

ASSEMBLY BILL NO. 2—COMMITTEE OF THE WHOLE

PREFILED SEPTEMBER 9, 2014

Referred to Committee of the Whole

SUMMARY—Exempts certain manufacturers of electric passenger cars from the statutory requirements relating to franchises for the sale of new vehicles and repairs or maintenance on motor vehicles. (BDR 43-10)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to commerce; exempting certain manufacturers of electric passenger cars from the requirements relating to franchises for the sale of motor vehicles and repairs or maintenance on motor vehicles owned by private persons; requiring the exempted manufacturers to be licensed and regulated as new vehicle dealers; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law generally requires a manufacturer of new vehicles that wishes to  
2 sell its vehicles in this State to establish a franchise with a new vehicle dealer for  
3 the sale of those vehicles. (NRS 482.078, 482.36385) Existing law also restricts a  
4 manufacturer’s ownership or operation of a facility for the repair or maintenance of  
5 vehicles. (NRS 482.36387) **Section 1** of this bill exempts a manufacturer of new  
6 vehicles from these franchise and repair provisions if the manufacturer: (1) only  
7 manufactures passenger cars that are powered solely by one or more electric  
8 motors; (2) only sells at retail new or new and used passenger cars that it  
9 manufactures; and (3) was selling such passenger cars at retail in this State on or  
10 before January 1, 2016. For the purposes of these provisions, the term “passenger  
11 car” is defined by existing law to mean a motor vehicle designed for carrying 10  
12 persons or less, except a motorcycle or motor-driven cycle. (NRS 482.087)

13 Existing law provides for the licensure and regulation of “new vehicle dealers,”  
14 defined as a person who is licensed “as a new vehicle dealer who has a franchise  
15 from a manufacturer of vehicles to sell new vehicles and who acquires new or new  
16 and used vehicles for resale.” (NRS 482.078) **Section 2** of this bill adds  
17 manufacturers who are exempt pursuant to **section 1** from the franchise and repairs  
18 or maintenance provisions to the definition of “new vehicle dealer” so that such



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19 manufacturers are regulated and licensed in the same manner as other new vehicle  
20 dealers. **Sections 3-7** of this bill make conforming changes.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     **Section 1.** Chapter 482 of NRS is hereby amended by adding  
2 thereto a new section to read as follows:

3     *A manufacturer is not subject to the provisions of NRS*  
4 *482.36311 to 482.36425, inclusive, if the manufacturer:*

5     1. *Only manufactures passenger cars powered solely by one*  
6 *or more electric motors;*

7     2. *Only sells at retail new or new and used passenger cars*  
8 *that it manufactures; and*

9     3. *Was selling such passenger cars at retail in this State on or*  
10 *before January 1, 2016.*

11     **Sec. 2.** NRS 482.078 is hereby amended to read as follows:

12     482.078 “New vehicle dealer” means any ~~vehicle~~ :

13     1. *Vehicle* dealer licensed under the provisions of this chapter  
14 as a new vehicle dealer who has a franchise from a manufacturer of  
15 vehicles to sell new vehicles and who acquires new or new and used  
16 vehicles for resale ~~H~~; or

17     2. *Manufacturer described in section 1 of this act that is*  
18 *licensed under the provisions of this chapter as a new vehicle*  
19 *dealer.*

20     **Sec. 3.** NRS 482.322 is hereby amended to read as follows:

21     482.322 1. Except as otherwise provided in subsection 2 and  
22 NRS 482.3225, a person shall not engage in the activities of a new  
23 vehicle dealer, used vehicle dealer, manufacturer, distributor or  
24 rebuilder in this State until the person has been issued:

25     (a) A new vehicle dealer’s, used vehicle dealer’s,  
26 manufacturer’s, distributor’s, rebuilder’s or lessor’s license  
27 certificate or similar license or permit by every city within whose  
28 corporate limits the person maintains an established place of  
29 business and by every county in which the person maintains an  
30 established place of business outside the corporate limits of a city;  
31 and

32     (b) A license by the Department. The Department shall not issue  
33 a license to the person until he or she has been issued all certificates,  
34 licenses and permits required by paragraph (a).

35     2. ~~H~~ *Except for a manufacturer described in subsection 2 of*  
36 *NRS 482.078, a* person licensed as a dealer pursuant to this chapter  
37 shall not engage in the activities of a new vehicle dealer until he or  
38 she has provided the Department with satisfactory proof that the



\* A B 2 R 1 \*

1 person is authorized by a manufacturer to display and offer for sale  
2 vehicles produced or distributed by that manufacturer.

3 3. A vehicle dealer's, manufacturer's or rebuilder's license  
4 issued pursuant to this chapter does not permit a person to engage in  
5 the business of a new or used mobile home dealer, manufacturer or  
6 rebuilder.

7 4. The Department shall investigate any applicant for a  
8 dealer's, manufacturer's, distributor's, rebuilder's or lessor's license  
9 certificate or license and complete an investigation report on a form  
10 provided by the Department.

11 5. A person who violates subsection 1 or 2 is guilty of:

12 (a) For a first offense, a misdemeanor.

13 (b) For a second offense, a gross misdemeanor.

14 (c) For a third and any subsequent offense, a category D felony  
15 and shall be punished as provided in NRS 193.130.

16 **Sec. 4.** NRS 482.350 is hereby amended to read as follows:

17 482.350 1. *Except for a manufacturer described in*  
18 *subsection 2 of NRS 482.078:*

19 (a) A new vehicle dealer's license shall not be furnished to any  
20 dealer in new vehicles, trailers or semitrailers unless the dealer first  
21 furnishes the Department an instrument executed by or on behalf of  
22 the manufacturer certifying that the dealer is an authorized  
23 franchised dealer for the make or makes of vehicle concerned.

24 (b) New vehicle dealers are authorized to sell at retail only those  
25 new vehicles for which they are certified as franchised dealers by  
26 the manufacturer.

27 2. In addition to selling used vehicles, a used vehicle dealer  
28 may:

29 (a) Sell at wholesale a new vehicle taken in trade or acquired as  
30 a result of a sales contract to a new vehicle dealer who is licensed  
31 and authorized to sell that make of vehicle;

32 (b) Sell at wholesale a new vehicle through a wholesale vehicle  
33 auction provided that the wholesale vehicle auctioneer:

34 (1) Does not take an ownership interest in the vehicle; and

35 (2) Auctions the vehicle to a vehicle dealer who is licensed  
36 and authorized to sell that make of vehicle or to an automobile  
37 wrecker who is licensed in this State or any other state; or

38 (c) Sell a new vehicle on consignment from a person not  
39 licensed as a vehicle dealer, rebuilder or a long-term or short-term  
40 lessor.

41 **Sec. 5.** NRS 482.36311 is hereby amended to read as follows:

42 482.36311 As used in NRS 482.36311 to 482.36425, inclusive,  
43 *and section 1 of this act*, unless the context otherwise requires, the  
44 words and terms defined in NRS 482.36318 to 482.36348, inclusive,  
45 have the meanings ascribed to them in those sections.



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1       **Sec. 6.** NRS 482.36423 is hereby amended to read as follows:

2       482.36423 1. Whenever it appears that a person has violated,  
3 is violating or is threatening to violate any provision of NRS  
4 482.36311 to 482.36425, inclusive, *and section 1 of this act*, any  
5 person aggrieved thereby may apply to the district court in the  
6 county where the defendant resides, or in the county where the  
7 violation or threat of violation occurs, for injunctive relief to restrain  
8 the person from continuing the violation or threat of violation.

9       2. In addition to any other judicial relief, any dealer or person  
10 who assumes the operation of a franchise pursuant to NRS  
11 482.36396 to 482.36414, inclusive, who is injured in his or her  
12 business or property by reason of a violation of NRS 482.36311 to  
13 482.36425, inclusive, *and section 1 of this act* may bring an action  
14 in the district court in which the dealership is located, and may  
15 recover three times the pecuniary loss sustained by the dealer or  
16 person, and the cost of suit, including a reasonable attorney's fee.  
17 The amount of pecuniary loss sustained by a dealer, pursuant to  
18 subsection 7 of NRS 482.3638, is the fair market value of the  
19 franchised dealership at the time of notification of termination,  
20 refusal to continue or unilateral modification of a franchise.

21       3. Any artificial person created and existing under the laws of  
22 any other state, territory, foreign government or the government of  
23 the United States, or any person residing outside the State, who  
24 grants a franchise to any dealer in this State may be served with any  
25 legal process in any action for injunctive relief or civil damages in  
26 the following manner:

27       (a) By delivering a copy of the process to the Director; and

28       (b) By mailing to the last known address of the manufacturer or  
29 distributor, by certified mail, return receipt requested, a copy of the  
30 summons and a copy of the complaint, together with copies of any  
31 petition or order for injunctive relief.

32       4. The defendant has 30 days, exclusive of the day of service,  
33 within which to answer or plead.

34       5. The method of service provided in this section is cumulative  
35 and may be utilized with, after or independently of all other methods  
36 of service.

37       **Sec. 7.** NRS 482.36425 is hereby amended to read as follows:

38       482.36425 1. Any manufacturer or distributor who willfully  
39 violates any provision of NRS 482.36311 to 482.36425, inclusive,  
40 *and section 1 of this act* is subject to a civil penalty of not less than  
41 \$50 nor more than \$1,000 for each day of violation and for each act  
42 of violation. All civil penalties recovered must be paid to the State  
43 of Nevada.

44       2. Whenever it appears that a manufacturer or distributor has  
45 violated, is violating or is threatening to violate any provision of



1 NRS 482.36311 to 482.36425, inclusive, *and section 1 of this act,*  
2 the Attorney General may institute a civil suit in any district court of  
3 this State for injunctive relief to restrain the violation or threat of  
4 violation or, if the violation or threat is willful, for the assessment  
5 and recovery of the civil penalty, or both.

6 **Sec. 8.** This act becomes effective upon passage and approval.

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