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SENATE BILL NO. 1333

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Transportation
on January 23, 2019)

(Patron Prior to Substitute—Senator Cosgrove)

A BILL to amend and reenact § 46.2-1570 of the Code of Virginia, relating to motor vehicle dealers and manufacturers; franchises; discontinuation of manufacturing rights.

Be it enacted by the General Assembly of Virginia:

1. That § 46.2-1570 of the Code of Virginia is amended and reenacted as follows:

§ 46.2-1570. Discontinuation of distributors.

A. If the contract between a distributor and a manufacturer or importer is terminated or otherwise discontinued, all franchises granted to motor vehicle dealers in Virginia by that distributor shall continue in full force and shall not be affected by the discontinuance, except that the manufacturer, factory branch, distributor, representative, or other person who undertakes to distribute motor vehicles of the same line-make or the same motor vehicles of a ~~re named~~ *renamed* line-make shall be substituted for the discontinued distributor under the existing motor vehicle dealer franchises and those franchises shall be modified accordingly.

B. If a manufacturer or factory branch (i) (a) discontinues its right to manufacture a line-make of motor vehicles or (b) sells or otherwise transfers its right to manufacture a line-make of motor vehicles to another manufacturer or factory branch that will manufacture motor vehicles of the same line-make and (ii) the acquiring manufacturer or factory branch does not honor the existing franchise agreements of motor vehicle dealers in Virginia of the same line-make, such discontinuation, sale, or transfer shall constitute a termination of the franchise pursuant to subdivisions 5b and 5c of § 46.2-1569 and such motor vehicle dealers shall be entitled to compensation pursuant to those subdivisions.