

SUPPORT

HB 1469 & SB 871



PROTECT VIRGINIA'S LOCAL BUSINESSES, JOBS, AND CONSUMERS

Franchise laws safeguard the independence of Virginia's new car and truck dealers. Today, neighborhood dealerships compete to earn the customer's business and make the necessary massive investments to serve Virginians. When dealers compete, consumers enjoy choice and competition and are not forced to pay prices set by multinational automobile manufacturers that are unaware and largely indifferent to local market conditions.

THE FRANCHISE SYSTEM:

Local Dealers Contribute to Our Commonwealth and Our Communities



Virginia's **449 dealerships** contribute more than **61,000 jobs** to the Commonwealth. Payroll totals **\$2.3 billion**.



Virginia dealerships account for **\$685 million** in state and federal income taxes.



Last year, dealerships sold **\$27.7 billion** in automobiles, contributing **\$1.2 billion** in state sales tax.

Virginia's neighborhood auto dealerships give millions to the Commonwealth's charities each year.

Did you know?

Every state has laws regulating the sale of new cars and trucks, requiring local entrepreneurs to market and sell vehicles according to manufacturer standards and market conditions. Virginia adopted its auto dealer franchise law in the mid-1960s. The system allows consumers to enjoy the benefit of competition and choice, while giving neighborhood dealerships recourse from termination, coercion, and unfair acts from automobile manufacturers.

See the Dealer Franchise System in action.

Meet three Virginia dealers who discuss the importance of the system to consumers and our economy.



See it at VADA.com or scan the QR code.

Now, some Auto Manufacturers are proposing to radically change the franchise system and control the sales process. HB 1469 and SB 871 prevent the Auto Manufacturer-Controlled model, preserving independent dealerships and high-paying jobs in Virginia.

The Auto Manufacturer-Controlled model removes local incentive for investment, hurts competition, and takes away local advocates for consumers in need of automotive sales or service.

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Many Auto Manufacturers want to seize control of the retail sale of vehicles to enhance their profits. In doing so, manufacturers plan to control most aspects of the sales process, using dealers as mere delivery agents. These bipartisan bills ensure dealers are still the independent sellers of new vehicles. The legislation also makes additional changes to strengthen the franchise system.

Today, Virginia's new car and truck dealers:

- Buy vehicles from manufacturers and inventory them for consumer choice
- Offer test drives, education, and sell vehicles using both online and in-person options
- Provide financing and leasing options
- Offer a wide range of after-sale products like bedliners and extended service contracts
- Arrange for trades of existing customer vehicles
- Compete by offering added benefits like oil changes, loaner cars, and safety inspections for life

The Auto Manufacturer-Controlled model would:

- Eliminate inventory for customers to shop and only ship vehicles to dealers after a consumer buys
- Eliminate financing and leasing options by requiring consumers to use manufacturer chosen sources
- Eliminate choice of products to enhance ownership enjoyment by requiring products made or supported by the manufacturer
- Eliminate competition over trade-in value
- Eliminate competition over additional benefits like oil changes, loaners, and inspections

House Bill 1469 and Senate Bill 871 enforce rights to the Virginia motor vehicle franchise system by prohibiting the Auto Manufacturer-Controlled model.

This means manufacturers (such as Ford, Mercedes-Benz, and others) working as part of a franchise system agreement cannot:

- Negotiate prices or terms of sale of new vehicles with customers
- Retain ownership of vehicles until they are sold or leased, instead of selling vehicles to dealers as inventory (as is done now)
- Consign vehicles vs. selling them to dealers
- Negotiate directly with consumers on the sale of products like service contracts, guaranteed asset protection (GAP), or related products and services
- Withhold vehicle inventories from dealers
- Designate dealers to be delivery agents

The bill also prevents Manufacturers from:

- Amending a franchise agreement without approval of the dealer
- Creating an unregulated separate affiliate (at least 25% ownership) to sell new vehicles
- Threatening to withhold incentive programs if the dealer refuses comply with manufacturer directives



**VOTE
YES
HB 1469
& SB 871**

House Patron: Jay Leftwich (R-Chesapeake)
House Co-patron: Lamont Bagby (D-Henrico)

Senate Patron: Scott Surovell (D-Mount Vernon)
Senate Co-patrons: Jeremy McPike (D-Manassas),
John Cosgrove (R-Chesapeake)

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