

Committee on Transportation

CS/CS/HB 637 — Motor Vehicle Dealers, Manufacturers, Importers, and Distributors

by Commerce Committee; Civil Justice Subcommittee; and Rep. Shoaf and others
(CS/CS/CS/SB 712 by Rules Committee; Commerce and Tourism Committee; Transportation Committee; and Senators Avila and Garcia)

The bill amends the Florida Automobile Dealers Act (Act), which primarily regulates the contractual business relationship between franchised motor vehicle dealers (dealers), and manufacturers, factory branches, distributors, and importers (licensees).

The bill revises various provisions related to the licensure of, and contractual agreements between, dealers and licensees, including:

- Expands the prohibitions on direct-to-consumer motor vehicle sales, and dealer ownership, by licensees that have established dealers.
- Prohibits new franchise agreements with licensees that do not include all “line-makes.”
- Expands the actions which a licensee is prohibited from taking to include:
 - Reserving or incentivizing the sale or lease of a motor vehicle.
 - Requiring or incentivizing dealers to sell or lease vehicles at a specified price or profit margin, or restricting the price that a dealer may sell or lease a motor vehicle.
 - Engaging in certain motor vehicle dealer activities.
 - Refusing to provide a dealer with an “equitable supply” of new vehicles by model, mix, or color as it offers or allocates to dealers.
 - Using the number of motor vehicles pre-ordered or reserved by consumers when determining allocations to dealers.
 - Controlling by contract, agreement, or otherwise a dealership for any “line-make” which is or has been offered for sale in Florida by a franchise agreement with an “independent person.”
- Authorizes licensees to sell certain motor vehicle features or improvements through remote electronic transmission, and requires the licensee to pay the dealer at least eight percent of the gross payment received from the sale of a motor vehicle feature or improvement through remote electronic transmission if it is made within two years after the sale or lease of the new vehicle and the ownership of the vehicle has not changed.
- Provides that neither a distributor nor an affiliate thereof may be licensed as a motor vehicle dealer or own or operate a dealership that sells or services motor vehicles of the line-make of motor vehicles distributed by the distributor.
- Creates a timeline and process for DHSMV to conduct an inquiry of a licensee relating to a written complaint alleging a violation of the Act, when such complaint is made by a franchised motor vehicle dealer or a motor vehicle dealer association with at least one member with a current franchise agreement issued by the manufacturer.

If approved by the Governor, or allowed to become law without the Governor’s signature, these provisions take effect July 1, 2023.

Vote: Senate 40-0; House 113-2