

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1409 Session of 2014

INTRODUCED BY RAFFERTY, PILEGGI, WOZNIAK, YUDICHAK, SCHWANK, SMITH, KASUNIC, MENSCH, HUGHES, GREENLEAF, VULAKOVICH, EICHELBERGER, HUTCHINSON, DINNIMAN, SOLOBAY, ALLOWAY, BLAKE, WHITE, BROWNE, BAKER, BREWSTER, YAW, ERICKSON, LEACH, TEPLITZ, COSTA AND ARGALL, JUNE 9, 2014

AS AMENDED ON THIRD CONSIDERATION, JUNE 23, 2014

AN ACT

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

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

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

12 Section 12. Unlawful acts by manufacturers or distributors.

13 * * *

14 (c) Restriction on ownership of dealer.--

15 * * *

16 (6) [A manufacturer may own, directly or indirectly, an
17 interest in an entity that owns, operates or controls a motor
18 vehicle dealership trading solely in motor vehicles having a

1 gross vehicle weight less than 8,500 pounds that are of the
2 same line-make franchised by the manufacturer, provided that
3 each of the following conditions are met:

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

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

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

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

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

28 (vi) As of the effective date of this subsection,
29 the manufacturer shall have continuously owned, directly
30 or indirectly, for a period of not less than 18 months,

1 one or more new motor vehicle dealerships in this
2 Commonwealth of the same line-make as the manufacturer.]

3 The following shall apply:

4 (i) A manufacturer or distributor may own, operate
5 or control a NOT MORE THAN FIVE new vehicle dealership <--
6 DEALERSHIPS trading solely in electric vehicles, as <--
7 defined in 75 Pa.C.S. § 102 (relating to definitions),
8 that are not sold as new vehicles by a licensed
9 independent new vehicle dealer pursuant to an existing
10 franchise with a manufacturer or distributor, if each of
11 the following conditions are met:

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

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

20 (C) Either of the following apply:

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

26 (II) If a controlling interest is acquired,
27 the manufacturer, distributor or a subsidiary,
28 affiliate or controlled entity may not continue
29 to operate or control a new vehicle dealership
30 under this subsection for a period not more than

1 12 months from the date it acquired the
2 controlling interest.

3 (D) Either of the following apply:

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

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

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

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

27 (7) Nothing under this subsection shall prohibit the
28 sale or lease of used vehicles obtained as a result of a
29 trade or return of a vehicle during the purchase of a new
30 vehicle under paragraph (6) at a manufacturer's licensed

1 location.

2 * * *

3 Section 2. This act shall take effect immediately.