

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 13, 2011
POSITION: Neutral
SPONSOR: California New Car Dealers Association

BILL NUMBER: SB 642
AUTHOR: A. Padilla

BILL SUMMARY: Vehicles: Manufacturers and Distributors

This bill would enact numerous prohibitions that seek to address concerns of new car dealers regarding their ability to submit a protest to the New Motor Vehicle Board (NMVB), competition from factory-owned dealerships, and manufacturers requiring dealers to sell certain products.

FISCAL SUMMARY

The Department of Motor Vehicles (DMV) estimates costs to be minor and absorbable.

COMMENTS

Finance is neutral because the bill would update and augment California's dealer franchise protection laws by prohibiting statutory protest right waivers and addressing product discrimination and unfair competition by factory-owned dealerships.

Existing law prohibits manufacturers and distributors of motor vehicles from engaging in specified actions with respect to dealers of those vehicles.

This bill would enact numerous prohibitions that seek to address concerns of new car dealers regarding their ability to submit a protest to the NMVB, competition from factory-owned dealerships, and manufacturers requiring dealers to sell certain products.

This bill would make it unlawful to obtain from a dealer or enforce against a dealer an agreement that does any of the following: modifies or disclaims a duty or obligation of the manufacturer, distributor, or a right or privilege of a dealer; limits the right of a dealer to file, pursue or submit evidence in connection with a protest before the board; or provides for the termination of the franchise by a dealer.

The NMVB is a program within DMV which operates in a quasi-judicial capacity to resolve disputes between franchise dealers and manufacturers/distributors of new motor vehicles and specified motorsports vehicles. Under existing law, the NMVB may only take action on disputes when "a protest is presented to the Board by a franchisee."

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								Fund Code
	SO	LA	CO	PROP	FC	FC	FC	FC	
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
2740/DMV	SO	No		-----	Minor Fiscal Impact	-----			0054
<u>Fund Code</u>	<u>Title</u>								
0054	New Motor Vehicle Board Account								

Analyst/Principal (0744) J. Gregg	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

