, par. 5-702)
- Sec. 5-702. No person shall engage in the business of auctioning any vehicles for which a salvage certificate is required by law except to a bidder who is an out-of-state salvage vehicle buyer or who is properly licensed as a rebuilder, repairer, automotive parts recycler, or scrap processor, as required by Section 5-301 of this Chapter.
- 24 (Source: P.A. 95-783, eff. 1-1-09.)