

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 989](#)

TITLE: Motor Vehicle Manufacturers and Franchised

Motor Vehicle Dealers

SPONSOR(S): Yeager

Committee References

[Industries & Professional Activities](#)

16 Y, 1 N, As CS

COMPANION BILL: [SB 1562](#) (Trumbull)

LINKED BILLS: None

RELATED BILLS: None

[Commerce](#)



SUMMARY

Effect of the Bill:

The bill prohibits a licensed motor vehicle manufacturer, distributor, importer or factory branch (licensee) that sells 1,000 or more vehicles of a particular line-make to motor vehicle dealers within the state during any 12-month period from selling more than 33.33 percent of such vehicles to any single dealer or group of dealers with common ownership or control. However, the bill exempts any licensee that had a franchised dealer in the state as of January 1, 2026, or if they are not otherwise prohibited from owning or operating their own dealership.

The bill expands the grounds on which a licensee may prevent or reject the succession, transfer, assignment, or sale of a motor vehicle dealership franchise to include when such action would result in the licensee selling more than 33.33 percent of its wholesale volume in the state to any single dealer or group of dealers with common ownership or control, in violation of ch. 320, F.S.

Fiscal or Economic Impact:

Indeterminate. The bill appears to have no fiscal impact on state or local government. The bill may have an indeterminate impact on the private sector.

[JUMP TO](#)

[SUMMARY](#)

[ANALYSIS](#)

[RELEVANT INFORMATION](#)

[BILL HISTORY](#)

ANALYSIS

EFFECT OF THE BILL:

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A group of dealers is commonly owned or controlled when:

- One dealer owns or controls more than 30 percent of another dealer; or
- The same person or entity owns or controls more than 30% of each dealer. (Section [1](#))

However, the bill exempts any licensee that had a franchised dealer in the state as of January 1, 2026, or if they are not otherwise [prohibited from owning or operating](#) their own dealership. (Section [1](#))

The bill expands the grounds on which a licensee may prevent or reject the [succession, transfer, assignment, or sale](#) of a motor vehicle dealership franchise to include when such action would result in the licensee selling more than 33.33 percent of its wholesale volume in the state to any single dealer or group of dealers with common ownership or control, in violation of ch. 320, F.S. (Sections [1](#) and [2](#))

STORAGE NAME: h0989.IPA

DATE: 2/9/2026

The bill provides an effective date of July 1, 2026. (Section [3](#))

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

The bill may have an indeterminate impact on the private sector. The bill may have a positive economic impact on franchised 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)¹ governs the licensure of, and contractual relationship between motor vehicle manufacturers,² distributors,³ and importers,⁴ and provides substantial protections for motor vehicle dealers. The Division of Motor Vehicles (Division) within the Department of Highway Safety and Motor Vehicles (DHSMV) administers and enforces the Act, which generally specifies:⁵

- Motor vehicle manufacturers, distributors, and importers (applicants or licensees) must be licensed under the Act to engage in business in Florida, and the conditions 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.

Motor Vehicle Dealers

Under the Act, motor vehicle dealers⁶ are classified as either franchised dealers or independent dealers. A franchised motor vehicle dealer is any person or business who engages in the business of repairing, servicing, buying, selling, or dealing in motor vehicles pursuant to a franchise agreement.⁷ An independent motor vehicle

¹ Ch. 70-424, Laws of Fla., codified in ch. 320, F.S.

² "Manufacturer" means any person, whether a resident or nonresident 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. The 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\(11\), F.S.](#)

³ "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.](#)

⁴ "Importer" means any 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.](#)

⁵ [S. 320.011, F.S.](#); ss. 320.60-320.70, F.S.

⁶ "Motor vehicle dealer" means any person, firm, company, corporation, or other entity, who holds a license pursuant to [S. 320.27, F.S.](#) as a "franchised motor vehicle dealer" and, for commission, money, or other things of value, repairs or services motor vehicles or used 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 or used 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 in any 12-month period is presumed to be a motor vehicle dealer, with exceptions. [S. 320.60\(13\), F.S.](#)

⁷ "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,

dealer is any person or business other than a franchised or wholesale motor vehicle dealer⁸ who engages in the business of buying, selling, or dealing in motor vehicles, and who may service and repair motor vehicles.⁹

Currently, no person or entity may engage in business as a motor vehicle dealer without first obtaining a motor vehicle dealer license. Generally, only dealers may advertise vehicles belonging to others, unless the sale arises from a bona fide legal proceeding, court order, estate settlement, or operation of law. However, a vehicle owner may advertise and sell vehicles titled in their own name without a license.¹⁰

Restrictions on Owning or Operating Dealerships

The Act prohibits licensees, manufacturers, distributors, agents of a manufacturer or distributor, or any parent, subsidiary, common entity,¹¹ officer, or representative of a licensee from owning or operating a dealership in Florida for the sale or service of a line-make of motor vehicles that are already offered for sale under a franchise agreement with a dealer in this state.¹² However, if a manufacturer has no franchised dealers in the state for a line-make, they may be allowed to sell directly to consumers.

Other instances in which a manufacturer or distributor may own or operate a dealership include when the licensee:

- Operates a dealership temporarily, not to exceed one year, during the transition between owners.
- Temporarily operates a dealership to broaden diversity within its dealer body or provide opportunities to qualified persons who lack the resources to purchase the dealership outright, in a bona fide relationship with an independent person¹³ who has made a significant investment and is reasonable expected to acquire full ownership.
- Operates a dealership when DHSMV, after a hearing, determines that no independent person is available in the community or territory to own and operate the dealership in a manner consistent with the public interest.

In all such cases, the dealership must be continually offered for sale to independent persons at a fair and reasonable price, and approval of the sale of a proposed dealer may not be unreasonably withheld.¹⁴

Manufacturer, Factory Branch, Distributor, and Importer Licenses

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" are those 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. However, motor vehicles sold or leased under multiple brand names or marks shall 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.](#)

⁸ "Wholesale motor vehicle dealer" means any person who engages exclusively in the business of buying, selling, or dealing in motor vehicles at wholesale or with motor vehicle auctions. [S. 320.27\(c\), F.S.](#)

⁹ [S. 320.27\(c\), F.S.](#)

¹⁰ [S. 320.27\(2\), F.S.](#)

¹¹ "Common entity" means a person or business 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. [S. 320.60\(2\)\(a\), F.S.](#)

¹² [S. 320.645\(1\), F.S.](#)

¹³ "Independent person" means a person who is not an agent; a parent; a subsidiary; a common entity; an officer; a director; or an employed representative of a licensee, a manufacturer, an importer, or a distributor. [S. 320.60\(8\), F.S.](#)

¹⁴ [S. 320.645\(1\), F.S.](#)

Under the Act, motor vehicle manufacturers, factory branches, distributors, and importers must be licensed before engaging in business in the state. No motor vehicle may be sold,¹⁵ leased, or offered for sale or lease in this state unless the manufacturer, importer, or distributor of such motor vehicle is licensed under [S. 320.61, F.S.](#)¹⁶

Denying, Revoking, or Suspending a License

A motor vehicle manufacturer, distributor, or importer license may be denied, suspended, or revoked, for a specific location or statewide, if there is sufficient evidence of repeated violations of ch. 320, F.S., demonstrating a pattern of misconduct.¹⁷ Current law identifies a substantial, enumerated list of conduct in which licensees are prohibited from engaging. Grounds for denying, suspending, or revoking a license generally arise from the licensee's dealings with its franchised motor vehicle dealers.¹⁸

Succession of a Motor Vehicle Dealership

Current law prohibits a licensee from preventing or refusing to accept the succession of a motor vehicle dealership franchise to a dealer's legal heir or devisee, notwithstanding the terms of any franchise agreement. A licensee may reject a proposed successor only if:¹⁹

- The heir or devisee fails to meet the licensee's written, reasonable, and uniformly applied minimum qualifications for dealer applicants; or
- Following notice and an administrative hearing, the succession is shown to be detrimental to the public interest or the licensee's representation.

Termination, Cancellation, or Nonrenewal of a Franchise Agreement

Current law requires licensees to repurchase certain property from a dealer following the voluntary or involuntary termination, cancellation or nonrenewal of a franchise agreement. Property subject to repurchase includes new vehicles with limited mileage, new and resalable parts and accessories purchased directly from the licensee, undamaged signs bearing the licensee's trademark, and special tools, automotive service equipment, and data processing equipment recommended or supplied by the licensee.²⁰ Specifically, the licensee must pay the dealer the net cost paid by the dealer for each new car or truck in the dealer's inventory with mileage of 2,000 miles or less, or a motor cycle with mileage of 100 miles or less, not counting mileage placed on the vehicle before it was delivered to the dealer.²¹ Licensees are also responsible for reasonable costs associated with transporting, handling, packing, storing, and loading the property.

If the termination, cancellation or nonrenewal results from a plan, scheme, or corporate action intended to reduce the number of franchised dealers, or from bankruptcy or cessation of a line-make, the licensee must additionally compensate the dealer for the fair market value of the franchise, reflecting the goodwill of the dealership within its community or territory. Compensation is generally due upon tender of the property, with clear procedures for

¹⁵ "Sell" or "sold" includes accepting a deposit or receiving a payment for the retail purchase, lease, or other use of a motor vehicle; accepting a reservation from a retail consumer for a specific motor vehicle identified by a vehicle identification number or other product identifier; setting the retail price for the purchase, lease, or other use of a motor vehicle, but does not include setting a manufacturer's suggested retail price; offering or negotiating with a retail consumer terms for the purchase, lease, or other use of a motor vehicle; offering or negotiating with a retail consumer a value for a motor vehicle being traded in as part of the purchase, lease, or other use of a motor vehicle, but does not include a website or other means of electronic communication that identifies to a consumer a conditional trade-in value and that contains language informing the consumer that the trade-in value is not binding on any motor vehicle dealer; any transaction where the title of a motor vehicle or a used motor vehicle is transferred to a retail consumer; or any retail lease transaction where a retail consumer leases a vehicle for a period of at least 12 months, but does not include administering lease agreements, taking assignments of leases, performing required actions pursuant to such leases, or receiving payments under a lease agreement that was originated by a motor vehicle dealer. [S. 320.60\(16\), F.S.](#)

¹⁶ [S. 320.61, F.S.](#)

¹⁷ [S. 320.64, F.S.](#)

¹⁸ Id.

¹⁹ [S. 320.64\(16\), F.S.](#)

²⁰ [S. 320.64\(36\), F.S.](#)

²¹ [S. 320.64\(36\)\(a\)1, F.S.](#)

returning inventory and other items. Certain transactions, including the sale of the dealer's assets or ownership interests, are exempt from these repurchase requirements.

Transfer, Assignment, or Sale of Franchise Agreements

Under current law, a motor vehicle dealer may sell, assign, transfer, or otherwise dispose of a franchise agreement to another person, including a corporation established to hold the franchise. A licensee may only refuse or penalize such a transfer if:²²

- The proposed transferee, or the transferee's controlling executive management, is not of good moral character; or
- The transferee does not meet the licensee's written, reasonable, and uniformly applied qualifications regarding financial capacity and business experience.

A dealer seeking to transfer a franchise must provide written notice to the licensee, including the transferee's name, address, financial qualifications, and recent business experience. Subsequently, the licensee has 60 days to object in writing and specify the material reasons for rejecting the transferee. If the licensee does not respond within 60 days, the transfer is considered approved.²³ Further, any transfer is valid only if the transferee agrees in writing to comply with all existing franchise requirements, with ownership changed to the transferee.²⁴

Industry Background

Historically, Florida's motor vehicle industry has been one of the largest in the country, driven by sustained population growth, high vehicle demand, and a dense network of franchised dealerships across the state. In 2024, Florida's dealership network was credited with creating over 186,400 jobs and contributing over \$115 billion to the state economy.²⁵ As of June 2025, Florida's annual new motor vehicle sales ranked third overall in the United States, totaling almost \$60 million in sales in the first half of the year.²⁶ Florida also had the third most motor vehicle dealers in the nation, with 943 dealers.²⁷

However, the motor vehicle retail market is increasingly dominated by large dealer groups. Ongoing consolidation through mergers, acquisitions, and multi-brand ownership has concentrated market share among fewer corporate entities, many of which operate countless dealerships across the state or nationwide. For example, AutoNation, one of the largest motor vehicle retailers in the U.S., operates 51 of its 267 nationwide retail locations in Florida, where it sells 31 different motor vehicles brands, including domestic, import, and premium luxury lines.²⁸

²² [S. 320.643\(1\)\(a\), F.S.](#)

²³ *Id.*

²⁴ *Id.*

²⁵ Florida Automobile Dealers Association, *Driving Florida's Economy, Annual Contribution of Florida's New-Car Dealers*, available at <https://www.flada.org/about-fada/economic-impact/> (last visited Jan. 31, 2026).

²⁶ National Automobile Dealers Association, *NADA Data 2025: Midyear Report*, at 5, available at <https://www.nada.org/media/4694/download?inline> (last visited Jan. 31, 2026).

²⁷ *Id.* at 3.

²⁸ See AutoNation, *2024 Annual Report*, https://s21.q4cdn.com/504511082/files/doc_financials/2024/ar/AutoNation-2025-Annual-Report.pdf (last visited Jan. 31, 2026).

RECENT LEGISLATION:

YEAR	BILL #/SUBJECT	HOUSE/SENATE SPONSOR(S)	OTHER INFORMATION
2025	CS/CS/HB 429 - Motor Vehicle Manufacturers and Franchised Motor Vehicle Dealers	Yeager/ <i>Leek</i>	The bill became effective July 1, 2025.
2023	CS/CS/HB 637 - Motor Vehicle Dealers, Manufacturers, Importers, and Distributors	Shoaf/ <i>Avila</i>	The bill became effective July 1, 2023.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Industries & Professional Activities Subcommittee	16 Y, 1 N, As CS	2/5/2026	Anstead	Bunnell
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none"> • Prohibits a licensee that sells 1,000 or more vehicles during a 12 month period from selling more than 33.3% of such vehicles to any dealer or dealers with common ownership or control. • Revises the qualifications of “common ownership or control” for motor vehicle dealers. • Adds an exemption for any line-make of motor vehicles for which there is currently a licensed franchised dealer in the state. • Expands the grounds on which a licensee may prevent or reject the succession, transfer, assignment, or sale of a motor vehicle dealership franchise. 			
Commerce Committee				

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.
