

1 TO THE HONORABLE SENATE:

2 The Committee on Transportation to which was referred Senate Bill
3 No. 241 entitled “An act relating to motor vehicle manufacturers that sell
4 directly to consumers” respectfully reports that it has considered the same and
5 recommends that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

7 Sec. 1. STUDY ON DIRECT-TO-CONSUMER MOTOR VEHICLE SALES;
8 REPORT

9 (a) The Agency of Transportation, in consultation with the Attorney
10 General’s Office, the Department of Financial Regulation, a manufacturer that
11 engages in direct-to-consumer motor vehicle sales to Vermont consumers, and
12 the Vermont Vehicle and Automotive Distributors Association, shall conduct a
13 study and, on or before December 15, 2020, file a written report on the
14 findings of its study, sources reviewed, and recommendations regarding the
15 regulation of direct-to-consumer motor vehicle sales with the Senate
16 Committees on Economic Development, Housing and General Affairs and on
17 Transportation and the House Committees on Commerce and Economic
18 Development and on Transportation.

19 (b) The report shall, at a minimum, include a review of:

20 (1) all Vermont consumer protection laws and regulations that currently
21 apply when a consumer purchases a motor vehicle from a dealer registered

1 pursuant to 23 V.S.A. chapter 7, subchapter 4, whether those consumer
2 protections currently apply to direct-to-consumer motor vehicle sales, and, if
3 not, whether those consumer protections should apply to direct-to-consumer
4 motor vehicle sales;

5 (2) how consumers currently obtain financing in direct-to-consumer
6 motor vehicle sales and any proposals that would better protect Vermont
7 consumers who engage in direct-to-consumer motor vehicle sales;

8 (3) how consumers are currently taxed in direct-to-consumer motor
9 vehicle sales and whether there are steps the State can take to maximize the
10 collection of taxes owed on direct-to-consumer motor vehicle sales where the
11 vehicles are operated in Vermont;

12 (4) any enforcement issues related to direct-to-consumer motor vehicle
13 sales;

14 (5) what reasons, if any, exist to prohibit manufacturers engaged in
15 direct-to-consumer motor vehicle sales from owning, operating, or controlling
16 a motor vehicle warranty or service facility in the State and a recommendation
17 on whether a sales center should be required if a manufacturer engaged in
18 direct-to-consumer motor vehicle sales is permitted to own, operate, or control
19 a motor vehicle warranty or service facility in the State;

1 (6) laws, rules, and best practices from other jurisdictions and any model
2 legislation related to the regulation of direct-to-consumer motor vehicle sales;
3 and

4 (7) how any proposed amendments to Vermont law regulating direct-to-
5 consumer motor vehicle sales will affect dealers registered pursuant to
6 23 V.S.A. chapter 7, subchapter 4; franchisors and franchisees, as defined in
7 9 V.S.A. § 4085; and other persons who are selling motor vehicles to
8 Vermonters.

9 (c) As used in this section “direct-to-consumer motor vehicle sales” means
10 sales made by:

11 (1) motor vehicle manufacturers that sell or lease vehicles they
12 manufacture directly to Vermont consumers and not through dealers registered
13 pursuant to 23 V.S.A. chapter 7, subchapter 4; or

14 (2) other persons that sell or lease new or used motor vehicles directly to
15 Vermont consumers and not through Vermont licensed dealers registered
16 pursuant to 23 V.S.A. chapter 7, subchapter 4 on websites such as Carvana,
17 Vroom, and TrueCar.

18 Sec. 2. 9 V.S.A. § 4086(i) is amended to read:

19 (i) It is unlawful for a franchisor, manufacturer, factory branch, distributor
20 branch, or subsidiary to own, operate, or control, either directly or indirectly, a
21 motor vehicle warranty or service facility located in the State except:

1 (A) on an emergency or interim basis; ~~or~~

2 (B) if no qualified applicant has applied for appointment as a dealer
3 in a market previously served by a new motor vehicle dealer of that
4 manufacturer's line-make; or

5 (C) if the manufacturer:

6 (i) exclusively manufactures or assembles zero emissions vehicles

7 (ii) is a dealer registered pursuant to 23 V.S.A. chapter 7,

8 subchapter 4;

9 (iii) directly owns the motor vehicle warranty or service facility;

10 (iv) operates a dealership that meets the requirements of 23 V.S.A.

11 § 450a(a)(4) and (c) at the same location as the motor vehicle warranty or

12 service facility; and

13 (v) does not currently have or had not previously had a valid sales

14 and service agreement, franchise, or contract with a new motor vehicle dealer,

15 as defined under 9 V.S.A. § 4085(13), operating in the State.

16 Sec. 3. EFFECTIVE DATE

17 This act shall take effect on passage.

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20 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE