

MEMBERS PRESENT

Chairman Sena
Vice Chairman Glover
Mr. FitzPatrick
Mrs. Hayes
Mr. Prengaman
Mr. Stewart
Mrs. Westall
Mrs. Wagner
Mr. Polish

GUESTS PRESENT

See Guest List Attached

The meeting was called to order by Vice Chairman Glover at 3 p.m.

S.B. 360 - Provides for licensing and registration of experimental vehicles.

Senator Blakemore said this bill will provide for licensing and registration of experimental vehicles and will come under the jurisdiction of the Department of Motor Vehicles. He estimated there would be approximately 200 such vehicles. S.B. 360 is an attempt to develop better emission control devices and assist in fuel conservation and automobile safety.

Mr. Ciardella, Department of Motor Vehicles, stated that the Department feels this is a critical bill which could provide the necessary relief for individuals who are experimenting with vehicles in an endeavor to improve carburization, timing devices, etc. A drawing of the anticipated license plate was shown to the committee. Mr. Ciardella said the fee would be \$25 a year and the individuals would report to the Department yearly on their experiments.

Mrs. Wagner questioned the wording "The director in his discretion shall determine..." in subsection 2, line 18, page 1. Mr. Ciardella said they would have a panel of intested people who would probably assist in determining who was eligible for licensing.

Mr. John Holmes appeared in support of S.B. 360. His hobby is experimenting on automobiles and this would encourage young people in the area. Mr. Holmes described his own experiments.

Mr. Vinc Havas referred to Mrs. Wagner's question and suggested that the bill should contain a provision that a committee of individuals from the industry would determine whether a motor vehicle was experimental rather than only the Director of the Department.

Assembly Committee on.....

Date:.....April 30, 1979

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Mr. Ciardella said he would have no objection to the bill stating that the director should appoint such a committee. Mr. Glover stated that such a committee would have to serve without pay. Mrs. Wagner said if such committee was considered it should also include individuals outside the industry such as scientists or engineers. Mr. Holmes volunteered to serve on a committee without reimbursement.

A.B. 751 - Prohibits sale of certain motor vehicles by dealers unless warranty service is provided.

Mr. Daryl Capurro, Executive Director of the Nevada Franchised Auto Dealers Association, said the intent of A.B. 751 is to deal with the sale of new, or essentially new, motor vehicles in the context of providing the consumer with effective manufacturer's warranty service. He stated that this bill does not curtail, restrict or impinge upon the lawful right of licensed firms engaged in the business of long or short-term leasing, and it does not prevent those firms from selling their leased vehicles at the conclusion or before the end of the lease period.

Mr. Capurro quoted the Nevada law defining new and used vehicles. The problem that created A.B. 751 involves a lack of consumer warranty service provided by selling dealers. He said that A.B. 751 is patterned after the State of Washington law which went into effect in 1969. The Washington State Supreme Court has upheld the constitutionality of this law.

Mr. Capurro said that if the committee was interested in processing the bill there is a need for an amendment which basically involves the sales of vehicles that are manufactured by one manufacturer but the chassis is manufactured by another.

Mr. Leo Lynn, Jr., Sierra Lincoln Mercury, appeared in support of A.B. 751 and stated that a consumer problem exists because of warranty repairs of new vehicles not originally performed by a local franchised dealer. He described the operations of his agency and the problems encountered in this regard. He further explained the warranty responsibilities of a franchised dealer.

Mr. Richard Van, Owner of Reno Toyota and Western Mazda and President of Washoe County Motor Car Dealers Association, also supported A.B. 751. He told of problems arising when an out-of-state franchised dealer sells a new automobile to a non-franchised dealer in Nevada since the warranty starts on the date of that sale and the automobile may sit on the used car dealer's lot for several months which reduces the warranty time to a buyer.

Dan Flammer, a Chevrolet and Pontiac dealer, concurred with Mr. Lynn's and Mr. Van's statements. He felt that A.B. 751 would protect the consumer and the franchised dealer who has to maintain facilities to properly repair and maintain the automobiles.

Mr. Ron Dale, President of Rule-Dale Enterprises and Continental Leasing, appeared in opposition to A.B. 751. He stated that he had owned many franchises and was therefore familiar with the problems in this area. Mr. Dale said he did not understand the difference on the warranty problem of whether a car was leased or sold and asked the opposition to explain this.

Mr. Capurro stated that in a sale the title passes at some point in time to the purchaser, but in a lease situation the title is not vested with the individual who is leasing.

Mr. Dale said that franchised dealers are reimbursed for the labor performed under warranty from \$19.50 to \$29.00 an hour. He did not agree with the representation that if you didn't buy a car in Reno or locally you would not receive service. Mr. Dale expressed the opinion that the intent of A.B. 751 was not to protect the consumer but to force people to buy cars in Reno and ensure that Reno dealers have no competition.

Mr. Dick Hannigan, Hannigan, Inc. of Reno, also opposed the bill. Mr. Hannigan discussed his operations and submitted a copy of a letter from the Better Business Bureau, a paid bill from Herb Hallman Chevrolet indicating his assuming the responsibility for certain warranty service, and a statement from an architect for an automotive repair shop, all of which are attached as Exhibit A. Mr. Hannigan also believed that A.B. 751 would give the new car dealers an opportunity to improve their sales and charge the consumer more.

Mr. K. Leavitt, Leavitt Motors, Overton, Nevada, said he thought A.B. 751 must be the result of a Reno war since he had a list of 14 dealers who call and ask him for business. This bill would put him out of business.

Mr. Bill Sullivan, a used car dealer from Reno, expressed his opposition to A.B. 751. He agreed with Mr. Stewart that perhaps the factories have caused this problem. All the franchised dealers agree to do specific warranty work under their franchise and they should not complain about fulfilling this obligation.

Mr. Vinc Havas of Las Vegas said he was representing himself and definitely opposed A.B. 751. He stated that California has a law protecting the consumer which provides that the warranty does not start until it is purchased from a dealer. A copy of one of Mr. Havas' arguments is attached as Exhibit B.

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Mr. Capurro said that Mr. Havas stated that the definition of new and used cars was a DMV interpretation. He stated that this had been in litigation twice and the Nevada courts have upheld the statute and the DMV interpretation.

Mr. Capurro further said to his knowledge there is no such thing as minor work that can be done by an unauthorized service facility and not affect the warranty. Mr. Capurro made several other statements regarding the opponents' testimony and urged that the committee pass A.B. 751.

A copy of a letter from Los Gatos Datsun Volvo in opposition to the bill is attached as Exhibit C.

Previous testimony of opponents to A.B. 751 is attached as Exhibit A to the minutes of April 24, 1979.

The meeting was adjourned at 5 p.m.

Respectfully submitted,

Jane Dunne, Assembly Attache

ASSEMBLY
TRANSPORTATION COMMITTEE

219

Date: April 30, 1979

GUEST LIST

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO.
BUTCH LYNN	SIERRA LINCOLN MERCURY, INC.	<input checked="" type="checkbox"/>		AB 751
DICK VAN	RENO TOYOTA, WMCDA WESTERN MAZDA	<input checked="" type="checkbox"/>		AB 751
Bob Guinn	Nevada Motor Transport			
Daryl Capurso	" " "			
TAN FLAMMER	FLAMMER CHEV-PONTIAC			
Wade Allred	SUNLAND MOTORS L.V.			
Jerry ALLRED	SUNLAND MOTORS LAS VEGAS			
Don West	Renoldodge - Carson City (copy) Clyn			
HERB HULLOYAN	CHEVROLET - RENO	<input checked="" type="checkbox"/>		
JOHN Candellic	DMV	<input checked="" type="checkbox"/>		SB 360
JOHN HOLNESS	SELF	<input checked="" type="checkbox"/>		SB 360
Vic Plasas	Sielf.		<input checked="" type="checkbox"/>	
Jim Dale	CONTINENTAL LEASING		<input checked="" type="checkbox"/>	AB 751
MR LEAVITT	LEAVITT MOTORS INC		<input checked="" type="checkbox"/>	AB 751
Bill Sullivan	SULLIVAN & LEE LTD.		<input checked="" type="checkbox"/>	751
DICK HANNIGAN	HANNIGAN, INC RENO.		<input checked="" type="checkbox"/>	AB 751
CAROL HANNIGAN	HANNIGAN, INC RENO.		<input checked="" type="checkbox"/>	AB 751



BETTER BUSINESS BUREAU OF NORTHERN NEVADA, INC.

372 - A CASAZZA DRIVE - P. O. BOX 2932
RENO, NEVADA 89505 - PHONE 322-0657

HANNIGAN INC.

Established in Sept., 1976, came to the attention of BBB in July, 1977

Three complaints received since July 1977, all of which were
controversial.

EXHIBIT A

PAUL A. GRUPP ARCHITECT

AND ASSOCIATES

327 PYRAMID WAY SPARKS, NEVADA 89431
TELEPHONE (702) 359-3838

FOR PROFESSIONAL SERVICES RENDERED

DATE: Nov. 1 1978

JOB NO.: _____

Dick Hannigan

Plans for new automotive repair shop.....	\$14,300.00
Less retainer.....	<u>5,000.00</u>
Balance.....	\$9,300.00

Total Includes Surveyor Topo Map, Structural, Mech., and Elect. Engineering,

THIS IS A PROFESSIONAL BILL AND IS DUE AND PAYABLE UPON PRESENTATION.

INTEREST AT THE RATE OF 1½% PER MONTH WILL BE CHARGED ON PAST DUE ACCOUNTS.
THIS CHARGE IS COMPUTED AT A RATE OF 18% PER ANNUM.

EXHIBIT A

RETURN REPLACED PARTS YES NO

WE RESERVE THE RIGHT TO ACCEPT CHECKS AND CREDIT CARDS IN PAYMENT

OTHER R.O. #

13704

SHOP SUPPLIES*
A token charge equivalent to 6% of the labor charge is included for supplies used on your vehicle. Maximum charge is \$6.00. Applicable supply items are Nuts, bolts, washers, lags, pins, aerospray, shellac, solvent, rags, carburetor cleaner, towels, solder, battery cleaner, wire, window sealer, etc.

QTY.	NUMBER	DESCRIPTION	PRICE
1	1256695	Case	193.00
1	347126	gasket	9.68
1	344211	Piston	10.35
1	1250022	ring gr.	34.50
1	6261645	Carrier	69.25
5	3822386	Clutch	15.75
1	1246417	filter	5.55
1	6261657	Paul	3.60
			341.68

NAME: DANIEL SNGII
 DATE: 9-14-78
 ADDRESS: 330 16TH ST
 YEAR: 78
 CITY: SPARKS 89431
 MAKE: PU4X4
 COLOR: Brown
 HOME PHONE: 358 6477
 PHONE WHEN READY: YES NO
 BUSINESS: YES NO
 P.O. #
 INSPECTED BY
 OFFER WRITTEN BY: 258

TIME REQUIRED: 5AP A.M. P.M.
 LICENSE NO.: DANL
 TIME RECEIVED: 5:10 A.M. P.M.
 SPEEDOMETER: 7419
 CASH
 CHARGE
 INTERNAL
 OK'D BY

OPERATION	LABOR
Lubrication	
Change Oil	
Change Oil Filter Cart.	
Align Wheels	
Service Auto Trans.	
Pack Disc. <input type="checkbox"/>	
Bearings Std. <input type="checkbox"/>	
Air Cleaner	
Air Comp. Service	
Emission Control Service	
X Tires 4-6	

I hereby authorize the repair work to be done as described below with the necessary material. I FURTHER AGREE TO THE CONDITIONS, AND HAVE READ THE CONTRACT ON THE REVERSE SIDE.
 I acknowledge receipt of a copy hereof.
 FROM RO # W 13491

QTY.	DESCRIPTION	LABOR	PRICE
	INSTRUCTIONS		
	Correct ADD TRANS OIL		
	LEAKS POSS CRACKED CASE		
	Replace case / Oilhaul trans	12.0	204.00
	Equipped 4-wheel drive exhaust	30	135.00
	NOTE: VEHICLE NOT COVERED BY WARRANTY SEE RO # W 13491		
	FOR 4000 MILES OR 90 DAYS, WHICHEVER COMES FIRST		

LABOR RATE \$24.50 PER HOUR

PARTS \$ LABOR \$ TOTAL ESTIMATE \$ 750 ADD'L ESTIMATE \$
 13704 OK'D BY: PHONE: IN PERSON: DATE: TIME:

WE ARE NOT RESPONSIBLE FOR ARTICLES LEFT IN VEHICLES INCLUDING GRADIOS, STEREO TAPE PLAYERS, ETC.

SUBLET REPAIRS

QTS. OIL @	ACCT. NO.	K	COST OF QUALIFIED WHSL. SALE
LBS. GREASE @	777		
8 ATF. @	261A	8 60	WHSL. COMP. DUE
TOTAL	CUS	CUSTOMER NO.	

WE RECOMMEND THE FOLLOWING REPAIRS:

Herb Hallman Chevrolet, Inc.

PAID

ck # 1832

HERB HALLMAN CHEVROLET

P.O. BOX 7277 100 KIETZKE LANE
 RENO, NEVADA 89510
 PHONE 786-3111

DESCRIPTION	AMOUNT
LABOR MECH.	361.50
PARTS MECH.	341.68
LABOR BODY	
PARTS BODY	
REPAIRS	
GAS, OIL, GREASE	8.80
PAINT & BODY MAT'L.	
SHOP MAT.	* 6.00
SUB TOTAL	
TAX	12.45
CHARGE	
CASH	736.45

EXHIBIT A 252 COY



SALES & LEASING & QUALITY USED VEHICLES
7250 SOUTH VIRGINIA 825-4222
RENO, NEVADA 89511

RO# 13704

No 1832



A REPORT INDUSTRIAL OFFICE
Nevada National Bank
P.O. BOX 11500 - RENO, NEVADA 89510

94-15/1212

PAY

Seven Hundred Thirty-six & 45/100

DATE

9/24/78

AMOUNT

\$736.45

TO
THE
ORDER
OF

Sadman Chev

[Signature]

⑆ 1212 0015 ⑆ 210033520 ⑆

⑆0000073645⑆

VPR Rocky Mountain Bank Note

EXHIBIT A

482.132 "Used vehicle" defined. "Used vehicle" means a vehicle that has been registered with the department, or has been registered with the appropriate agency of authority of any other state, the District of Columbia, or any territory or possession of the United States or foreign state, province or country.
(Added to NRS by 1965, 1472)

File # 88333

The present procedure the used car dealer must follow to make a new car used so that he may legally sell the car as the Department of Motor Vehicles now interprets 482.132 is as follows:

Upon purchase of a new vehicle from a franchised dealer, the used car dealer must take the ownership papers of the vehicle to Department of Motor Vehicles and transfer the change of ownership two times. First by transferring the title to the used car dealer's name and secondly the dealer has to buy license plates. After following the prior steps called "Dealer Special" by The Department of Motor Vehicles, the vehicle is now considered used and the used car dealer may sell it.

NRS 482.205 specifically exempts the registration or buying license plates unless the vehicle is going to ^{be} used on the highway.

482.205 What vehicles shall be registered. Except as otherwise provided in this chapter, every owner of a motor vehicle, trailer or semi-trailer intended to be operated upon any highway in this state shall, before the same can be operated, apply to the department for and obtain the registration thereof.
[Part 6:202:1931; A 1941, 51; 1949, 511; 1953, 52]—(NRS A 1963, 1276)

When the new title is issued in the used car dealer's name, it records the change in ownership on the records of the Department of Motor Vehicles and fulfills the legislative intent.

It benefits no one for the used car dealer to also have to purchase license plates to make the new car used.

When in fact it actually hurts the consumer because the additional cost of buying plates is passed on ~~the~~ to the ultimate purchaser.

The present method being followed is forcing the used car dealer to double record the change of ownership which is burdensome on the Department of Motor Vehicles and the dealer. When the new title is issued reflecting the change of ownership, the intention of legislation has been fulfilled because it is now recorded in their Department department.

The DMV used to argue that they couldn't issue a title unless license plates had been purchased, but since the Uniform Commercial Code has been adopted by our state, we now have NRS 482.428 (2) which gives DMV the authority to issue a title without buying license plates.

482.423 Issuance of certificates of ownership to certain secured parties.

1. Whenever a security interest is created in a motor vehicle, other than a security interest required to be entered pursuant to NRS 482.423, 482.424 or 482.426, the certificate of ownership of the vehicle shall be delivered to the department with a statement signed by the debtor showing the date of the security agreement, the name and address of the debtor and the name and address of the secured party.

2. The department shall issue and deliver to the secured party a certificate of ownership with the name and address of the secured party noted thereon.

(Added to NRS by 1967, 130)

I'm sure the New Car Dealer's Association will object to this bill.

They will no doubt argue they have had problems with warranty on cars sold by the used car dealer. Whether that is true or not, it has no bearing on what we are here for today.

We are not trying to change the original legislative intent, but only to clarify the purpose and that is the used car dealer must make the new car used by showing the change of ownership and having it recorded with DMV. The title performs this requirement without buying plates.

The public still has the same protection they did before. They can call DMV and find out the vehicle has in fact been sold once before, and is therefore no longer considered new.

Secondly, the public is protected in that when the vehicle is purchased it is marked used right on the report of sale that is given to the customer at the time of sale.

STATE OF NEVADA
DEPARTMENT OF MOTOR VEHICLES—REGISTRATION DIVISION
Carson City, Nevada 89701

DEALER'S REPORT OF SALE

(All Reports of Sale Must Be Printed or Typewritten)

RECEIVED

Full Sale Price..... DEC 4 1975
Date of Sale..... 11-7-75 REG. DIV. A 92607
Year 76 Make Ford Body Type PU
Model No. 48 Model Name Ranchero Cyls. 8 No. of Rotors 8
Vehicle Identification Number 6A48A 112059
Odometer Reading 11 GVW 4920 Truck Axles 1
County vehicle will be based in Clark R.V.

Sold to: (1).....
Must Check or One and (2) AAA Leasing

Residence address 3800 Boulder Hwy
City LAS VEGAS State NEV Zip

LEGAL OWNER SAME

Address.....
City..... State..... Zip.....

DEALER'S NAME FRIENDLY FORD DEALER'S NO. 6372
Address 666 DECATUR City LV

IMPORTANT—Check Type of Sale— NEW* USED

*If new vehicle, are you franchised for this make?

YES NO

Authorized representative signature *Barner*

EXHIBIT B

For whose benefit is it that the used car dealer is being required to buy license plates? It is unnecessary and in direct conflict with

NRS 482.205

482.265 What vehicles shall be registered. Except as otherwise provided in this chapter, every owner of a motor vehicle, trailer or semi-trailer intended to be operated upon any highway in this state shall, before the same can be operated, apply to the department for and obtain the registration thereof.

[Part 6:202:1931; A 1941, 51; 1949, 511; 1953, 52]—(NRS A 1963: 1276)

The issuance of the title records the change of ownership, accomplishing the Legislative scheme as originally intended by the legislature, and prevents the fraud on the public.

If the new car dealers are sincere about these warranty problems, they allege and it is not a smoke screen to stop the used car dealer from selling current-year model vehicles, they could introduce a bill to the legislature making it a misdemeanor to sell a used car as new, or something along that line.

482.132 "Used vehicle" defined. "Used vehicle" means a vehicle that has been registered with the department, or has been registered with the appropriate agency of authority of any other state, the District of Columbia, or any territory or possession of the United States or foreign state, province or country.
(Added to NRS by 1965, 1472)

482.076 "New vehicle" defined. "New vehicle" means a vehicle that has never been registered with the department, and has never been registered with the appropriate agency of authority of any other state, the District of Columbia, any territory or possession of the United States or foreign state, province or country.
(Added to NRS by 1965, 1471)

482.205 What vehicles shall be registered. Except as otherwise provided in this chapter, every owner of a motor vehicle, trailer or semi-trailer intended to be operated upon any highway in this state shall, before the same can be operated, apply to the department for and obtain the registration thereof.
(Part 6:202:1931; A 1941, 51; 1949, 511; 1953, 52]—(NRS A 1963, 1276)

482.297 Registration of dealership vehicles held for sale, resale; certificates of ownership; fees. Notwithstanding any other provisions of this chapter, any vehicle dealer licensed under the provisions of NRS 482.325 may, upon presentation of a manufacturer's certificate of origin or other evidence of ownership satisfactory to the department, register a vehicle being held for sale or resale in the name of his dealership. Upon registration the department shall also issue a certificate of ownership for such vehicle to such dealership. The appropriate fees provided in NRS 482.429 and 482.480 shall be paid to the department by the vehicle dealer.
(Added to NRS by 1965, 1478; A 1967, 131)

482.428 Issuance of certificates of ownership to certain secured parties.

1. Whenever a security interest is created in a motor vehicle, other than a security interest required to be entered pursuant to NRS 482.423, 482.424 or 482.426, the certificate of ownership of the vehicle shall be delivered to the department with a statement signed by the debtor showing the date of the security agreement, the name and address of the debtor and the name and address of the secured party.

2. The department shall issue and deliver to the secured party a certificate of ownership with the name and address of the secured party noted thereon.

(Added to NRS by 1967, 130)

EXHIBIT B

STATE OF NEVADA
DEPARTMENT OF MOTOR VEHICLES—REGISTRATION DIVISION
Carson City, Nevada 89701

DEALER'S REPORT OF SALE
(All Reports of Sale Must Be Printed or Typewritten)

RECEIVED

Full Sale Price _____ DEC 4 1975
Date of Sale 11-7-75 REG. DIV. A 92607
Year 76 Make Ford Body Type PU
Model No. 48 Model Name Pinchic No. of Rotors 8
Vehicle Identification Number 6A48A 112059
Odometer Reading 11 GVW 1920 Truck Axles 1
County vehicle will be based in Clark R.V.

Sold to: (1) _____
Must or
Check or
One and (2) AAA Leasing
Residence address 3800 Boulder Hwy
City LAS VEGAS State NEV Zip _____

LEGAL OWNER SAME
Address _____
City _____ State _____ Zip _____

DEALER'S NAME FRIENDLY FORD DEALER'S NO. 6372
Address 660 DECATUR City LV

IMPORTANT—Check Type of Sale— NEW USED
*If new vehicle, are you franchised for this make?
 YES NO

Authorized representative signature *[Signature]*

NEV Chapter 483 requires selling dealer to submit this copy to the
Registration Division, Carson City, Nevada 89701.

RD-102 (Rev. 9-74)

EXHIBIT B

LOS GATOS DATSUN VOLVO

April 26, 1979

To The Committee Of Transportation:

Concerning A.S. 751

As a franchised new car dealer we have submitted this letter in opposition to Assembly Bill 751. As many of the Nevada Independent Dealers and Leasing Companies buy from us we feel it necessary to express our opinion. A similar bill was defeated in California trying to squeeze out the independent companies in this manner.

There has never been a warranty problem or expense from the Independent Dealers. The factory re-imburses us for authorized repairs and any other expense not covered is at the discretion of the dealership. The factories would doubtfully give authorization for factory warranty to a non franchised dealer.

It is our opinion, that to approve such a bill would prohibit the consumer from shopping a fair price and forcing him to buy from a Franchise that would then be allowed to charge any amount as the only game in town. It would also hurt the business of all New Car Dealers who enjoy the fleet business provided by the purchases of the independent dealers.

Respectfully,

Don B McClure

Fleet Manager

AS/DBM

EXHIBIT C