

RÉSUMÉ DIGEST

ACT 45 (SB 107)

2017 Regular Session

White

Prior law required certain persons, including specialty vehicle dealers, to first obtain a license from the La. Motor Vehicle Commission before engaging in business in this state, regardless of whether or not said person maintains or has a place or places of business in this state.

New law provides an exception to prior law and the rules and regulations of the commission for specialty vehicle dealers who manufacture wheeled, armored personnel carriers for sale to law enforcement agencies and who do not maintain or have a place of business in this state. New law expires on July 1, 2018.

Prior law, relative to the distribution and sale of motor vehicles and recreational products, prohibited a manufacturer, distributor, wholesaler, distributor branch, factory branch, converter or officer, agent, or other representative from selling or offering to sell a new or unused motor vehicle directly to a consumer or competing with a licensee operating under an agreement from the manufacturer.

New law retains the prohibition as to selling or offering to sell directly to a consumer and provides an exception against the direct sale to a consumer when any one of the following conditions are met by the manufacturer, distributor, wholesaler, distributor branch, factory branch, converter or officer, agent, or other representative:

- (1) Operating an existing, licensed, and franchised motor vehicle dealership or operating an existing, licensed, and franchised for a reasonable period not exceeding two years.
- (2) Operating an existing, licensed, and franchised motor vehicle dealership which is for sale to any qualified independent person at a fair and reasonable price, for a period not to exceed two years.
- (3) Operating in a bona fide relationship in which a person independent of a manufacturer has made a significant investment subject to loss in the dealership, and can reasonably expect to acquire full ownership of the dealership on reasonable terms and conditions.

Prior law prohibited a manufacturer, distributor, wholesaler, distributor branch, factory branch, converter or officer, agent, or other representative from competing with a licensee in the same-line makes, models, or classifications operating under an agreement or franchise from the manufacturer. Provides that a manufacturer is not competing if doing any one of the following:

- (a) Operating a dealership temporarily for a reasonable period, not to exceed two years.
- (b) Operating a bona fide retail dealership which is for sale to any qualified independent person at a fair and reasonable price, not to exceed two years.
- (c) Operating in a bona fide relationship in which a person independent of a manufacturer has made a significant investment subject to loss in the dealership, and can reasonably expect to acquire full ownership of such dealership on reasonable terms and conditions.

New law removes language as to "competing with a licensee in the same-line makes, models, or classifications operating under an agreement with the manufacturer" and removes the specific exception as to competition by a manufacturer.

Prior law required the commission, if the conditions in prior law are met, to allow the manufacturer to compete with licensees of the same-line makes, models, or classifications under an agreement or franchise from the manufacturer for longer than two years if the commission determines that the best interest of the manufacturer, consuming public, and licensees are best served.

New law removes language regarding competition with licensees of the same-line makes, models or classifications under a manufacturer's agreement or franchise for longer than two

years and authorizes the manufacturer to continue operating existing, licensed, and franchise dealerships for longer than two years if the best interest of the manufacturer, the consuming public, and licensees.

Effective upon signature of the governor (June 3, 2017).

(Amends R.S. 32:1261(A)(1)(k); adds R.S. 32:1254(O))