

## Assembly Bill No. 1534

### CHAPTER 741

An act to add Sections 241 and 241.1 to, and to add Chapter 6 (commencing with Section 11950) to Division 5 of, the Vehicle Code, relating to vehicles.

[Approved by Governor September 29, 2012. Filed with Secretary of State September 29, 2012.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1534, Wieckowski. Vehicles: dealers: used vehicle sales: labeling requirements.

Existing law regulates the accuracy of information provided to consumers during vehicle sales, including the information contained in advertising, brochures, and manuals, as specified. Existing law also requires manufacturers, as specified, to disclose certain information regarding a vehicle's engine, as specified, by affixing a label on the vehicle. A violation of these provisions is an infraction.

This bill would require a buy-here-pay-here dealer, as defined, to affix to and to prominently and conspicuously display a label on any used vehicle offered for retail sale that states the reasonable market value of the vehicle. The bill would require the label to contain specified information used to determine the vehicle's reasonable market value and the date the value was determined. The bill would require a buy-here-pay-here dealer to provide to a prospective buyer of the used vehicle a copy of any information obtained from a nationally recognized pricing guide that the buy-here-pay-here dealer used to determine the reasonable market value of the vehicle. By creating a new crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 6 (commencing with Section 11950) is added to Division 5 of the Vehicle Code, to read:

## CHAPTER 6. SALE OF USED VEHICLES

11950. (a) A buy-here-pay-here dealer shall affix a label on any used vehicle being offered for retail sale that states the reasonable market value of that vehicle. The label shall meet all of the following conditions:

- (1) Be in writing.
- (2) Be printed with a heading that reads “REASONABLE MARKET VALUE OF THIS VEHICLE” in at least 16-point bold type and text in at least 12-point type.
- (3) Be located adjacent to the window sticker identifying the equipment provided with the vehicle or, if none, it shall be located prominently and conspicuously on the vehicle so that it is readily readable.
- (4) Contain the information used to determine the reasonable market value of the vehicle, including, but not limited to, the use of a nationally recognized pricing guide for used vehicles.
- (5) Contain the date the reasonable market value was determined.
- (6) Indicate that the reasonable market value is being provided only for comparison shopping and is not the retail sale price or the advertised price of the vehicle.

(b) A buy-here-pay-here dealer shall provide to a prospective buyer of the used vehicle a copy of any information obtained from a nationally recognized pricing guide that the buy-here-pay-here dealer used to determine the reasonable market value of the vehicle.

(c) As used in this section:

(1) “Reasonable market value” means the average retail value of a used vehicle based on the condition, mileage, year, make, and model of the vehicle, as determined within the last 60 days by a nationally recognized pricing guide that provides used vehicle retail values or pricing reports to vehicle dealers or the public.

(2) “Nationally recognized pricing guide” includes, but is not limited to, the Kelley Blue Book (KBB), Edmunds, the Black Book, or the National Automobile Dealers’ Association (NADA) Guide.

SEC. 2. Section 241 is added to the Vehicle Code, to read:

241. A “buy-here-pay-here” dealer is a dealer, as defined in Section 285, who is not otherwise expressly excluded by Section 241.1, and who does all of the following:

(a) Enters into conditional sale contracts, within the meaning of subdivision (a) of Section 2981 of the Civil Code, and subject to the provisions of Chapter 2b (commencing with Section 2981) of Title 14 of Part 4 of Division 3 of the Civil Code, or lease contracts, within the meaning of Section 2985.7 of the Civil Code, and subject to the provisions of Chapter 2d (commencing with Section 2985.7) of Title 14 of Part 4 of Division 3 of the Civil Code.

(b) Assigns less than 90 percent of all unrescinded conditional sale contracts and lease contracts to unaffiliated third-party finance or leasing sources within 45 days of the consummation of those contracts.

(c) For purposes of this section, a conditional sale contract does not include a contract for the sale of a motor vehicle if all amounts owed under the contract are paid in full within 30 days.

(d) The department may promulgate regulations as necessary to implement this section.

SEC. 3. Section 241.1 is added to the Vehicle Code, to read:

241.1. The term “buy-here-pay-here” dealer does not include any of the following:

(a) A lessor who primarily leases vehicles that are two model years old or newer.

(b) A dealer that does both of the following:

(1) Certifies 100 percent of used vehicle inventory offered for sale at retail price pursuant to Section 11713.18.

(2) Maintains an onsite service and repair facility that is licensed by the Bureau of Automotive Repair and employs a minimum of five master automobile technicians that are certified by the National Institute for Automotive Service Excellence.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.