



SPONSOR: Rep. Lynn & Sen. Lockman & Sen. Townsend
Reps. Baumbach, Michael Smith; Sens. Gay, S. McBride,
Sokola

HOUSE OF REPRESENTATIVES
151st GENERAL ASSEMBLY

HOUSE SUBSTITUTE NO. 1
FOR
HOUSE BILL NO. 239

AN ACT TO AMEND TITLE 6 OF THE DELAWARE CODE RELATING TO MOTOR VEHICLE DEALERSHIPS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 4902, Title 6 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows and redesignating accordingly:

3 § 4902. Definitions.

4 As used in this chapter:

5 () “Non-franchised zero-emission vehicle manufacturer” means a manufacturer that meets all of the following:

6 a. Only manufactures zero-emission vehicles, including plug-in electric vehicles.

7 b. Only sells or leases directly to consumers new or used zero-emission vehicles that it manufactures or
8 vehicles that have been traded in in conjunction with a new zero-emission vehicle sale.

9 c. Does not currently sell or lease, and has never sold or leased, motor vehicles in this State through a
10 franchisee.

11 d. Has not sold or transferred a combined or indirect ownership interest of greater than 30 % in such non-
12 franchised zero-emission vehicle manufacturer to a franchisor, subsidiary, or other entity controlled by a
13 franchisor or has not acquired a combined direct or indirect ownership interest of greater than 30 percent in a
14 franchisor, subsidiary, or other entity controlled by a franchisor.

15 e. Is a dealer registered under Chapter 63 of Title 21.

16 Section 2. Amend § 4913, Title 6 of the Delaware Code by making deletions as shown by strike through and
17 insertions as shown by underline as follows:

18 § 4913. Unlawful acts by manufacturers.

19 (b) It shall be a violation of this chapter for any manufacturer:

20 (14) To directly or indirectly own an interest in a dealer or dealership; or operate or control a dealer or
21 dealership; or act in the capacity of a dealer except as provided by ~~this section~~ under one of the following:

22 a. A manufacturer or distributor may own an interest in a franchised dealer, or otherwise control a
23 dealership for a period not to exceed 24 months from the date the manufacturer or distributor acquires the
24 dealership if the dealership is for sale by the manufacturer or distributor at a reasonable price and on reasonable
25 terms and conditions.

26 b. A manufacturer or distributor may temporarily own an interest in a dealership if the manufacturer's or
27 distributor's participation in the dealership is a bona fide relationship with a franchised dealer who:

- 28 1. Is required to make a significant investment in the dealership, subject to loss;
- 29 2. Has an ownership interest in the dealership; and
- 30 3. Operates the dealership under a plan to acquire full ownership of the dealership within a
31 reasonable time and under reasonable terms and conditions.

32 c. A non-franchised zero-emission vehicle manufacturer may own, operate, or control dealerships.

SYNOPSIS

This Act creates an exception to the restriction on manufacturers operating vehicle dealerships in Delaware to allow a manufacturer of zero-emission vehicles that does not operate any franchises to own, control or operate dealerships in Delaware.