

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

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### **S. 47 – An act relating to motor vehicle manufacturers, dealers, and warranty or service facilities. As Recommended by the House Committee on Transportation**

Link: <https://legislature.vermont.gov/bill/status/2022/S.47>

#### **Bill Summary**

Section 2 of the bill as passed by the Senate and recommended by the House Committee on Transportation creates a definition for “non-franchised zero-emissions vehicle manufacturers” in 9 V.S.A. § 4085 and requires these entities to register as a dealer pursuant to 23 V.S.A. chapter 7, subchapter 4.

Section 3 of the bill permits “non-franchised zero-emissions vehicle manufacturers” to directly own, operate, and control a warranty or service facility, which traditional vehicle franchisors or manufacturers are otherwise not permitted to do under current law.

#### **Fiscal Impacts**

Section 2 of the bill amends 9 V.S.A. § 4085 to add a definition for “non-franchised zero-emissions vehicle manufacturers” and require those manufacturers to register as a dealer pursuant to 23 V.S.A. chapter 7, subchapter 4.

23 V.S.A. chapter 7, subchapter 4 requires dealers to apply for registration on an annual basis for each place of business. The application requires a fee of \$503 for each certificate issued in such dealer’s name. Furthermore, dealers are eligible to obtain dealer number plates based on the dealer’s reasonable estimate of expected annual sales, with a maximum of up to 57 plates allowed for dealers with estimated sales of 1,500 or more vehicles. Should more than three plates be issued to the dealer, a \$55 annual fee shall be collected for each plate with up to two plates issued free of charge.<sup>1</sup>

It is not presently known how many “non-franchised zero-emission vehicle manufacturers” will be registering as dealers under this legislation. However, it is likely that fewer than ten will do so

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<sup>1</sup> See [23 V.S.A. § 453](#).

in the near term based on the overall size of the vehicle market in Vermont. It is also not known how many dealer plates these entities will obtain since the maximum number of plates allowed is determined by sales volume estimates per dealer and place of business.

At the highest end of the range, assuming each dealer sold 1,500 or more vehicles annually to be eligible for the maximum allowed number of 57 dealer plates (55 of which would be assessed a \$55 annual fee), the Transportation Fund would receive \$3,528 annually (\$503 registration fee plus \$3,025 in plate fees) per dealer.

Furthermore, under Section 3 of the bill, non-franchised zero-emission vehicle manufacturers would be permitted to operate warranty or service facilities. These facilities will conceivably generate employment opportunities and commercial activity within Vermont that will lead to enhanced tax collections. It is not possible to accurately quantify this impact at this time, however, since it is not clear how many of these manufacturers would operate these facilities, how many facilities they would operate, or what their volume of activity would be.