

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 AND
TEPLITZ, JUNE 9, 2014

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,
JUNE 9, 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

1 vehicle dealership trading solely in motor vehicles having a
2 gross vehicle weight less than 8,500 pounds that are of the
3 same line-make franchised by the manufacturer, provided that
4 each of the following conditions are met:

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

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

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

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

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

29 (vi) As of the effective date of this subsection,
30 the manufacturer shall have continuously owned, directly

1 or indirectly, for a period of not less than 18 months,
2 one or more new motor vehicle dealerships in this
3 Commonwealth of the same line-make as the manufacturer.]

4 The following shall apply:

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

12 (A) Each of the new vehicle dealerships selling
13 the manufacturer's 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 in compliance with this act and 49
19 Pa. Code Ch. 19 (relating to State Board of Vehicle
20 Manufacturers, Dealers and Salespersons).

21 (C) Either of the following apply:

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

27 (II) If a controlling interest is acquired,
28 the manufacturer, distributor or a subsidiary,
29 affiliate or controlled entity may not operate or
30 control a new vehicle dealership under this

1 subsection for a period exceeding 12 months from
2 the date it acquired the 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 operate or control a new vehicle
15 dealership under this subsection for a period
16 exceeding 12 months from the date it acquired the
17 controlling interest.

18 (E) On the effective date of this subclause, the
19 manufacturer shall have continuously held a new
20 vehicle dealer license for a period of not less than
21 12 months.

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 at a manufacturer's licensed
29 location.

30 * * *

1 Section 2. This act shall take effect in 60 days.