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# Wisconsin Legislative Council

## AMENDMENT MEMO

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**2021 Senate Bill 462**

**Senate Amendment 1**

### BACKGROUND

The Wisconsin Motor Vehicle Dealer Law, ss. 218.0101 to 218.0163, Stats. (“Dealer Law”), regulates the relationship between motor vehicle manufacturers and motor vehicle dealers, among other entities. The Dealer Law generally prohibits the direct sale of a motor vehicle by a manufacturer to a consumer. Rather, it requires a manufacturer to sell its vehicles through a franchised dealership that is not owned, operated, or controlled by the manufacturer.

Another prohibition that the Dealer Law places upon a manufacturer of a motor vehicle is that such manufacturers may not perform warranty service and delivery and preparation work on a motor vehicle that they do not own (e.g., a motor vehicle purchased by a consumer).

### 2021 SENATE BILL 462

2021 Senate Bill 462 creates an exception to the Dealer Law that allows the manufacturer of an electric vehicle<sup>1</sup> to sell its electric vehicles directly to a consumer instead of through a franchised dealership. The bill also creates an exception to the Dealer Law to allow a manufacturer of electric vehicles to perform warranty service and delivery and preparation work on any electric vehicle it produced.

### SENATE AMENDMENT 1

Senate Amendment 1 adds criteria that a manufacturer of an electric vehicle must satisfy in order to sell its electric vehicles, or perform warranty service delivery and preparation work on the electric vehicles that it produced. Under the amendment, the manufacturer of an electric vehicle must satisfy all of the following:

- Manufactures only electric vehicles.
- Is not a subsidiary. The amendment defines “subsidiary” to mean “a manufacturer that is controlled by another manufacturer that has entered into franchise agreements with dealers or distributors to act as dealers or distributors of the manufacturer’s vehicles in this state.”
- Is engaged in the business of distributing electric vehicles in the United States.
- Before the effective date of the bill, has not entered into franchise agreements with dealers or distributors to act as dealers or distributors of the manufacturer’s electric vehicles in Wisconsin.

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<sup>1</sup> Under the bill, an “electric vehicle” means a motor vehicle that is propelled solely by electric power.

## **BILL HISTORY**

Senate Amendment 1 was introduced by Senator Kooyenga on October 20, 2021. On October 26, 2021, the Senate Committee on Government Operations, Legal Review, and Consumer Protection voted to recommend adoption of the amendment, and passage of the bill, as amended, by votes of Ayes, 4; Noes, 1.

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