2024 Regular Session

HOUSE CONCURRENT RESOLUTION NO. 94

BY REPRESENTATIVE JORDAN

COMMERCE: Authorizes a joint subcommittee on commerce to study and make recommendations relative to the regulation of direct-to-consumer motor vehicle sales

1	A CONCURRENT RESOLUTION
2	To authorize and request the chairpersons of the House Committee on Commerce and the
3	Senate Committee on Commerce, Consumer Protection and International Affairs,
4	acting jointly, to appoint a joint subcommittee composed of members from each
5	committee to study and make recommendations for proposed legislation and policy
6	changes relative to the regulation of direct-to-consumer motor vehicle sales.
7	WHEREAS, early in the evolution of the auto industry, direct manufacturer sales to
8	consumers were not uncommon, but over time, state laws have historically prohibited auto
9	manufacturers from directly selling motor vehicles to consumers, requiring instead that
10	consumers purchase motor vehicles from franchised dealerships; and
11	WHEREAS, over the past century, the franchise dealership model of selling cars has
12	gained a significant grip on the United States' car sales. Franchise dealers in 2022 were
13	responsible for thirteen million seven hundred thousand light-duty vehicle sales, a figure that
14	accounted for the majority of such transactions; and
15	WHEREAS, during the 2005 Regular Session, the Legislature of Louisiana enacted
16	R.S. 32:1261(A)(1)(k), which prohibits a manufacturer, distributor, wholesaler, distributor
17	branch, factory branch, converter or officer, agent, or other representative thereof from
18	selling or offering to sell a new or unused motor vehicle directly to a consumer except as
19	provided in limited scope pursuant to state law; and
20	WHEREAS, a recent study shows that franchise dealership laws such as the
21	provisions set forth in R.S. 32:1261, which require new vehicles to be sold through

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- 1 third-party dealerships, have been revisited in the last decade as new electric-vehicle-only 2 automakers have entered the market with the intent to sell their vehicles primarily, if not 3 exclusively, through direct-to-consumer sales models; and
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WHEREAS, states have already begun changing their laws to address the evolving 5 vehicle marketplace; and

6 WHEREAS, a study on the economic effects of state bans on direct manufacturer 7 sales to car buyers conducted by the Antitrust Division of the United States Department of 8 Justice suggests that, although selling through dealerships has offered several benefits to 9 manufacturers, direct manufacturer car sales may have the potential to reduce inventory 10 costs; moreover, manufacturers may be able to better match production with consumer 11 preferences ranging from basic attributes on standard models to meeting individual 12 specifications for customized cars; and

13 WHEREAS, surveys show that many new car buyers in the United States would be 14 interested in buying directly from manufacturers, particularly to avoid costs associated with 15 the dealership bargaining process.

16 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby 17 authorize and request the chairpersons of the House Committee on Commerce and the 18 Senate Committee on Commerce, Consumer Protection and International Affairs, acting 19 jointly, to appoint a joint subcommittee composed of members from each committee to study 20 and make recommendations for proposed legislation and policy changes relative to the 21 regulation of direct-to-consumer motor vehicle sales.

22 BE IT FURTHER RESOLVED that the joint subcommittee shall be composed of six 23 members with equal representation from each standing committee, and the members of the 24 joint subcommittee shall elect a chairperson by majority vote at the subcommittee's first meeting. 25

26 BE IT FURTHER RESOLVED that the joint subcommittee may call upon the staffs 27 of any department, agency, or official of the state for data and assistance and all such departments, agencies, and officials shall cooperate with the joint subcommittee. 28

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1 BE IT FURTHER RESOLVED that the joint subcommittee may request and utilize 2 the assistance of any and all public and private sources including but not limited to residents, 3 elected officials, experts, and nongovernmental organizations. 4 BE IT FURTHER RESOLVED that the joint subcommittee shall study, at minimum, 5 all of the following: 6 (1) Laws, rules, and best practices from other jurisdictions and any model legislation 7 related to the regulation of direct-to-consumer motor vehicle sales. 8 (2) All consumer protection laws and regulations that currently apply when a

9 consumer purchases a motor vehicle directly from the manufacturer or whether those 10 consumer protections should apply to direct-to-consumer motor vehicle sales.

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(3) How consumers obtain insurance and financing in direct-to-consumer motor 12 vehicle sales and any proposals that would better protect consumers who engage in 13 direct-to-consumer motor vehicle sales.

14 (4) How consumers are currently taxed in direct-to-consumer motor vehicle sales 15 and whether there are steps the state should take to maximize the collection of taxes owed 16 on direct-to-consumer motor vehicle sales where the vehicles are operated in the state.

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(5) Any enforcement issues related to direct-to-consumer motor vehicle sales.

18 (6) What reasons, if any, exist to prohibit manufacturers engaged in 19 direct-to-consumer motor vehicle sales from owning, operating, or controlling a motor 20 vehicle warranty or service facility in the state and a recommendation on whether a sales 21 center should be required if a manufacturer engaged in direct-to-consumer motor vehicles 22 sales is permitted to own, operate, or control a motor vehicle warranty or service facility in 23 the state.

24 BE IT FURTHER RESOLVED that the joint subcommittee shall submit a written 25 report on the findings of its study regarding the regulation of direct-to-consumer motor 26 vehicle sales to the Legislature of Louisiana by July 1, 2025.

27 BE IT FURTHER RESOLVED that the joint subcommittee shall terminate on July 28 1, 2025.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Jordan

Authorizes and requests the chairpersons of the House Committee on Commerce and the Senate Committee on Commerce, Consumer Protection and International Affairs, acting jointly, to appoint a joint subcommittee to study and make recommendations for proposed legislation and policy changes relative to the regulation of direct-to-consumer motor vehicle sales.

Requests a written report of its findings by July 1, 2025.