

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: HB2174

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Miyares

3. Committee: Transportation

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

5. Summary: This bill creates a franchise termination provision and guarantees compensation on termination, as if such termination occurred under subdivisions 5b and 5c of § 46.2-1569. 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. The bill expands the events in which a manufacturer or distributor may exercise a right to first refusal.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. 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: 2/6/2019

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Cc: Secretary of Transportation