



## Department of the Secretary of State Bureau of Motor Vehicles

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### JOINT STANDING COMMITTEE ON TRANSPORTATION

#### L.D. 2179 "An Act to Amend Certain Motor Vehicle Laws."

Testimony of Shenna Bellows, Secretary of State

February 24, 2026

Senator Nangle, Representative Crafts, and Distinguished Members of the Joint Standing Committee on Transportation, I am Secretary of State Shenna Bellows. I am providing testimony in support of L.D. 1279 "An Act to Amend Certain Motor Vehicle Laws," which is the department's omnibus bill.

I want to begin by expressing my appreciation to Senator Nangle for sponsoring this bill. As you know, we are guiding the Bureau of Motor Vehicles through a broad modernization effort. This legislation strengthens that work by providing flexibility in how license plates may be manufactured and by responding to customer needs by regulating online vehicle sales.

**Section 1** of this bill eliminates the statutory requirement in Title 29-A that license plates be produced at the Bolduc Correctional Facility. The existing Plate Shop faces operational deficiencies, including obsolete and unreliable equipment, a facility that requires remediation to ensure workplace safety, and a program structure that is no longer aligned with modern manufacturing standards. The Secretary of State and the Department of Corrections jointly recommend repealing this mandate, which would provide us flexibility to produce plates elsewhere if the plate shop has interruptions in their ability to manufacture plates. This is important to ensure business continuity as we assess the choice between making capital improvements to the Plate Shop building and machinery at Bolduc or beginning the process of closing it and moving to a contracted model over the next couple of years.

**Sections 2** modernizes the statutory definition of "engaged in the business" to ensure Maine's dealer licensing laws reflect contemporary sales practices and adequately protect consumers. Current law focuses on direct sales and advertising, leaving gaps that can be exploited through intermediary arrangements, off-site sales, or alternative transfer methods. This language clarifies that all forms of acquiring vehicles or equipment for resale are covered, extends regulation to sales occurring in any location, and explicitly includes agents, brokers, and consignment-based transactions. This revised definition aligns statutory language with current industry practices, promotes fair competition among licensed dealers, and reinforces the integrity of the state's vehicle sales regulatory system.

**Section 3** clarifies that engaging in the buying or selling of equipment falls within the scope of conduct that requires a dealer license.

**Section 4** clarifies that financial institutions are exempt from dealer licensing requirements when repossessing vehicles or equipment.

We propose striking the amendment in **Section 5**. Upon further review, we have determined that a revision to this section is unnecessary.

**Section 6** establishes a pilot project to license vehicle dealers that sell vehicles exclusively online to Maine residents. Online transactions are popular but today there is very little state regulatory oversight, which can result in reduced consumer protections. This proposed language was developed by a working group representing BMV, State Police, the Attorney General's office, an online dealer, the new car dealers association, the automobile recyclers industry, and the used car dealer industry.

The proposed two-year pilot program would establish a structured framework for Maine to test how online-only motor vehicle dealers can be responsibly licensed and monitored, to ensure the State's longstanding consumer protection standards remain fully intact.

By using a pilot approach, Maine can evaluate how inspection, disclosure, warranty, and recordkeeping requirements should apply to online transactions in a way that is both enforceable and workable for businesses that do not maintain a traditional physical presence in the state. The pilot creates a controlled environment to identify risks, assess compliance challenges, and refine enforcement mechanisms before any permanent statutory or regulatory changes are considered.

Under the program, participating dealers would operate under modified licensing, inspection, disclosure, and service obligations tailored to remote transactions, while still upholding the core requirements of Maine's motor vehicle laws. This structure allows the State to test the practicality and enforceability of an online dealer license without compromising consumer protections. The bill also authorizes the Secretary of State to adopt routine technical rules to support the pilot.

The following key components of the pilot are described in the bill:

- **Eligibility:** Applicants must be established as new or used vehicle dealers, organized as corporations or business entities in good standing, with multijurisdictional operations and minimum annual sales volume.
- **Online-only operations:** Dealers may operate without a traditional display area or in-person sales capability.
- **Maine-based compliance infrastructure:** Dealers must designate a Maine-based inspection partner or facility, a registered agent for service of process, and provide direct consumer support contact information.
- **Application requirements:** Applications must include a \$350,000 bond, liability insurance, and compliance with background check requirements. The online dealers will be provided with 30-day temporary plates to be issued only for sales in Maine.
- **Inspection standards:** Online dealers are exempt from in-person display-area inspection requirements. However, all vehicles intended for sale in Maine must meet Maine inspection standards before delivery, and only inspected vehicles may be sold to Maine residents. Reconstructed or unsafe vehicles are strictly prohibited.
- **Digital disclosures:** Dealers must provide digital disclosures of each vehicle's history, defects, and prior use. All used vehicles must display a valid Maine inspection sticker upon delivery issued within 60 days of sale.

- **Transparency and enforcement:** Dealers must make contact information readily available to both BMV and consumers. The pilot includes mechanisms for enforcement.
- **Evaluation and sunset:** The Secretary of State must submit an interim evaluation of the pilot to the Transportation Committee in January 2028. The pilot program sunsets at the end of December 2028.

In conclusion, this pilot program offers a structured, controlled model to assess the effectiveness, risks, and enforceability of an online dealer license before any permanent statutory changes are enacted. It is designed to maintain consumer protection, support enforcement mechanisms, and ensure fairness between traditional and online dealer business models. This initiative demonstrates Maine's commitment to embracing innovative business models that benefit consumers and strengthen the state's economy.

I appreciate your time and would be pleased to address any questions.



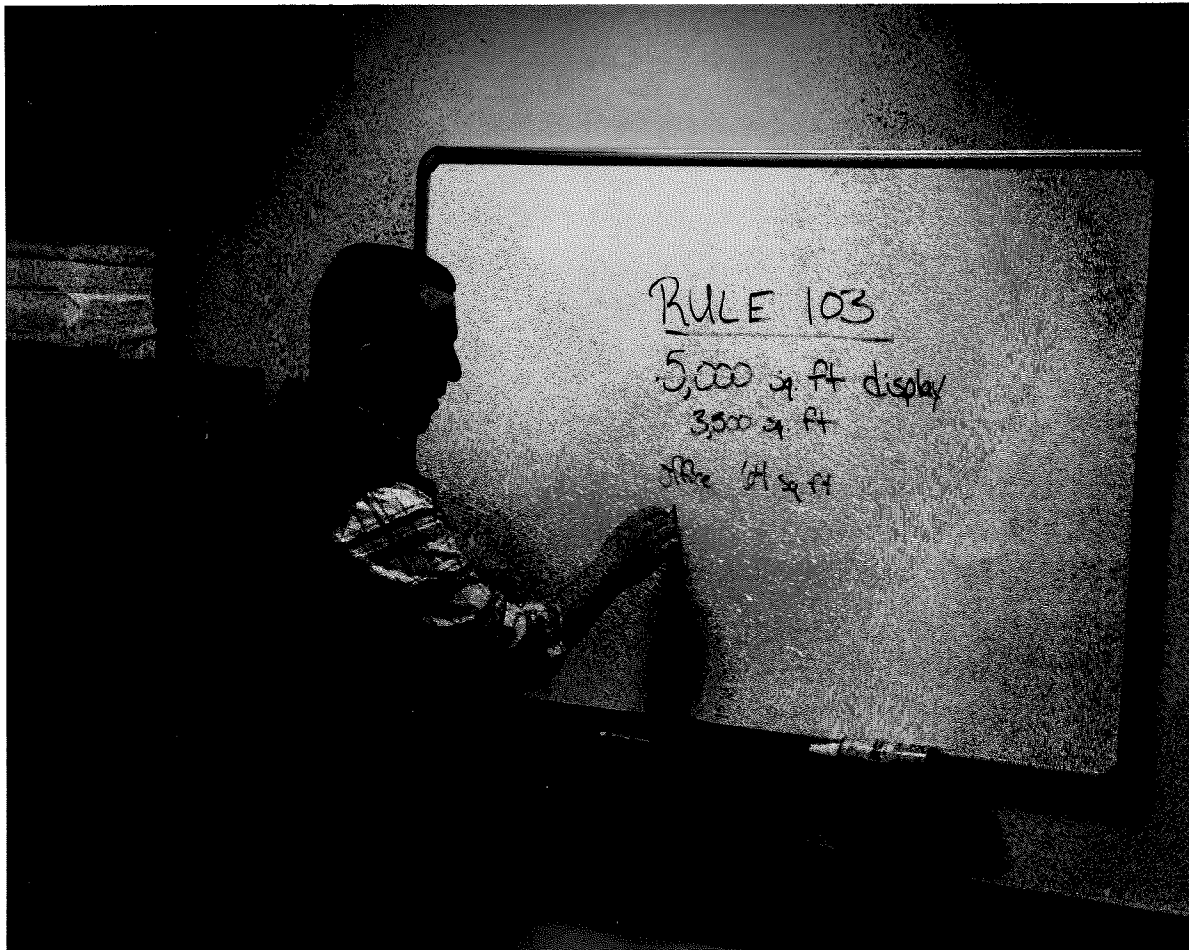
Department of the Secretary of State

Bureau of Motor Vehicles

# 2025

# Dealer Display Area and Licensing Working Group

Findings from a working group convened to study issues related to the laws and rules regulating motor vehicle display areas and licensing requirements.



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# Foreword

During the first session of 131st Legislature, the Committee on Innovation, Development, Economic Advancement and Business reviewed L.D. 203, “An Act to Exempt Certain Motor Vehicle Dealers from Display Area Requirements.”

The committee concluded that a working group would be the best approach to analyze these complex issues. The committee issued a resolve that directed the Secretary of State, Bureau of Motor Vehicles, to convene a working group to study issues related to the laws and rules regulating motor vehicle dealer display areas and licensing requirements.

Evaluating the effectiveness of the State’s laws regarding online dealer sales was a core charge of the group.

In October 2023, the Bureau of Motor Vehicles formed the Dealer Display Area and Licensing Working Group, consisting of six primary members referred to in this report as the “Initial Working Group”. As directed in the resolve, the membership included the following disciplines:

1. The Secretary of State or the secretary’s designee;
2. The Deputy Secretary of State for the Bureau of Motor Vehicles;
3. One member appointed by the Secretary of State from the Bureau of Motor Vehicles who is an expert in motor vehicle dealer license requirements;
4. One member who is a representative of an association of new motor vehicle dealers;
5. One member who is a representative of a business in the used motor vehicle industry; and
6. One member who is a representative of a business that engages in the sale of motor vehicles over the Internet.

Additional subject matter experts were called upon to provide information to the working group as needed. Representatives from the Maine Office of the Attorney General, Maine State Police, and the Maine Auto Recyclers Association participated in the discussions.



# Initial Working Group Discussion

Between October 20, 2023, and January 8, 2024, Bureau of Motor Vehicles hosted three working group meetings. Two meetings were held virtually via Microsoft Teams, and a third full-day workshop was held in person, with some members opting to participate via Microsoft Teams.

The efforts of the working group largely proceeded along the lines of analyzing Maine dealer regulations in two key areas:

1. Reviewing the effectiveness of current dealer laws and rules regulating dealer display areas; and
2. Examining existing dealer laws and rules to determine if new regulations could be adopted to better govern online dealer sales business models that would allow for newer business models to be licensed in Maine while preserving existing consumer protections and maintaining equity amongst existing licensed Maine Dealers.

## **Display Area Discussion**

The working group thoroughly discussed the existing regulatory framework as it relates to dealer display areas. Representatives from the new and used car dealer industries in the working group expressed that they did not have any issues complying with the existing display area requirements.

However, the representatives acknowledged that they understood how smaller dealers could struggle with meeting the 5000-square-foot standard. A consensus was reached that a reduction of the dealer display area requirement would be possible without impacting existing consumer protections. An amended display area standard was discussed.

The dealers represented in the Working Group felt strongly that there should continue to be a single standard for display areas for all dealers. Concerns were raised that a display area requirement that was too small could result in the ability to display vehicles for sale in residential driveways and yards. The group agreed that a 3500-square-foot display area requirement seemed like a reasonable standard.

The group raised no concerns related to the existing provisions that the designated display area be dedicated to vehicles that are ready for sale only. Additionally, the group did not want changes made to existing dealer rules governing the maintenance requirements for display areas.

## **Display Area Recommendation**

The Working Group unanimously voted to recommend that the existing dealer display area regulations be amended to reduce the existing 5000 square foot requirements to 3500 square feet. This change required a change to the definition of “Established Place of Business” in 29-A MRSA, §851, sub-§4, ¶C.



The working group reported its findings to the Committee on Innovation, Development, Economic Advancement and Business during the second session of the 131st Legislature along with legislation amending 29-A MRSA, §851, sub-§4, ¶C to adjust the display area requirement to 3500 square feet. The committee approved the recommendation, and the changes were enacted into law in Chapter 571.

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### **Online Dealer Sales Discussion**

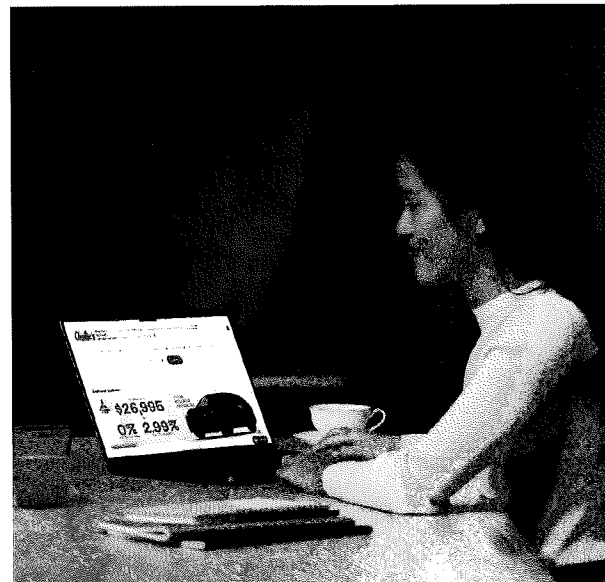
When considering the adoption of regulations related to online dealer sales, the working group placed a lot of emphasis on creating standards that would apply to the various emerging business models while maintaining consumer protections and equity amongst all licensed dealers.

The group agreed that the Maine consumer would benefit from being able to purchase vehicles directly from a dealer via the Internet. The group also agreed that dealers engaged in online dealer sales to Maine consumers should be required to obtain a Maine dealer license when any part of that sale occurs in the State.

The working group acknowledged that no other jurisdictions have enacted an online-only dealer license type. The working group reviewed recommendations from the American Association of Motor Vehicle Administrators (AAMVA) regarding the regulation of motor vehicle sales made over the Internet.

The group discussed what law changes related to physical location requirements, if any, would be required to accommodate dealers conducting solely online sales. Laws related to records retention and examination, dealer plate use, licensing procedures, vehicle titles, and inspection were discussed at length.

Additionally, the working group discussed statutory considerations that would be recommended to improve consumer protections and to help the State easily determine what types of businesses would require a Maine dealer license.



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### **Online Dealer Sales Recommendation**

The working group concluded that while great progress was made toward the development of new regulations, more work still needed to be done. The Department decided to continue the working group discussion on the regulation of online dealer sales with an expected deliverable to be presented to the 132nd Legislature.



# Continued Working Group Discussion

## Online Dealer Sales Discussion

To continue the discussion on complex matters related to online dealer sales, the working group held regular meetings using Microsoft Teams between May 15, 2024, and August 27, 2025, which allowed consistent participation by members as well as ongoing consultation with subject matter experts.

These discussions focused on how Maine can structure an online dealer license that preserves consumer protections, ensures compliance with inspection requirements, and provides clarity for both consumers and the dealer industry.

Throughout its ongoing deliberations, the working group identified several significant challenges—most notably the need to reconcile the development of an online dealer license with existing statutory and regulatory requirements governing vehicle inspection, warranty disclosure, and consumer protection standards.

Addressing these issues is essential to ensuring that any framework for online dealer operations maintains the integrity of Maine law while accommodating emerging business models in vehicle sales.

Specialists were invited to assist in resolving specific regulatory issues. The Maine State Police, Traffic Safety Division contributed expertise related to vehicle inspection standards, helping the group evaluate how inspections might be performed, documented, and enforced in the context of remote sales.

Likewise, the Office of the Attorney General participated to ensure that consumer protection laws remain central to any proposed framework, particularly with respect to warranty disclosure, dispute resolution, and enforcement.

The Carvana representatives on the working group provided insights on how current regulations and proposed changes would impact emerging online dealer models.

Carvana challenged the working group to look beyond the traditional brick-and-mortar framework and envision a license type that would be workable for online businesses with minimal or no physical footprint in Maine.

This perspective required the group to balance innovation with accountability, recognizing that modern online dealers operate under business models very different from conventional dealerships, yet consumers must continue to receive the same protections they would expect from an in-state dealer.



To meet this challenge, the working group examined how existing statutory and regulatory requirements, such as facility requirements, inspection obligations, warranty disclosures, and recordkeeping rules might be adapted without diluting their purpose.

The discussion emphasized that any new license type must remain functionally equivalent in terms of consumer protections, even if the means of compliance differ from traditional approaches. For example, while an online dealer may not display vehicles on a display lot, they must still demonstrate clear vehicle disclosure practices, provide vehicles to consumers that have passed a Maine state inspection, and comply with record retention standards that allow for effective regulatory oversight.

The group recognized that rethinking these requirements is not about reducing safeguards but about applying them in a manner that is practical, enforceable, and fair for both online businesses and those dealers that are licensed to do in-person sales. This approach ensures equity among all Maine-licensed dealers, whether online or physical, while also creating space for innovation and modern business practices in the automotive marketplace.

These ongoing conversations underscored that the development of an online dealer license involves more than simply creating a new license classification, it requires a coordinated approach to integrate consumer protection, inspection, and enforcement tools into a regulatory model that keeps pace with changing business practices.

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### **Online Dealer License Pilot Project Discussion**

The working group recognized that continued collaboration and expert input will be critical to shaping a new regulatory approach that can be effectively administer and adapted as business models evolve. To that end, the group explored the concept of establishing an Online Dealer License Pilot Program as a practical first step.

The intent of the pilot would be to create a structured framework that allows Maine to test how online-only dealers can be licensed and monitored while ensuring that consumer protections remain intact.

By using a pilot approach, the State can evaluate how inspection, disclosure, warranty, and recordkeeping requirements can be applied to online transactions in a manner that is both enforceable and workable for businesses that lack a traditional physical presence in Maine.

The pilot would also provide a controlled environment to identify risks, assess compliance challenges, and refine enforcement mechanisms before any permanent statutory or regulatory changes are made.

The group emphasized that the pilot is not intended to weaken existing protections or create an uneven playing field between traditional and online dealers, but rather to allow Maine to experiment responsibly with new licensing models.



# Online Dealer Sales Recommendation

The working group recommends the establishment of an Online Dealer License Pilot Program to evaluate a regulatory framework for licensing dealers who operate exclusively through digital platforms.

The pilot is designed to balance flexibility for emerging online sales models with the State's existing consumer protection laws. The pilot is specifically designed to preserve consumer protections, ensure that online dealers can comply with inspection and disclosure requirements, and provide regulators with sufficient oversight of evolving sales models.

Under the pilot, participating dealers would be subject to modified licensing, inspection, disclosure, and service obligations tailored to remote transactions, while still upholding the core requirements of Maine's motor vehicle laws.

The program would serve as a controlled environment in which to evaluate the practicality, risks, and enforcement considerations of an online dealer license before permanent statutory or regulatory changes are enacted.

Key recommendations for the pilot include:

- **Eligibility:** Applicants must be established as new or used vehicle dealers, organized as corporations or business entities in good standing, with multijurisdictional operations and minimum annual sales volume.
- **Licensing:** Dealers may operate online-only without a traditional display area or the ability to do in-person sales.

They must designate a Maine-based inspection partner or facility, a registered agent for service of process, and provide direct consumer support contact information. Applications must include bonding (\$350,000), liability insurance, and compliance with background check requirements.

- **Inspection & Disclosure:** Online dealers will be exempt from Maine's in-person inspection requirements for digital display purposes. However, all vehicles intended for sale in Maine must comply with Maine inspection standards prior to delivery, and only inspected vehicles may be sold.

The sale of reconstructed or unsafe vehicles is strictly prohibited. Dealers will be required to digitally disclose each vehicle's history, defects, and prior use. All used vehicles sold must display a valid Maine inspection sticker upon delivery that was issued within 60 days of the sale.



Carvana representatives emphasized that the program's success could be further enhanced by establishing an electronic inspection program. Such a program would enable online dealers to issue Maine inspection stickers for vehicles sold to Maine residents from locations outside the State, addressing a current barrier that prevents many online companies from participating.

By allowing inspections to be conducted and documented electronically, the program would make compliance with Maine's inspection standards more feasible for remote dealers. This, in turn, would broaden participation in the Maine market, making the program more attractive to prospective online dealers who otherwise would be unable to sell vehicles under the current in-person inspection requirements.

The legislative framework necessary to authorize an electronic inspection program is not currently in place in Maine. While Carvana representatives have suggested such a program could enhance participation by online dealers, the working group determined that developing or proposing legislation to establish electronic inspections is beyond the scope of its current mandate.

Additional recommendations include:

- **Warranty & Service:** Dealers must specify warranty repair options, either through a Maine facility or through partnering with a local repair center. Consumers must be clearly informed of service locations at the time of sale.
- **Records & Compliance:** Records must be maintained for five years and be produced within one business day upon request by BMV, the Office of the Attorney General, or law enforcement. Records may be stored digitally.
- **Plates:** Online dealers will not receive dealer plates but may be issued temporary Maine plates for use in Maine sales only. Transporter and loaner plates are available only if the business maintains a Maine repair facility.

The working group recommends creating rules to clarify that a vehicle sale is complete upon physical delivery or transfer of possession to the purchaser or their authorized agent, unless the sales contract indicates otherwise. Physical delivery should be defined to include in-person handover, third-party carrier delivery, or buyer pickup.

Current Maine statutes do not clearly define when a vehicle sale is considered complete. This ambiguity has created uncertainty for dealers and consumers, particularly in disputes involving delivery, possession, or the timing of ownership transfer. It also complicates the regulation of modern online business models, making it difficult to determine when a Maine dealer license is required.

This amendment would align statutory language with modern business practices, provide greater clarity for consumers and dealers, and strengthen the enforceability of vehicle sales transactions.



The working group further recommends that this clarification be incorporated into the Online Dealer License Pilot Program framework in rule, to ensure consistency across traditional and online sales models.

By explicitly defining the point of sale, Maine can more effectively determine when a dealer license is required, enhance consumer protections, and provide a clear regulatory foundation for emerging online vehicle sales practices.

This pilot program provides a structured, controlled model to assess the effectiveness, risks, and enforceability of an online dealer license prior to any permanent statutory changes. It is intended to maintain consumer protections, support enforcement mechanisms, and ensure equity among traditional and online dealer business models.

Furthermore, the program will showcase the State's commitment to adopting innovative business models that benefit Maine consumers and strengthen the state's economy.

The Dealer Display Area and Licensing Working Group is happy to provide additional information or answer any questions posed to them.

