

# SB25-160: Motor Vehicle Sales by Manufacturers' Affiliates

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### THE PROBLEM: A LOOPHOLE AFTER SB20-167

**EV Startup Exemption:** Before 2020, all auto manufacturers were required to sell their cars in Colorado through franchised dealerships. In 2020, SB20-167 allowed new EV-only manufacturers **without existing franchised dealers** in the state to sell directly to consumers.

**Affiliate Loophole:** Without SB25-160, legacy automakers with dealer networks can create sub-brands (affiliates) under the same corporate umbrella to **bypass franchise laws** and compete directly with their own dealers.

**Local Impact:** Established local dealers, who've invested heavily in infrastructure and community presence, risk being **undermined by these sub-brands** operating outside the franchise model—eroding the dealer system protected in **all 50 states**.

### SB25-160: THE SOLUTION

**Maintains Consumer Choice:** Consumers can still buy from brands that **never** had franchised dealers—this bill simply ensures that manufacturers with existing dealers honor those relationships when launching new product lines.

**Closes the Rebranding Loophole:** Expands the definition of "manufacturer" to **include affiliates** under common control, preventing companies from sidestepping dealer agreements by spinning off new sub-brands.

**Strengthens Franchise Protections:** Reaffirms that existing dealer agreements apply to all vehicle lines, including new EVs. Without this bill, Colorado would become the **first state** to allow manufacturers to **bypass** franchise laws.

**Sets a Strong Precedent:** Blocks backdoor attempts to undermine franchise rules and **reaffirms Colorado's commitment** to fair business, consumer protection, and local economic stability.

### WHY IT MATTERS

**Preserving Local Jobs & Revenue:** Colorado dealers support **44,000 jobs**, provide vital service infrastructure, and generated **\$750M in state tax revenue in 2022**. Auto sales are projected to rise 14% over 2022 levels this year.

**Ensuring Fair Competition:** Franchise laws prevent monopolies by manufacturers and **promote price competition**—letting consumers shop and negotiate across multiple dealerships.

**Protecting Legal Agreements:** Allowing manufacturers to bypass franchise agreements through affiliates undermines dealer investments and sets a **dangerous precedent** for breaking binding contracts.

### KEY TAKEAWAYS

**SB25-160 Fixes That Oversight:** It **closes the legal gap**, preserving dealer investments, protecting local jobs, and ensuring manufacturers respect their contracts.

**Protecting Communities & Contracts:** By maintaining the **integrity** of the century-old dealership model, SB25-160 **fosters fair competition**, consumer protection, and investment in Colorado's local economies.

**Existing Laws Were Undermined:** SB20-167 **inadvertently** created a path for legacy auto manufacturers to sidestep existing dealer agreements.