

# 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/HB 429](#)

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

**SPONSOR(S):** Yeager

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

**LINKED BILLS:** None

**RELATED BILLS:** None

## Committee References

[Industries & Professional  
Activities](#)

15 Y, 1 N, As CS

[Civil Justice & Claims](#)

[Commerce](#)

## SUMMARY

### **Effect of the Bill:**

The bill revises provisions of the Florida Motor Vehicle Dealership Act (Act), which govern the licensure of, and contractual relationship between, motor vehicle dealers, manufacturers, distributors, importers, and their common entities. The bill prohibits manufacturers and their common entities from engaging in certain conduct as retaliation against a motor vehicle dealer and revises provisions that govern discontinuations, cancellations, nonrenewals, modifications, and replacement 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 [Act](#) related to the [licensure](#) of, and [contractual agreements](#) between, [motor vehicle dealers](#) and manufacturers. The bill adds “[common entity](#)” to the prohibition of an applicant, licensee, or common entity (manufacturer) on [measuring the sales or service performance](#) of their franchised motor vehicle dealers in a way that has a material or adverse effect on any motor vehicle dealers that are unfair or unreasonable. (Section [1](#))

The bill prohibits manufacturers and their common entities from engaging in any action, or implementing any policy, standard, rule, practice, or program as retaliation against a franchised motor vehicle dealer because the dealer:

- Invoked any right pursuant to the motor vehicle franchise law;
- Asserted that the manufacturer 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 manufacturer. (Section [1](#))

The bill clarifies the conditions by which a [discontinuation, cancellation, or nonrenewal](#) of a motor vehicle franchise agreement may be determined to be fair. (Section [2](#))

The bill clarifies that all conditions provided in the statute must exist in order for a modification or replacement of a franchise agreement to be determined to be fair. (Section [2](#))

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

**STORAGE NAME:** h0429a.IPA

**DATE:** 3/14/2025

## 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 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 DHSMV administers and enforces the Act, which generally specifies:

- Motor vehicle manufacturers, distributors, and importers (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 these sections of law.<sup>7</sup>

#### [Common Entity](#)

When the Act refers to a "common entity" it is referring to a person or business that is directly or indirectly controlled by, or has more than 30 percent equity interest in, a manufacturer, importer, distributor, or licensee, or an affiliate thereof.<sup>8</sup>

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<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, ore 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, 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 this state 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 party 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, 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.](#)

### [Measuring Sales or Service Performance](#)

The Act prohibits applicants or licensees from 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 that are unfair, unreasonable, arbitrary, or inequitable, or do not include all relevant and material local and regional criteria, data, and facts.<sup>9</sup>

### [Discontinuing, Canceling, Nonrenewing, Modifying, or Replacing Franchise Agreements](#)

The Act authorizes motor vehicle dealers who receive a notice of intent to discontinue, cancel, not renew, modify, or replace a franchise agreement from a manufacturer to, within the 90-day notice period, file a petition or complaint for a determination of whether such action is unfair or prohibited. Such actions are considered unfair if they are not:<sup>10</sup>

- 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
- Applied uniformly.

The Act provides new motor vehicle dealers with at least 180 days to correct an alleged failure before a manufacturer is authorized to send the notice of discontinuation, cancellation, or nonrenewal.<sup>11</sup>

The applicant or licensee has the [burden of proof](#) that such action is fair and not prohibited.<sup>12</sup>

### [Complaints and Conduct of Inquiry](#)

The act requires DHSMV to conduct an inquiry of a manufacturer relating to any written complaint alleging a violation of any provision of ss. 320.61-320.70, of the Act, made by the following entities:<sup>13</sup>

- A motor vehicle dealer with a current franchise agreement with the manufacturer, or
- A motor vehicle dealer association with at least one member with a current franchise agreement issued by the manufacturer.

### [Injunctions](#)

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>14</sup> restraining any person from the following:<sup>15</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 injunction statute or any rule or regulation adopted thereunder.

The Act requires such injunctions to be issued without bond, and specifies that a single act in violation is sufficient to authorize the issuance of an injunction. However, this statutory remedy is not applicable to any motor vehicle dealer after final determination by DHSMV to discontinue, cancel, not renew, modify, or replace a franchise agreement.<sup>16</sup>

### [Administrative Hearings and Adjudications](#)

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

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

<sup>10</sup> S. [320.641\(3\), F.S.](#)

<sup>11</sup> *Id.*

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

<sup>13</sup> S. [320.67, F.S.](#)

<sup>14</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 March 7, 2025).

<sup>15</sup> S. [320.695, F.S.](#)

<sup>16</sup> *Id.*

A dealer who is directly and adversely affected by the actions or conduct of a manufacturer, 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>17</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>18</sup>

**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>19</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>20</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 provisions from the bill that authorized standing rights to motor vehicle dealer associations.</li> <li>• Clarified provisions in current law regarding discontinuations, cancellations, nonrenewals, modifications, and replacement of franchise agreements.</li> </ul>			
<a href="#">Commerce Committee</a>				

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**THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.**  
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<sup>17</sup> S. [320.699\(1\), F.S.](#)

<sup>18</sup> S. [320.699\(2\), F.S.](#)

<sup>19</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>20</sup> Id.

