

P.L. 2025, CHAPTER 176, *approved December 19, 2025*
Assembly, No. 5854 (*Second Reprint*)

1 AN ACT concerning the ²**sale** leasing, assigning, and servicing² of
2 motor vehicles by motor vehicle franchisors and amending
3 ²**[R.S.39:10-2 and R.S.39:10-19]** P.L.1985, c.361².
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 ²**[1.R.S.39:10-2 is amended to read as follows:**

9 39:10-2. As used in this chapter unless other meaning is clearly
10 apparent from the language or context, or unless inconsistent with
11 the manifest intention of the Legislature:

12 "Authorized signatory" means a dealer or leasing dealer and any
13 employee, officer, director, partner, or other holder of an ownership
14 interest in the licensed business authorized to execute documents on
15 behalf of the dealer or leasing dealer, but shall not include any
16 attorney-in-fact who is not an employee, officer, director, partner,
17 or holder of an ownership interest.

18 "New motor vehicle" means only a newly manufactured motor
19 vehicle, except a nonconventional type motor vehicle, and includes
20 all such vehicles propelled otherwise than by muscular power, and
21 motorcycles, motorized bicycles, trailers and tractors, and
22 manufactured homes not subject to real property taxation pursuant
23 to P.L.1983, c.400 (C.54:4-1.2 et **[seq]** al.), excepting such
24 vehicles as run only upon rails or tracks and manufactured homes
25 subject to real property taxation.

26 "Used motor vehicle" means every motor vehicle and motorized
27 bicycle, except a nonconventional type motor vehicle, title to, or
28 possession of, which has been transferred from the person who first
29 acquired it from the manufacturer or dealer, and so used as to
30 become what is commonly known as "secondhand" within the
31 ordinary meaning thereof, and includes every motor vehicle and
32 motorized bicycle other than a "new motor vehicle," a
33 "nonconventional type motor vehicle" or a manufactured home
34 subject to real property taxation.

35 "Any motor vehicle," "every motor vehicle," or similar term,
36 means both new and used motor vehicles, except a
37 "nonconventional type motor vehicle."

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted June 26, 2025.

²Assembly amendments adopted in accordance with
Governor's recommendations November 24, 2025.

1 "Nonconventional type motor vehicle" means every vehicle not
2 designed or used primarily for the transportation of persons or
3 property and only incidentally operated or moved over a highway,
4 including, but not limited to, ditch-digging apparatus, well-boring
5 apparatus, road and general purpose construction and maintenance
6 machinery, asphalt spreaders, bituminous mixers, bucket loaders,
7 ditchers, leveling graders, finishing machines, motor graders, road
8 rollers, scarifiers, earth-moving carryalls, scrapers, power shovels,
9 drag lines, self-propelled cranes, earth-moving equipment, trailers
10 and semitrailers which weigh less than 2,500 pounds, except that no
11 mobile or manufactured home or travel trailer shall be classified as
12 a nonconventional type motor vehicle, motorized wheelchairs,
13 motorized lawn mowers, bogies, farm equipment having a factory
14 shipping weight of less than 1,500 pounds, whether or not
15 motorized, including farm tractors within said weight limitation,
16 industrial tractors, scooters, go-carts, gas buggies and golf carts.
17 The Chief Administrator of the New Jersey Motor Vehicle
18 Commission shall have power to make, amend and repeal
19 regulations, not inconsistent with the provisions of this paragraph,
20 prescribing what further vehicles or types of vehicles, not specified
21 in this paragraph, shall be included in the category of
22 nonconventional type motor vehicles.

23 "Motor vehicles which constitute inventory held for sale" means:
24 new motor vehicles and used motor vehicles held for the purpose of
25 sale by new motor vehicle dealers which can be identified by a
26 manufacturer's **【Vehicle Identification Number】** vehicle
27 identification number (VIN) and have been invoiced to, allocated
28 to, or reserved by a new motor vehicle dealer licensed to do
29 business in New Jersey, and such vehicle can be shipped by the
30 manufacturer or distributor within a reasonable period of time and
31 used motor vehicles held for the purpose of sale by new or used
32 motor vehicle dealers which can be identified by a manufacturer's
33 VIN and title papers or right to title is held by the used motor
34 vehicle dealer. This term shall exclude motor vehicles held for the
35 purpose of lease or rental by a person engaged in the motor vehicle
36 leasing or rental business.

37 "Manufacturer's or importer's certificate of origin" means the
38 original written instrument or document required to be executed and
39 delivered by the manufacturer to his agent or a dealer, or a person
40 purchasing direct from the manufacturer, certifying the origin of the
41 vehicle.

42 "Certificate of ownership" means the document issued in
43 conformance with this chapter, certifying ownership of a motor
44 vehicle, other than manufacturer's or importer's certificate of origin.

45 "Assignment" means the execution of a prescribed form
46 transferring ownership of a motor vehicle from the person named
47 therein to the purchaser.

1 "Contract" means conditional sale agreement, bailment, lease,
2 chattel mortgage, trust receipt or any other form of security or
3 possession agreement executed prior to January 1, 1963, wherein
4 and whereby possession of a motor vehicle is delivered to the buyer
5 and title therein is to vest in the buyer at a subsequent time upon the
6 payment of part or all of the price, or upon the performance of any
7 other condition or happening of any contingency, or upon the
8 payment of a sum substantially equivalent to the value of the motor
9 vehicle, by which contract it is agreed that the buyer is bound to
10 become, or has the option of becoming, the owner of the motor
11 vehicle upon full compliance with the terms of the contract.

12 "Abstract" means the duplicate copy of the original certificate of
13 ownership recording any encumbrance or upon which the existence
14 of a security interest is noted.

15 "Title papers" means any instrument or document that is
16 evidence of ownership of a vehicle.

17 "Chief Administrator" means the Chief Administrator of the New
18 Jersey Motor Vehicle Commission.

19 "Manufacturer" means the person who originally manufactured
20 the motor vehicle.

21 "Licensee" means any person that is licensed to buy, sell or deal
22 in, or lease motor vehicles pursuant to R.S.39:10-19.

23 "Established place of business" means a permanent, properly
24 identified location within the State where the books, records, and
25 files necessary to buy, sell, or deal in motor vehicles are kept and
26 maintained, including, but not limited to, all documents required by
27 R.S.39:10-6, title papers, manufacturers' or importers' certificates of
28 origin, motor vehicle registration records, contracts, security
29 agreements, all payroll records, including, but not limited to, IRS
30 Form W-2 and IRS Form W-4 records, checkbooks, ledgers for
31 business accounts and trust accounts, corporate authorities and
32 licenses, dealer plates, ledgers listing all issued and unissued dealer
33 assignments, and dealer plates.

34 "New motor vehicle dealer" means **'[the agent, distributor, or]'**
35 an authorized dealer of '[the manufacturer] a motor vehicle
36 franchisor, as defined in this section.'¹ of **'[the] a'** new motor
37 vehicle who has an established place of business. A new motor
38 vehicle dealer shall sell a minimum of four or more new motor
39 vehicles within a 12-month timeframe and may engage in the
40 business of buying, selling, or dealing in used motor vehicles in this
41 State under the provisions of this chapter.

42 "Motor vehicle franchisor" means a person engaged in the
43 business of manufacturing, assembling, or distributing new motor
44 vehicles, or importing new motor vehicles into the United States
45 that were manufactured or assembled in a foreign country, who,
46 under normal business conditions, manufactures, assembles,
47 distributes, or imports at least 10 new motor vehicles during a
48 calendar year.

1 "Used motor vehicle dealer" means a person engaged in the
2 business of selling, buying or dealing in four or more used motor
3 vehicles per year at an established place of business, but who is not
4 a licensed new motor vehicle dealer. A used motor vehicle dealer
5 shall engage only in the business of buying, selling, or dealing in
6 used motor vehicles in this State under the provisions of this
7 chapter and shall not engage in the business of buying, selling, or
8 dealing in new motor vehicles in this State.

9 "Person" includes natural persons, firms or copartnerships,
10 corporations, associations, or other artificial bodies, receivers,
11 trustees, common law or statutory assignees, executors,
12 administrators, sheriffs, constables, marshals, or other persons in
13 representative or official capacity, and members, officers, agents,
14 employees, or other representatives of those hereinbefore
15 enumerated.

16 "Buyer" includes purchaser, debtor, lessee, bailee, transferee,
17 and any person buying, attempting to buy, or receiving a motor
18 vehicle subject to a security interest, lease, bailment or transfer
19 agreement, and their legal successors in interest.

20 "Seller" means manufacturer, dealer, lessor, bailor, transferor
21 with or without a security interest, and any other person selling,
22 attempting to sell, or delivering a motor vehicle, and their legal
23 successors in interest.

24 The terms "sell," "sale," "buy," or "purchase" and any form
25 thereof include absolute or voluntary sales and purchases,
26 agreements to sell and purchase, bailments, leases, security
27 agreements whereby any motor vehicles are sold and purchased, or
28 agreed to be sold and purchased, involuntary, statutory and judicial
29 sales, inheritance, devise, or bequest, gift or any other form or
30 manner of sale or agreement of sale thereof, or the giving or
31 transferring possession of a motor vehicle to a person for a
32 permanent use; continued possession for 60 days or more is to be
33 construed as permanent use.

34 "Online sale" means buying, selling, or dealing in motor vehicles
35 in this State over the Internet using electronic means.

36 "Electronic" means relating to technology having electrical,
37 digital, magnetic, optical, electromagnetic, or similar capabilities.

38 "Manufacturer's number" means the original manufacturer's
39 vehicle identification number die stamped upon the body, or frame,
40 or either or both of them, of a motor vehicle or the original
41 manufacturer's number die stamped upon the engine or motor of a
42 motor vehicle.

43 "Purchaser" means a person who takes possession of a motor
44 vehicle by transfer of ownership, either for use or resale, except a
45 dealer when **[he]** the dealer takes possession through a certificate
46 of origin.

1 "Debtor" means the person who owes payment or other
2 performance of the obligation secured by a security interest in a
3 motor vehicle.

4 "Security interest" means an interest in a motor vehicle which
5 secures payment or other performance of an obligation.

6 "Security agreement" means an agreement which creates or
7 provides for a security interest in a motor vehicle.

8 "Secured party" means a lender, seller or other person in whose
9 favor there is a security interest.

10 "Gross vehicle weight rating" means the value specified by the
11 manufacturer as the loaded weight of the single or combination
12 vehicle and, if the manufacturer has not specified a value for a
13 towed vehicle, means the value specified for the towing vehicle plus
14 the loaded weight of the towed unit.

15 (cf: P.L.2021, c.462, s.1)]²

16
17 ²[2. R.S.39:10-19 is amended to read as follows:

18 39:10-19. No person shall engage in the business of buying,
19 selling or dealing in motor vehicles in this State, nor shall a person
20 engage in activity that would qualify the person as a leasing dealer,
21 as defined in section 2 of P.L.1994, c.190 (C.56:12-61), unless: a.
22 the person is a licensed real estate broker acting as an agent or
23 broker in the sale of mobile homes without their own motor power
24 other than recreation vehicles as defined in section 3 of P.L.1990,
25 c.103 (C.39:3-10.11), or manufactured homes as defined in section
26 3 of P.L.1983, c.400 (C.54:4-1.4); or b. the person is authorized to
27 do so under the provisions of this chapter and P.L.1985, c.361
28 (C.56:10-26 et seq.).

29 The chief administrator may, upon application in such form as
30 the chief administrator prescribes, license any proper person as a
31 new motor vehicle dealer, used motor vehicle dealer, or [, a]
32 leasing dealer. A licensed real estate broker shall be entitled to act
33 as an agent or broker in the sale of a mobile or manufactured home
34 as defined in subsection a. of this section without obtaining a
35 license from the chief administrator. For the purposes of this
36 chapter, a "licensed real estate broker" means a real estate broker
37 licensed by the New Jersey Real Estate Commission pursuant to the
38 provisions of chapter 15 of Title 45 of the Revised Statutes. Any
39 sale or transfer of a mobile or manufactured home, in which a
40 licensed real estate broker acts as a broker or agent pursuant to this
41 section, which sale or transfer is subject to any other requirements
42 of R.S.39:10-1 et seq., shall comply with all of those requirements.

43 No person who has been convicted of a crime, arising out of
44 fraud or misrepresentation in the sale, leasing or financing of a
45 motor vehicle, shall be eligible to receive a license. For the
46 purposes of this section, each applicant for a license shall submit to
47 the chief administrator the applicant's name, address, fingerprints,
48 and written consent for a criminal history record background check

1 to be performed. The chief administrator is hereby authorized to
2 exchange fingerprint data with and receive criminal history record
3 information from the State Bureau of Identification in the Division
4 of State Police and the Federal Bureau of Investigation consistent
5 with applicable State and federal laws, rules, and regulations, for
6 purposes of facilitating determinations concerning licensure
7 eligibility. The applicant shall bear the cost for the criminal history
8 record background check, including all costs of administering and
9 processing the check. The Division of State Police shall promptly
10 notify the chief administrator in the event a current holder of a
11 license or prospective applicant, who was the subject of a criminal
12 history record background check pursuant to this section, is arrested
13 for a crime or offense in this State after the date the background
14 check was performed.

15 Each applicant for a new motor vehicle dealer license shall at the
16 time such license is issued have established and maintained, or by
17 that application shall agree to establish and maintain, within 90
18 days after the issuance thereof, a place of business consisting of a
19 permanent building not less than 1,000 square feet in floor space
20 located in the State of New Jersey to be used principally for the
21 servicing and display of motor vehicles with such equipment
22 installed therein as shall be requisite for the servicing of motor
23 vehicles in such manner as to make them comply with the laws of
24 this State and with any rules and regulations made by the board
25 governing the equipment, use, and operation of motor vehicles
26 within the State. However, **[a] leasing [dealer] dealers and motor**
27 **vehicle franchisors[,]** who **[is] are** not engaged in the business of
28 buying, selling, or dealing in motor vehicles in the State**[,]** shall
29 not be required to maintain a place of business with floor space
30 available for the servicing or display of motor vehicles or to have an
31 exterior sign at the lessor's or motor vehicle franchisor's place of
32 business.

33 A motor vehicle franchisor, as defined by section 1 of P.L. 1985,
34 c.361 (C:56:10-26), who operates a primary place of business in
35 this State and is authorized to sell, lease, or assign a vehicle to the
36 motor vehicle franchisor's employees, pursuant to section 2 of
37 P.L.1985, c.361 (C.56:10-27), or to such employees of the motor
38 vehicle franchisor's affiliate or subsidiary who operates a primary
39 place of business in this State, shall be issued a new motor vehicle
40 dealer license designated with the letter "M." In the instance of a
41 motor vehicle franchisor who was previously issued, and currently
42 possesses, a new motor vehicle dealer license, the license issued
43 pursuant to this paragraph shall be effective as of the day
44 immediately following the expiration date of the motor vehicle
45 franchisor's most recently renewed new motor vehicle dealer
46 license. Such license shall carry with it all the authority to sell,
47 lease, assign, title, register, lend for use and operation, service, and
48 maintain motor vehicles owned or controlled by the motor vehicle

1 franchisor to its employees, or provided to individuals or entities for
2 promotional, testing, marketing, or product familiarity purposes.
3 Each sale or lease to an employee shall be accompanied by proof of
4 employment with the motor vehicle franchisor and such proof shall
5 be kept on file by the motor vehicle franchisor for a minimum of
6 four years. A new motor vehicle dealer license issued pursuant to
7 this paragraph does not authorize the retail sale of motor vehicles to
8 the general public. All motor vehicles sold or leased to employees
9 of a motor vehicle franchisor, or provided to individuals or entities
10 for promotional, testing, marketing, or product familiarity purposes
11 not to exceed an aggregate of 50 total for promotional, testing,
12 marketing or product familiarity purposes, shall be eligible to
13 receive a standard issue license plate. A motor vehicle franchisor
14 shall be authorized to use the license plates issued pursuant to this
15 paragraph in the operation of the franchisor's business and shall be
16 authorized to use the manufacturer's license plates in the operation
17 of its business.

18 Any person who possesses a used motor vehicle dealer license at
19 the time of enactment of P.L.2021, c.484 shall maintain an
20 established place of business consisting of a minimum office space
21 of 72 square feet within a permanent, enclosed building located in
22 the State of New Jersey, in addition to complying with all other
23 applicable regulations prescribed by the chief administrator.

24 Each applicant for a used motor vehicle dealer license, or any
25 licensee who relocates its place of business on or after the effective
26 date of P.L.2021, c.484, shall meet the requirements for an
27 established place of business for a used motor vehicle dealer, which
28 shall be established by the chief administrator by regulation adopted
29 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
30 (C.52:14B-1 et seq.).

31 An established place of business of a new motor vehicle dealer
32 or a used motor vehicle dealer shall display an exterior sign
33 permanently affixed to the land or building, which sign is consistent
34 with local ordinances and has letters easily readable from the major
35 avenues of traffic. The sign shall include the dealer name or trade
36 name, provided such trade name has been previously disclosed to
37 the chief administrator.

38 A license fee of \$200 shall be paid by an applicant upon the
39 applicant's initial application for a license. The chief administrator
40 may renew an applicant's license upon application for renewal on a
41 form prescribed by the chief administrator and accompanied by a
42 renewal fee of \$200. Every license shall expire 24 months from the
43 date on which it is issued. The chief administrator may, at the chief
44 administrator's discretion and for good cause shown, extend an
45 applicant's license for an additional period not to exceed 12 months
46 from the date on which it is scheduled to expire. The chief
47 administrator may, at the chief administrator's discretion and for
48 good cause shown, issue a license which shall expire on a date fixed

1 by the chief administrator. The fee for licenses with an expiration
2 date fixed by the chief administrator shall be fixed by the chief
3 administrator in an amount proportionately less or greater than the
4 fee established herein.

5 For the purposes of this section, a leasing dealer or an assignee
6 of a leasing dealer whose leasing activities are limited to buying
7 motor vehicles for the purpose of leasing them and selling motor
8 vehicles at the termination of a lease to the lessee shall not be
9 deemed to be engaged in the business of buying, selling, or dealing
10 in motor vehicles in this State. **【Provided however, that】** However,
11 a leasing dealer who wishes to engage in the business of buying,
12 selling, or dealing in motor vehicles in this State by selling any
13 vehicle at the end of the lease term to a consumer other than the
14 lessee, shall be required to obtain a used car dealer license pursuant
15 to this section.

16 (cf: P.L.2021, c.484, s.1)²

17
18 ²1. Section 2 of P.L.1985, c.361 (C.56:10-27) is amended to
19 read as follows:

20 2. a. Except as provided pursuant to section 6 of P.L.2015,
21 c.24 (C.56:10-27.1), it shall be a violation of this act for any motor
22 vehicle franchisor, directly or indirectly, through any officer, agent,
23 employee, broker or any shareholder of the franchisor, except a
24 shareholder of 1% or less of the outstanding shares of any class of
25 securities of a franchisor which is a publicly traded corporation, or
26 other person, to offer to sell or sell motor vehicles, to a consumer,
27 other than an employee of the franchisor, except through a motor
28 vehicle franchisee.

29 b. Subsection a. of this section shall not be construed to
30 prohibit the leasing or assigning of vehicles by a franchisor to its
31 employees or to employees of an affiliate or subsidiary of the
32 franchisor. Such vehicles shall be titled and registered with the
33 Motor Vehicle Commission and shall therefore be eligible to
34 receive a standard issue license plate. A franchisor may elect to
35 title and register the vehicles with the Motor Vehicle Commission
36 or to designate a third party approved by the Motor Vehicle
37 Commission to do so on behalf of the franchisor.

38 c. A franchisor that has its headquarters in this State may
39 assign, or otherwise lend for use and operation, vehicles to
40 individuals or entities for promotional, testing, marketing, or
41 product familiarity purposes. Any such vehicle that is titled,
42 registered, and insured in the name of the franchisor or its affiliate
43 or subsidiary and shall therefore be eligible to receive a standard
44 issue license plate up to an aggregate of 50 vehicles at any given
45 time for such plate. A franchisor may elect to title and register the
46 vehicles with the Motor Vehicle Commission or to designate a third
47 party approved by the Motor Vehicle Commission to do so on its
48 behalf.

1 d. A franchisor that has its headquarters in this State may
2 perform service, including but not limited to warranty, routine, and
3 recall maintenance on vehicles leased or assigned pursuant to this
4 section, including ordering parts, components, accessories, or any
5 other item needed for the servicing of such motor vehicles. Except
6 as otherwise provided in this section, this subsection shall not be
7 construed to permit a franchisor to perform retail service on motor
8 vehicles sold, leased, or assigned to a consumer by a franchisee or
9 another franchisor.

10 Such franchisor shall operate such servicing and the servicing
11 facility with the equipment installed therein as shall be requisite for
12 the servicing of motor vehicles in a manner as to make them comply
13 with the laws of this State and with any rules and regulations
14 governing the equipment, use, and operation of motor vehicles
15 within the State. However, such franchisor shall not be required to
16 comply with the provisions of R.S.39:10-19 requiring the
17 maintaining of a place of business with a permanent building of not
18 less than 1,000 square feet in floor space to be used principally for
19 the servicing and display of motor vehicles floor or to have an
20 exterior sign at the franchisor's servicing facility.²

21 (cf: P.L.2015, c.24, s.4)

22
23 ²**[3.]** 2.² This act shall take effect immediately ²and shall
24 apply retroactively to January 1, 2025².

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27
28
29 Allows certain motor vehicle franchisors to sell, lease, or assign
30 vehicles to employees.