



Reprinted
March 29, 2019

ENGROSSED HOUSE BILL No. 1237

DIGEST OF HB 1237 (Updated March 28, 2019 2:44 pm - DI 132)

Citations Affected: IC 9-13; IC 9-32.

Synopsis: Subscription auto sales. Extends the subscription program prohibition to May 1, 2020. Provides that effective July 1, 2013, a document preparation fee in excess of \$200 is an unfair practice. Specifies certain disclosure requirements concerning document preparation fees. Makes conforming amendments.

Effective: Upon passage; July 1, 2013 (retroactive).

Soliday

(SENATE SPONSORS — FREEMAN, HOUCHIN)

January 10, 2019, read first time and referred to Committee on Roads and Transportation.
February 14, 2019, amended, reported — Do Pass.
February 18, 2019, read second time, ordered engrossed. Engrossed.
February 19, 2019, read third time, passed. Yeas 95, nays 0.

SENATE ACTION

March 4, 2019, read first time and referred to Committee on Homeland Security and Transportation.
March 26, 2019, amended, reported favorably — Do Pass.
March 28, 2019, read second time, amended, ordered engrossed.

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First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1237

A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 9-13-2-45.8 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2013 (RETROACTIVE)]: **Sec. 45.8. "Document preparation fee"**
4 **has the meaning set forth in IC 9-32-2-11.2.**

5 SECTION 2. IC 9-32-2-11.2 IS ADDED TO THE INDIANA CODE
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
7 1, 2013 (RETROACTIVE)]: **Sec. 11.2. "Document preparation fee"**
8 **means any fee charged by a dealership concerning the sale of a**
9 **motor vehicle, regardless of designation, and that includes costs**
10 **incurred by the dealership for the preparation of documents**
11 **concerning the sale of motor vehicle. The term does not include a**
12 **fee imposed by a financial institution for the purpose of extending**
13 **credit for the purchase of a vehicle.**

14 SECTION 3. IC 9-32-11-20, AS AMENDED BY P.L.112-2018,
15 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 UPON PASSAGE]: Sec. 20. (a) This section does not apply to:

17 (1) a manufacturer of a trailer or semitrailer; or

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1 (2) a manufacturer that produces fewer than one thousand (1,000)
2 units per year.

3 (b) Except as provided in subsection (c), a manufacturer or
4 distributor may not engage in sales directly to the general public in
5 Indiana.

6 (c) A manufacturer or distributor may engage in sales directly to the
7 general public in Indiana only if:

8 (1) the manufacturer or distributor was granted an initial license
9 to sell new motor vehicles before July 1, 2015; and

10 (2) the manufacturer or distributor establishes at least one (1)
11 physical location in Indiana that is a warranty repair service
12 center before January 1, 2018.

13 (d) A manufacturer or distributor described in subsection (c) must
14 stop engaging in sales directly to the general public in Indiana if the
15 manufacturer or distributor sells, transfers, or conveys a majority
16 interest in the manufacturer or distributor to another person that is
17 required to be licensed under this chapter.

18 (e) For purposes of this subsection, ~~"vehicle right of use~~
19 ~~"subscription program"~~ means a subscription service that, for a
20 recurring fee and for a limited period of time, allows a participating
21 person exclusive use of a motor vehicle owned by an entity that
22 controls or contracts with the subscription service. The term does not
23 include leases, short term motor vehicle rentals, or services that allow
24 short term sharing of a motor vehicle. ~~Vehicle right of use~~ Subscription
25 programs are prohibited in Indiana. This subsection expires on May 1,
26 ~~2019.~~ **2020.**

27 SECTION 4. IC 9-32-13-7, AS ADDED BY P.L.92-2013,
28 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2013 (RETROACTIVE)]: Sec. 7. **(a) Except as provided in**
30 **subsection (b), it is an unfair practice for a dealer to require a**
31 **purchaser of a motor vehicle as a condition of the sale and delivery of**
32 **the motor vehicle to pay a document preparation fee, unless the fee:**
33 **charge a document preparation fee in excess of two hundred**
34 **dollars (\$200). A document preparation fee under this section must**
35 **be:**

36 (1) ~~reflects expenses actually incurred for the preparation of~~
37 ~~documents;~~

38 (2) ~~was affirmatively disclosed by the dealer;~~

39 (3) ~~was negotiated by the dealer and the purchaser;~~

40 (4) ~~is not for the preparation, handling, or service of documents~~
41 ~~that are incidental to the extension of credit; and~~

42 (5) ~~is set forth on a buyer's order or similar agreement by a means~~



1 other than preprinting;
2 **(1) included in the advertised sale price of a vehicle; and**
3 **(2) affirmatively disclosed:**
4 **(A) in writing by the dealer during negotiations for the sale**
5 **of a vehicle to a potential purchaser that states the dollar**
6 **amount of the document preparation fee to be charged;**
7 **and**
8 **(B) as a separate line item on the purchaser's bill of sale or**
9 **other purchase contract.**
10 **(b) A document preparation fee under this section may be**
11 **adjusted annually by a percentage equal to the annual percentage**
12 **change in the Consumer Price Index, as published by the United**
13 **States Bureau of Labor Statistics.**
14 SECTION 5. An emergency is declared for this act.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Roads and Transportation, to which was referred House Bill 1237, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 12.

Page 2, line 24, after "Indiana." insert " **A vehicle manufacturer or distributor may not use or enter into a subscription program.**"

Page 2, line 24, reset in roman "This subsection expires on May 1,".

Page 2, line 25, delete "A vehicle manufacturer or distributor may not use or enter" insert "**2020.**"

Page 2, delete line 26

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1237 as introduced.)

SULLIVAN

Committee Vote: yeas 12, nays 0.

 COMMITTEE REPORT

Madam President: The Senate Committee on Homeland Security and Transportation, to which was referred House Bill No. 1237, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 12, delete "A vehicle manufacturer or".

Page 2, line 13, delete "distributor may not use or enter into a subscription program."

Page 2, between lines 14 and 15, begin a new paragraph and insert:

"SECTION 2. IC 9-32-13-7, AS ADDED BY P.L.92-2013, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013 (RETROACTIVE)]: Sec. 7. It is an unfair practice for a dealer to require a purchaser of a motor vehicle as a condition of the sale and delivery of the motor vehicle to pay a document preparation fee **in excess of two hundred dollars (\$200)**, unless the fee:

(1) reflects expenses actually incurred for the preparation of documents;

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- (2) was affirmatively disclosed by the dealer;
- (3) was negotiated by the dealer and the purchaser;
- (4) is not for the preparation, handling, or service of documents that are incidental to the extension of credit; and
- (5) is set forth on a buyer's order or similar agreement by a means other than preprinting."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1237 as printed February 15, 2019.)

CRIDER, Chairperson

Committee Vote: Yeas 7, Nays 1.

SENATE MOTION

Madam President: I move that Engrossed House Bill 1237 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 9-13-2-45.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013 (RETROACTIVE)]: **Sec. 45.8. "Document preparation fee" has the meaning set forth in IC 9-32-2-11.2.**

SECTION 2. IC 9-32-2-11.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013 (RETROACTIVE)]: **Sec. 11.2. "Document preparation fee" means any fee charged by a dealership concerning the sale of a motor vehicle, regardless of designation, and that includes costs incurred by the dealership for the preparation of documents concerning the sale of motor vehicle. The term does not include a fee imposed by a financial institution for the purpose of extending credit for the purchase of a vehicle."**

Page 2, delete lines 14 through 27, begin a new paragraph and insert:

"SECTION 4. IC 9-32-13-7, AS ADDED BY P.L.92-2013, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2013 (RETROACTIVE)]: **Sec. 7. (a) Except as provided in subsection (b), it is an unfair practice for a dealer to require a**

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purchaser of a motor vehicle as a condition of the sale and delivery of the motor vehicle to pay a document preparation fee; unless the fee: **charge a document preparation fee in excess of two hundred dollars (\$200). A document preparation fee under this section must be:**

- (1) reflects expenses actually incurred for the preparation of documents;
- (2) was affirmatively disclosed by the dealer;
- (3) was negotiated by the dealer and the purchaser;
- (4) is not for the preparation, handling, or service of documents that are incidental to the extension of credit; and
- (5) is set forth on a buyer's order or similar agreement by a means other than preprinting.

(1) included in the advertised sale price of a vehicle; and

(2) affirmatively disclosed:

(A) in writing by the dealer during negotiations for the sale of a vehicle to a potential purchaser that states the dollar amount of the document preparation fee to be charged; and

(B) as a separate line item on the purchaser's bill of sale or other purchase contract.

(b) A document preparation fee under this section may be adjusted annually by a percentage equal to the annual percentage change in the Consumer Price Index, as published by the United States Bureau of Labor Statistics."

Renumber all SECTIONS consecutively.

(Reference is to EHB 1237 as printed March 27, 2019.)

FREEMAN

