

HOUSE BILL No. 2505

By Representative Fairchild

1-16

1 AN ACT concerning motor vehicles; relating to the vehicle dealers and
2 manufacturers licensing act; permitting vehicle dealers to sell vehicles
3 on consignment contracts under certain conditions; providing
4 definitions therefor.

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6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. (a) A vehicle dealer may possess and offer for sale a
8 vehicle without having a duly or regularly assigned certificate of title or
9 title reassignment form in the vehicle dealer's possession if the dealer
10 possesses the following:

11 (1) A consignment contract or dealer acquisition contract;
12 (2) the most recent registration for the vehicle; and
13 (3) a statement by the lienholder disclosing all unreleased liens, if
14 applicable.

15 (b) A vehicle dealer may complete the sale of a vehicle offered for
16 sale pursuant to subsection (a) when the dealer possesses verification that
17 all liens on the vehicle have been satisfied by the dealer or assumed by the
18 purchaser.

19 (c) A vehicle dealer may offer for sale or sell a vehicle without
20 having a duly or regularly assigned certificate of title in the dealer's
21 possession if the dealer possesses a complete photocopy of the duly or
22 regularly assigned certificate of title and the original certificate of title has
23 been delivered to a financial institution or a subsidiary of the financial
24 institution pursuant to an inventory financing agreement.

25 (d) A vehicle dealer who offers a vehicle for sale on consignment
26 shall inform a prospective buyer that the vehicle is on consignment to the
27 dealer.

28 (e) This section shall not authorize the consignment of motor vehicles
29 from one licensee to another licensee.

30 (f) The director shall adopt rules and regulations to implement the
31 provisions of this section, including the form and content of consignment
32 contracts and dealer acquisition contracts.

33 (g) For purposes of this section:

34 (1) "Consignment contract" means an agreement executed by both the
35 owner of a vehicle and a licensed vehicle dealer where the vehicle is
36 delivered to the vehicle dealer to sell for the owner.

1 (2) "Dealer acquisition contract" means an agreement that:

2 (A) Is executed by both the owner of a vehicle and a licensed vehicle
3 dealer and such vehicle's certificate of title is in possession of a lienholder
4 in accordance with the laws of this state or another state; and

5 (B) transfers ownership of the vehicle described in the agreement to a
6 licensed vehicle dealer from a person other than a first or second stage
7 manufacturer, distributor, franchisor or vehicle dealer.

8 (3) "Inventory financing agreement" means an agreement in which a
9 dealer grants a security interest to a financial institution pursuant to article
10 9 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto.

11 (h) The provisions of this section shall be a part of and supplemental
12 to the vehicle dealers and manufacturers licensing act.

13 Sec. 2. This act shall take effect and be in force from and after its
14 publication in the statute book.