

Accomplishments in the 2009-2010 Legislative Session

Expansion of Dealer Protections in State Franchise Law:

1. Relocation, Dualing, Facility Requirements, and Inventory Buy-back

In 2009, legislation drafted by PAA which augments dealer protections provided for in state law was passed by both the state Senate and House of Representatives and signed by the Governor as Act 41 of 2009. These amendments to the state Board of Vehicles Act specifically expand manufacturer obligations to their franchised dealers.

The legislation:

- Requires manufacturers to demonstrate reasonableness for denying a dealer's relocation or dualing request.
- Reduces drastically the time necessary for manufacturer consideration and determination of a dualing and relocation request.
- Prohibits manufacturers from requiring the unreasonable expansion, construction or significant modification of dealer facilities, or construction of a separate facility, unless such costly activities are justified by market and economic conditions.
- Requires manufacturers to repurchase any new, undamaged and unsold inventory acquired within 18 months of a franchise termination date, including dealer trades. Additionally, for trucks with a GVWR of 10,001 lbs. or more, the law will now require the repurchase of the current and two prior model years.

2. Site Control/ Warranty Products

In 2010, legislation drafted by PAA added to the "unlawful acts of manufacturers" section of the act a prohibition of vehicle manufacturers requiring their franchised dealers to enter into site-control or exclusive use agreements in various circumstances. The legislation also prohibits manufacturers from requiring dealers to sell certain manufacturer after-market products, such as service contracts, extended maintenance plans, or similar products.

Site Control

Act 100 of 2010 makes it a violation for manufacturers to require a site-control agreement or exclusive use agreement when:

- awarding a franchise to a prospective dealer;
- adding a line-make or franchise to an existing dealer's franchise or facility;
- renewing an existing dealer's franchise;
- approving the relocation of an existing dealer's franchise or facility; or
- approving the sale or transfer of a dealer's ownership of a franchise or facility.

Service Contracts and Maintenance Plans

The legislation also prevents manufacturers or distributors from requiring, coercing, or attempting to require or coerce dealers to sell any extended service contract, extended maintenance plan or similar product, including but not limited to gap products.

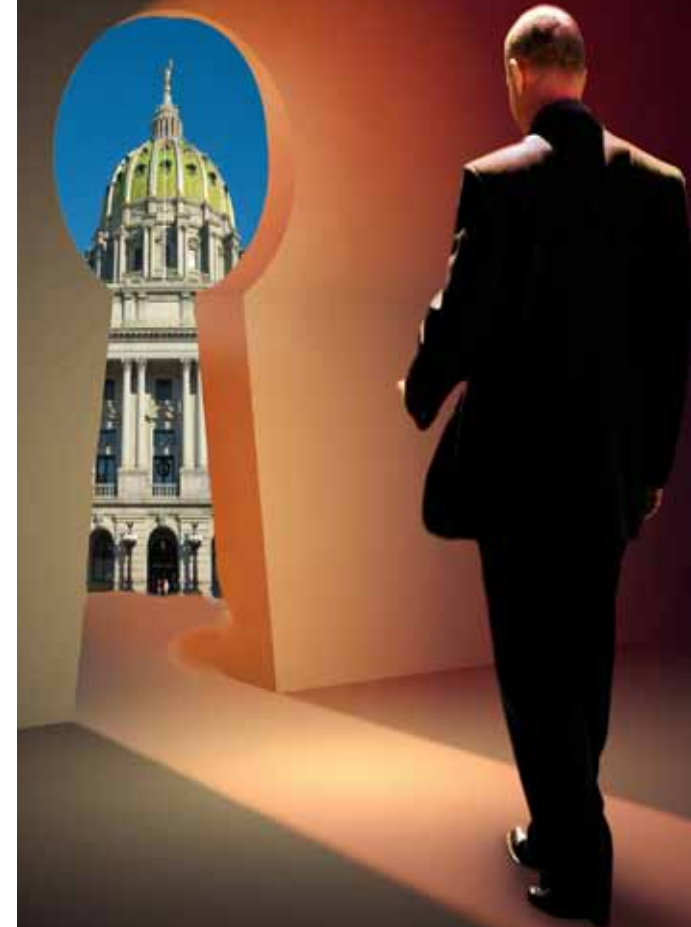
The legislation does not prohibit a manufacturer or distributor from providing incentive programs to dealers who make the voluntary decision to offer to sell, sell, or sell exclusively an extended service contract, extended maintenance plan or similar product offered, endorsed, or sponsored by the manufacturer or distributor.

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Make Your Contribution Today

PAA continues its efforts to represent Pennsylvania's new vehicle dealers before the state legislature and various regulatory agencies.

Legislative projects, like raising the documentary fee or augmenting protections in state franchise laws, cannot be successful without the assistance of key members of the General Assembly who are not only sympathetic to dealer's concerns but who are in a position to provide critical assistance during the enactment process.

Your contribution is essential to the promotion of the association's 2011 legislative agenda. Information on upcoming legislative projects will be provided in future PAA News Bulletins.

Please return the form at left or visit www.paa.org/membersonly/pac.aspx to make your donation.