

No. 2014-125

## AN ACT

SB 1409

Amending the act of December 22, 1983 (P.L.306, No.84), entitled "An act providing for the State Board of Vehicle Manufacturers, Dealers and Salespersons; and providing penalties," further providing for unlawful acts by manufacturers or distributors.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 12(c)(6) of the act of December 22, 1983 (P.L.306, No.84), known as the Board of Vehicles Act, amended September 3, 2009 (P.L.378, No.41), is amended and the subsection is amended by adding a paragraph to read:

Section 12. Unlawful acts by manufacturers or distributors.

\* \* \*

(c) Restriction on ownership of dealer.—

\* \* \*

**(6) [A manufacturer may own, directly or indirectly, an interest in an entity that owns, operates or controls a motor vehicle dealership trading solely in motor vehicles having a gross vehicle weight less than 8,500 pounds that are of the same line-make franchised by the manufacturer, provided that each of the following conditions are met:**

**(i) All of the motor vehicle dealerships selling such manufacturer's motor vehicles in this Commonwealth trade exclusively in the manufacturer's line-make.**

**(ii) All of the manufacturer's franchise agreements confer rights on the dealer of the line-make to develop and operate, within a defined geographic territory or area, as many dealership facilities as the dealer and manufacturer shall agree are appropriate.**

**(iii) Not fewer than half of the dealers of the line-make within this Commonwealth own and operate two or more dealership facilities in the geographic territory or area covered by the franchise agreement with the manufacturer.**

**(iv) During any period in which the manufacturer has such an ownership interest, the manufacturer has no more than 12 franchise agreements with new motor vehicle dealers licensed by the board to do business within this Commonwealth.**

**(v) Except as otherwise permitted under other provisions of this act, the manufacturer does not acquire or hold, either directly or indirectly, an ownership interest of more than 45% in any motor vehicle dealership that the manufacturer did not already own, directly or indirectly, as of the effective date of this subsection.**

(vi) As of the effective date of this subsection, the manufacturer shall have continuously owned, directly or indirectly, for a period of not less than 18 months, one or more new motor vehicle dealerships in this Commonwealth of the same line-make as the manufacturer.] *The following shall apply:*

*(i) A manufacturer or distributor may own, operate or control not more than five new vehicle dealerships trading solely in electric vehicles, as defined in 75 Pa.C.S. § 102 (relating to definitions), that are not sold as new vehicles by a licensed independent new vehicle dealer pursuant to an existing franchise with a manufacturer or distributor, if each of the following conditions are met:*

*(A) Each of the new vehicle dealerships selling the manufacturer's new motor vehicles in this Commonwealth trade exclusively in the manufacturer's line-make.*

*(B) Each of the new vehicle dealerships selling the manufacturer's motor vehicles in this Commonwealth are determined to be in compliance with this act.*

*(C) Either of the following apply:*

*(I) The manufacturer, distributor or a subsidiary, affiliate or controlled entity has not acquired, nor does it hold a controlling interest in another manufacturer or distributor, required to be licensed under this act.*

*(II) If a controlling interest is acquired, the manufacturer, distributor or a subsidiary, affiliate or controlled entity may not continue to operate or control a new vehicle dealership under this subsection for a period not more than 12 months from the date it acquired the controlling interest.*

*(D) Either of the following apply:*

*(I) A controlling interest in the original manufacturer, distributor or any subsidiary, affiliate or controlled entity was not transferred, sold or conveyed to another manufacturer, distributor, person or entity required to be licensed under this act.*

*(II) If a controlling interest is transferred, sold or conveyed to another manufacturer, distributor, person or entity required to be licensed under this act, the entity may not continue to operate or control a new vehicle dealership under this subsection for a period not more than 12 months from the date it acquired the controlling interest.*

*(E) The manufacturer shall have continuously offered electric vehicles for sale for a period of not less than 12 months prior to the effective date of this clause.*

*(ii) Nothing under this act shall prohibit a manufacturer operating or controlling a new vehicle dealership under this paragraph from owning, operating or controlling a warranty facility for warranty repairs on the manufacturer's line-make of vehicles.*

*(7) Nothing under this subsection shall prohibit the sale or lease of used vehicles obtained as a result of a trade or return of a vehicle*

*during the purchase of a new vehicle under paragraph (6) at a manufacturer's licensed location.*

\* \* \*

Section 2. This act shall take effect immediately.

APPROVED—The 9th day of July, A.D. 2014

TOM CORBETT