

Department of Planning and Budget

2019 Fiscal Impact Statement

1. **Bill Number:** HB2174

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. **Patron:** Miyares

3. **Committee:** Passed Both Houses

4. **Title:** Motor vehicle dealers; manufacturers and factory branch transfers, etc.

5. **Summary:** This bill provides that if a motor vehicle manufacturer or factory branch discontinues, sells, or transfers its right to manufacture a line-make of motor vehicles, and the acquiring manufacturer or factory branch does not honor an existing franchise agreement with motor vehicle dealers in Virginia, such discontinuation, sale, or transfer shall constitute a termination of the franchise and such motor vehicle dealers shall be entitled to compensation pursuant to Virginia law. The bill provides that a manufacturer or distributor's right to first refusal in the event of a proposed sale or transfer of a dealership does not apply if such sale or transfer is not to a dealer licensed anywhere in the United States as a dealer holding a franchise from any manufacturer or to a distributor licensed as a manufacturer or distributor in the Commonwealth unless the exercise of such right of first refusal by a manufacturer or distributor with a program promoting minority dealers would lead to a minority dealer having a majority ownership of a dealership. The bill also exempts certain manufacturers or distributors.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Final. See Item #8.

8. **Fiscal Implications:** The fiscal impact of this legislation is indeterminate. The right to compensation language expands existing grounds for a hearing under those subdivisions. In past years, hearings related to *Va. Code* § 46.2-1569 have cost the Department of Motor Vehicles (DMV): \$11,372 in 2018 for six hearings; \$15,912 in 2017 for seven hearings; \$27,503 in 2016 for five hearings; \$3,390 in 2015 for two hearings; and \$1,730 in 2014 for two hearings, for an average hearing cost of \$2,445 per hearing. The number of hearings the agency will be required to conduct as a result of the amended language cannot be estimated.

9. **Specific Agency or Political Subdivisions Affected:** Motor Vehicle Dealer Board, Department of Motor Vehicles.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.

Date: 2/20/2019

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Cc: Secretary of Transportation