

# FLORIDA HOUSE OF REPRESENTATIVES

## BILL ANALYSIS

*This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.*

**BILL #:** [CS/CS/HB 429](#)

**TITLE:** Motor Vehicle Manufacturers and Franchised Motor Vehicle Dealers

**SPONSOR(S):** Yeager

**COMPANION BILL:** [CS/SB 1820](#) (Leek)

**LINKED BILLS:** None

**RELATED BILLS:** None

### Committee References

[Industries & Professional Activities](#)

15 Y, 1 N, As CS



[Civil Justice & Claims](#)

12 Y, 0 N



[Commerce](#)

23 Y, 0 N, As CS

## SUMMARY

### Effect of the Bill:

The bill revises provisions of the Florida Motor Vehicle Dealership Act (Act), which governs the licensure of, and contractual relationship between, motor vehicle dealers and motor vehicle manufacturers, distributors, importers, and their common entities (licensees). Specifically, the bill revises provisions relating to a licensee's use of criteria for measuring a franchised motor vehicle dealer's sales or service performance; prohibits licensees from engaging in certain conduct as retaliation against a motor vehicle dealer for specified acts; and revises provisions governing discontinuations, cancellations, non-renewals, modifications, and replacements of franchise agreements.

### Fiscal or Economic Impact:

The bill may have a positive economic impact on franchised motor vehicle dealers in the state.

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## ANALYSIS

### EFFECT OF THE BILL:

The bill revises provisions of the [Florida Automobile Dealership Act](#) (Act) related to the [licensure](#) of, and [contractual agreements](#) between, [motor vehicle dealers](#) and motor vehicle [manufacturers](#), [distributors](#), and [importers](#) (applicants or licensees).

### Measuring Sales or Service Performance

The bill adds a "[common entity](#)" to the list of persons prohibited from using criteria to measure the sales or service performance of a franchised motor vehicle dealer which have a material or adverse effect on any motor vehicle dealer and which:

- Are unfair, unreasonable, arbitrary, or inequitable; or
- Do not include all relevant and material local and regional criteria, data, and facts. (Section [1](#))

The bill prohibits an applicant or licensee or common entity from implementing or enforcing sales or service measuring criteria without first making available and readily accessible a written description to each franchised dealer which states how the performance measurement criteria was designed, calculated, established, and uniformly applied. (Section [1](#))

### Retaliatory Actions

The bill prohibits an applicant, licensee, or common entity thereof from engaging in any action, or implementing any policy, standard, rule, practice, or program, taken as retaliation against a motor vehicle dealer because the dealer:

- Invoked a statutory right created by the motor vehicle franchise law;

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**DATE:** 4/16/2025

- Asserted that the applicant, licensee, or common entity acted in a manner that violates the motor vehicle franchise law; or
- Testified, assisted, or participated in any manner in an investigation, proceeding, or hearing that may directly affect the applicant, licensee, or common entity. (Section [1](#))

### **Discontinuing, Canceling, Nonrenewing, Modifying, or Replacing Franchise Agreements**

The bill clarifies the conditions by which a discontinuation, cancellation, or non-renewal of a motor vehicle franchise agreement may be determined to be unfair. Specifically, under the bill, such an action is unfair if it is not based on a material and substantial breach of the franchise agreement by the motor vehicle dealer. (Section [2](#))

The bill also revises the burden of proof requirement to specify that the manufacturer, distributor, or importer has the burden of proof to show that the discontinuation, cancellation, nonrenewal, modification, or replacement is fair and not prohibited. (Section [2](#))

### **Effective Date**

The effective date of the bill is July 1, 2025. (Section [3](#))

### **FISCAL OR ECONOMIC IMPACT:**

#### **PRIVATE SECTOR:**

The bill may have a positive economic impact on franchised motor vehicle dealers in the state as it protects their current business model.

## **RELEVANT INFORMATION**

### **SUBJECT OVERVIEW:**

#### **Florida Automobile Dealership Act**

The Florida Automobile Dealership Act (Act),<sup>1</sup> governs the [licensure](#) of, and [contractual relationship \(franchise agreements\)](#)<sup>2</sup> between, motor vehicle [manufacturers](#),<sup>3</sup> [distributors](#),<sup>4</sup> and [importers](#),<sup>5</sup> and provides substantial protections for [motor vehicle dealers](#).<sup>6</sup> The Division of Motor Vehicles (Division) within the Department of Highway Safety and Motor Vehicles (DHSMV) administers and enforces the Act, which generally specifies:

<sup>1</sup> Ch. 70-424, Laws of Fla., codified in [ch. 320, F.S.](#)

<sup>2</sup> “Franchise agreement” means a contract, franchise, new motor vehicle franchise, sales and service agreement, or dealer agreement or any other terminology used to describe the contractual relationship between a manufacturer, factory branch, distributor, or importer, and a motor vehicle dealer, pursuant to which the motor vehicle dealer is authorized to transact business pertaining to motor vehicles of a particular line-make. “Line-make vehicles,” in turn, means motor vehicles which are offered for sale, lease, or distribution under a common name, trademark, service mark, or brand name of the manufacturer of same (such as Ford, General Motors, or Honda). However, motor vehicles sold or leased under multiple brand names or marks constitute a single line-make when they are included in a single franchise agreement, and every motor vehicle dealer in this state authorized to sell or lease any such vehicles has been offered the right to sell or lease all of the multiple brand names or marks covered by the single franchise agreement. S. [320.60\(1\) and \(14\), F.S.](#)

<sup>3</sup> “Motor vehicle manufacturer” means any person, whether a resident or non-resident of this state, who manufactures or assembles motor vehicles or who manufactures or installs on previously assembled truck chassis special bodies or equipment which, when installed, form an integral part of the motor vehicle and which constitute a major manufacturing alteration. This term includes a central or principal sales corporation or other entity through which, by contractual agreement or otherwise, it distributes its products. S. [320.60\(9\), F.S.](#)

<sup>4</sup> “Distributor” means a person, resident or nonresident, who, in whole or in part, sells or distributes motor vehicles to motor vehicle dealers or who maintains distributor representatives. S. [320.60\(5\), F.S.](#)

<sup>5</sup> “Importers” means a person who imports vehicles from a foreign country into the United States or into Florida for the purpose of sale or lease. S. [320.60\(7\), F.S.](#)

<sup>6</sup> “Motor vehicle dealer” means any person, firm, company, corporation, or entity who holds a license under [s. 32.27, F.S.](#), as a “franchised motor vehicle dealer” and, for commission, money, or other things of value, repairs or services motor vehicles pursuant to a franchise agreement; sells, exchanges, buys, leases or rents, or offers, or attempts to negotiate a sale or exchange of any interest in, motor vehicles; or is engaged wholly or in part in the business of selling motor vehicles, whether or not such motor vehicles are owned by such person, firm, company, or corporation. Further, any person who repairs or services three or more motor vehicles; buys, sells,

- Motor vehicle manufacturers, distributors, and importers (applicants or licensees) must be licensed under the Act to engage in business in Florida, and the conditions and situations under which the DHSMV may deny, suspend, or revoke such licenses;
- The requirements for licensees wishing to discontinue, cancel, modify, or otherwise replace a franchise agreement with a dealer, and the conditions under which the DHSMV may deny such a request;
- The procedures licensees must follow to add a franchised dealership in an area already served by a franchised dealer, the protest process, and the DHSMV's role in such circumstances;
- The damages assessable against a licensee who violates the Act; and
- The DHSMV's authority to adopt rules to implement the Act.<sup>7</sup>

### **Common Entity**

Under the Act, the term "common entity," refers to a person:

- Who is directly or indirectly controlled by, or has more than 30 percent of its equity interest directly or indirectly owned by, a manufacturer, importer, distributor, or licensee, or an affiliate thereof; or
- Who has more than 30 percent of its equity interest directly or indirectly controlled or owned by one or more persons who also directly or indirectly control or own more than 30 percent of the equity interests of a manufacturer, an importer, a distributor, or a licensee, or an affiliate thereof.<sup>8</sup>

### **Measuring Sales or Service Performance**

The Act prohibits applicants or licensees from establishing, implementing, or enforcing criteria for measuring the sales or service performance of any of their franchised motor vehicle dealers in this state which have a material or adverse effect on any motor vehicle dealer and which are unfair, unreasonable, arbitrary, or inequitable, or do not include all relevant and material local and regional criteria, data, and facts.<sup>9</sup> Under the Act, an applicant, licensee, or common entity thereof which enforces against any motor vehicle dealer any sales or service performance measurement criteria must, upon the request of the motor vehicle dealer, describe in a detailed writing to the motor vehicle dealer how the criteria used were designed, calculated, established, and uniformly applied.<sup>10</sup>

### **Discontinuing, Canceling, Nonrenewing, Modifying, or Replacing Franchise Agreements**

Under the Act, an applicant or licensee must give written notice to the motor vehicle dealer and the DHSMV of the licensee's intention to discontinue, cancel, or fail to renew a franchise agreement, or of the licensee's intention to modify a franchise or replace a franchise with a succeeding franchise, which modification or replacement will adversely alter a motor vehicle dealer's rights or obligations under an existing franchise agreement or will substantially impair the motor vehicle dealer's sales, service obligations, or investment, at least 90 days before the effective date of any such action.<sup>11</sup> The Act then authorizes a motor vehicle dealer who receives such a notice of intent to discontinue, cancel, not renew, modify, or replace a franchise agreement to, within the 90-day notice period, file a petition or complaint for a determination of whether such action is unfair or prohibited and gives the applicant or licensee the burden of proof as to whether any such action is fair and not prohibited.<sup>12</sup>

Under the act, a modification or replacement is unfair if it is not clearly permitted by the franchise agreement; is not undertaken in good faith; or is not undertaken for good cause, while a discontinuation, cancellation, or non-renewal is unfair if it is not:

- Clearly permitted by the franchise agreement;
- Undertaken in good faith;
- Undertaken for good cause;
- Based on a material and substantial breach of the franchise agreement; or
- Based on grounds applied uniformly.<sup>13</sup>

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or deals in three or more motor vehicles in any 12-month period; or offers or displays for sale three or more motor vehicles is presumed to be a motor vehicle dealer, with exceptions. S. [32.60\(11\), F.S.](#)

<sup>7</sup> S. [320.011, F.S.](#); ss. [320.60-320.70, F.S.](#)

<sup>8</sup> S. [320.60\(2\)\(a\), F.S.](#)

<sup>9</sup> S. [320.64\(42\)\(a\), F.S.](#)

<sup>10</sup> *Id.*

<sup>11</sup> S. [320.641\(1\), F.S.](#)

<sup>12</sup> *Id.*

<sup>13</sup> S. [320.641\(3\), F.S.](#)

Further, the Act guarantees a new motor vehicle dealer at least 180 days to correct an alleged failure of the motor vehicle dealer's sales or service performance obligations under the applicable franchise agreement before an applicant or licensee may send a notice of discontinuation, cancellation, or nonrenewal.<sup>14</sup>

### **Complaints and Conduct of Inquiry**

The act requires the DHSMV to conduct an inquiry of a licensee relating to any written complaint alleging a violation of any provision of ss. [320.61-320.70](#), F.S., made by any of the following entities:

- A motor vehicle dealer with a current franchise agreement issued by the licensee; or
- A motor vehicle dealer association with at least one member with a current franchise agreement issued by the licensee.<sup>15</sup>

Such an inquiry must be commenced within 30 days after receipt of the written complaint, and the DHSMV may allow the subject licensee no more than 60 days after the inquiry's commencement to provide a written response. Within 30 days after the written response deadline, the DHSMV must provide a written response to the complainant stating whether the DHSMV intends to act against the licensee and, if so, what action it intends to take. If, as a result of the inquiry, the DHSMV determines that a licensee has violated any provision of ss. [320.61-320.70](#), F.S., the DHSMV must take appropriate action against the licensee, which may include:

- License suspension or revocation;
- Denial of a license renewal action;
- Assessment, imposition, levy, and collection of an appropriate civil fine; or
- Instituting a civil action for issuance of an injunction pursuant to s. [320.695, F.S.](#)

### **Injunctions**

Under the Act, the DHSMV, or any motor vehicle dealer in the name of the DHSMV and the state and for the use and benefit of the motor vehicle dealer, may generally apply to any circuit court of the state for a temporary or permanent injunction<sup>16</sup> restraining any person from doing the following:<sup>17</sup>

- Acting as a licensee under the Act without being properly licensed;
- Violating or continuing to violate the Act; or
- Failing or refusing to comply with the requirements of s. [320.695, F.S.](#), or any rule or regulation adopted thereunder.

The Act requires that such injunctions be issued without bond, and specifies that a single violation of the Act is sufficient to authorize the issuance of an injunction.<sup>18</sup> However, this statutory remedy is not applicable to any motor vehicle dealer after final determination by the DHSMV to discontinue, cancel, not renew, modify, or replace a franchise agreement.<sup>19</sup>

### **Administrative Hearings and Adjudications**

A motor vehicle dealer, or a person with entitlements to or in a motor vehicle dealer, who is directly and adversely affected by the actions or conduct of an applicant or licensee, which actions or conduct allegedly violate the Act, may seek a declaration and adjudication of its rights by filing with the DHSMV either a:<sup>20</sup>

- Request for an administrative hearing under [ch. 120, F.S.](#); or
- Written objection or notice of protest as prescribed by the Act.

If a written objection or notice of protest is filed with the DHSMV, a hearing must occur no sooner than 180 days, or later than 240 days, from the date of the filing of the first written objection or notice of protest, unless the time is extended by the administrative law judge for good cause shown.<sup>21</sup>

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<sup>14</sup> *Id.*

<sup>15</sup> S. [320.67, F.S.](#)

<sup>16</sup> An "injunction" is a court order requiring a person to do or cease doing a specific action. Legal Information Institute, *Injunction*, <https://www.law.cornell.edu/wex/injunction> (last visited Apr. 3, 2025).

<sup>17</sup> S. [320.695, F.S.](#)

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> S. [320.699\(1\), F.S.](#)

<sup>21</sup> S. [320.699\(2\), F.S.](#)

### **Motor Vehicle Dealer Association Standing**

On May 3, 2022, the First District Court of Appeal affirmed a decision by the DHSMV that the Florida Automobile Dealers Association (FADA) lacked standing to challenge a licensee's alleged violations of the Act.<sup>22</sup> Specifically, the court held that, even though FADA's members are motor vehicle dealers, FADA lacked standing because:

- It is not itself a motor vehicle dealer or other statutorily-authorized person or entity that may bring such a challenge; and
- Was not directly and negatively impacted by the licensee's actions or conduct.<sup>23</sup>

### **RECENT LEGISLATION:**

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2023	<a href="#">CS/CS/HB 637</a>	Shoaf	Avila	Became law on July 1, 2023.

### **BILL HISTORY**

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
<a href="#">Industries &amp; Professional Activities Subcommittee</a>	15 Y, 1 N, As CS	3/12/2025	Anstead	Thompson
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"><li>• Revised provisions in the bill relating to sales and service performance measurements.</li><li>• Removed a provision from the bill giving standing to motor vehicle dealer associations to bring specified lawsuits against licensees.</li><li>• Clarified provisions in current law regarding discontinuations, cancellations, non-renewals, modifications, and replacement of franchise agreements.</li></ul>			
<a href="#">Civil Justice &amp; Claims Subcommittee</a>	12 Y, 0 N	4/3/2025	Jones	Mawn
<a href="#">Commerce Committee</a>	23 Y, 0 N, As CS	4/15/2025	Hamon	Thompson
THE CHANGES ADOPTED BY THE COMMITTEE:	Clarified the provisions governing discontinuations, cancellations, nonrenewals, modifications, and replacement of franchise agreements.			

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**THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.**  
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<sup>22</sup> *Fla. Auto. Dealers Ass'n v. Hyundai Motor Am. Corp.*, 337 So. 3d 893, 894 (Fla. 1st DCA 2022), *reh'g denied* (May 3, 2022).

<sup>23</sup> *Id.*