



Electric and Autonomous Vehicle Legislation Must Preserve State Vehicle Franchise Laws and Consumer Affordability

ISSUE

The key to advancing the consumer adoption of both electric and autonomous vehicles is a strong partnership of vehicle manufacturers and retailers with a wide and competitive distribution network, which will help drive vehicle affordability and consumer demand. Based on the states' interest to protect consumers, preserve price competition, support local jobs and provide local and state tax revenue, states have held the right to license and regulate the distribution, sale and service of vehicles within the state. **During consideration of legislation that would regulate electric (EV) or autonomous vehicles (AV), Congress must preserve the states' traditional role to license and regulate vehicle commerce, provide consumer protections and promote vehicle price competition within its borders.**

BACKGROUND

In the upcoming infrastructure debate, Congress is likely to consider legislation to encourage EV and AV adoption. Dealers are essential to promoting widespread consumer adoption of EV and AV vehicles and ensuring price competition and market success. There may be attempts to preempt the state vehicle franchise laws that provide an efficient and cost-effective method for selling and servicing vehicles.

For decades, state vehicle franchise laws have included important consumer protections and regulated the disparity in size and power between local dealers and multinational automakers to help level the economic playing field. With new risks and opportunities associated with EV and AV technologies, these state regulatory frameworks which protect consumers are especially important as unproven startups, including overseas entrants, emerge in the U.S. auto market.

Legislation to promote AV deployment in the 115th Congress would have preempted state vehicle franchise laws as applied to AVs. Traditionally, the federal government has only preempted state laws that impact vehicle design, construction and safety. Auto dealers support this well-established regulatory framework. A balanced preemption, however, which ensured that states could continue to regulate the sale and servicing of AVs, without hindering AV design and construction, was included with bipartisan support in subsequent AV bills. The most recent AV bill, H.R. 8350, introduced last year by Rep. Bob Latta (R-Ohio) and similar to a bill which passed the House in 2017 on voice vote, included language clarifying state vehicle licensing/franchise laws as applied to AVs were not preempted.

KEY POINTS

- Any EV or AV legislation considered by Congress should preserve the state's right to license and regulate the distribution of vehicles within its borders. These rights are reserved to the states under the 10th Amendment to the Constitution.
- Vehicle retailers with a wide distribution network under state vehicle franchise laws will be critical to more rapid adoption of advanced technology vehicles. More than 16,000 U.S. franchised dealers, who use their own capital to invest in personnel, land, buildings, and vehicle inventory, create strong competition that makes vehicles more affordable for consumers - a critical element to make advanced technology vehicles more popular.
- State vehicle franchise laws must be preserved as they are based on the states' interest to provide consumer protection, vehicle price competition, local jobs, and significant local and state tax revenue.

STATUS

EV and AV provisions are expected to be included in the upcoming infrastructure package. As infrastructure legislation is considered, Congress must ensure that a state's traditional role to provide consumer protections and license and regulate vehicle commerce within its borders is preserved.

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