



Department of the Secretary of State Bureau of Motor Vehicles

Shenna Bellows
Secretary of State

Catherine Curtis
Deputy Secretary of State

JOINT STANDING COMMITTEE ON INNOVATION, DEVELOPMENT ECONOMIC ADVANCEMENT AND BUSINESS

L.D. 1806 “An Act to Require Online Used Car Dealers to Be Licensed”

Shenna Bellows, Secretary of State, Department of the Secretary of State

Senator Curry, Representative Roberts, and Members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business, my name is Shenna Bellows and I am the Secretary of State and chief motor vehicle officer. I am speaking today in opposition to L.D. 1806 because we believe this bill is duplicative of the work this committee has already sanctioned under L.D. 203, which became a “Resolve, to Create a Working Group to Study Motor Vehicle Dealer Display Area and Licensing Requirements.”

To start, I would like to provide this committee with some background information. Within the Bureau of Motor Vehicles (BMV) are seven divisions including the Division of Enforcement, Anti-Theft, & Regulations Division. This division provides law enforcement investigations for the Bureau and oversee the regulatory compliance for new and used automobile dealers, equipment, trailer and motorcycle dealers, vehicle auctions and recyclers.

In recent years there has been an ever-increasing market for consumers to purchase vehicles from companies advertising vehicles for sale online. This method of purchase offers the advantage of viewing and purchasing vehicles without physically going to a vehicle dealership. This method of purchase is more convenient and more desirable for many consumers.

However, online dealer platforms can create various challenges that impact Maine customers such as ownership documentation, disclosure of vehicle history, various warranty and repair issues, and difficulty contacting the seller to obtain assistance. Often consumers purchasing vehicles online are uncertain who to contact in what state, to seek assistance with issues or complaints related to online vehicle sale.

The BMV has received complaints from Maine consumers seeking assistance with online sales transactions that have gone wrong. Detectives face numerous legal issues with enforcing online purchases that occur outside their jurisdiction. Many of the consumer complaints are referred to agencies outside the State that have jurisdiction over the sale, which may not be in the best interest of the Maine-based complainant.

In addition to the issues regarding consumer protections, allowing online dealers to do business in the State without a license creates an unfair advantage to the dealers that are licensed and doing business in accordance with the established laws, rules, and regulations. Licensed dealers pay annual fees, maintain current insurance and bonds, and are subject to regulatory inspections of their facilities to ensure compliance. The laws and rules have not kept up-to-date with the emerging online vehicle sales business models.

While there is a demand from the public to allow online purchases to continue, the Bureau remains resolute in our aim to safeguard consumer purchases through the licensure of online dealers and hold them to consumer protection and license standards.

Numerous challenges have been considered by the Bureau in considering the best method of licensing online dealer businesses. The Bureau wants to commend the sponsor for their hard work in attempting to create a legal framework to guide licensing and regulating of online dealer businesses.

This committee recently voted to amend and pass L.D. 203 - which became a "Resolve, to Create a Working Group to Study Motor Vehicle Dealer Display Area and Licensing Requirements." As you are all aware, this resolve directs the Department of the Secretary of State, Bureau of Motor Vehicles to convene a working group to study issues related to laws and rules regulating motor vehicle dealer display areas and licensing requirements, among other issues.

Regulating online sales is complicated and there are many factors to consider, such as interstate commerce, federal advertising regulations, identifying where a vehicle sale actually takes place, the advancement of technology, and the need for investigators to examine documents. We need to be sure all issues are addressed and all stakeholders have a voice in the process. Therefore, we believe the working group required by L.D. 203 is the right approach to tackle these emerging issues.

This concludes my testimony. I thank you and would be happy to answer any questions that the committee may have.