

Fiscal Estimate Narratives

DOT 5/25/2011

LRB Number	11-1871/1	Introduction Number	AB-0132	Estimate Type	Original
Description Motor vehicle dealers					

Assumptions Used in Arriving at Fiscal Estimate

Wisconsin law provides for the licensing and regulation of motor vehicle dealers, distributors, and manufacturers, among others in the motor vehicle sales trade.

Wisconsin law additionally includes a comprehensive set of regulations on the sale of new motor vehicles (i.e., the "franchise law.") In Wisconsin, as in most states, new motor vehicles may be sold only by licensed dealers who receive a franchise appointment from the vehicle manufacturer to sell specified vehicle line makes (Chevrolet, Cadillac, Toyota, etc.) Manufacturers grant these franchise appointments in such a way as to ensure that each dealer franchisee has a guaranteed "relevant market area," a geographic region surrounding the dealership in which there is no competing dealer selling the same line make. A franchise appointment also entitles the franchised dealer to perform warranty service work for all makes sold by that manufacturer, and provides other rights, such as the use of manufacturer brand logos and names, access to manufacturer advertising and financing services, and the like. The current Wisconsin franchise law provides a framework for the business relationship between franchise dealers and their franchise-granting manufacturers, imposing certain duties on each, and protecting individual dealers from unfair treatment by manufacturers.

The bill makes a variety of changes to the statutory framework regulating the business relationship between franchised new vehicle dealers and their franchisors.

While the Department licenses and regulates both new vehicle dealers and vehicle manufacturers, it does not typically become involved in franchise law disputes between dealers and manufacturers. Dealers typically enforce their rights under the franchise law in the civil courts. The Department does have an enforcement role in the portions of the franchise law that restrict new car sales to franchised dealers, but that portion of the law is not being changed by this bill.

The Department, therefore, expects that the legislation will impose no new costs or administrative burdens, nor will it produce new state revenues.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Motor vehicle dealers			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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