

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: HB392

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Reaser

3. Committee: Commerce and Labor

4. Title: Virginia Petroleum Products Franchise Act; agreements between jobber/distributors and dealers.

5. Summary: Provides that a term of an initial agreement between a jobber/distributor and a dealer relating to specific marketing premises shall not be less than one year and that the term of all subsequent agreements between the jobber/distributor and the dealer relating to the same marketing premises shall not be for less than three years. The bill provides that rental provisions in any such agreement or franchise shall be based on commercially fair and reasonable standards at a fair market value of the leased marketing premises under an objectively reasonable analysis, uniformly applied to all similarly situated dealers of the same jobber/distributor in the same geographic area. If a dealer believes the terms of the agreement offered do not meet a fair market value, such dealer may hire, at his expense, an independent third-party appraisal company from a list of appraisal companies provided by the jobber/distributor to provide a market valuation study. The bill provides that such study shall (i) be for informational purposes only, (ii) not require either party to disclose confidential business information, and (iii) not bind either party. The provisions of the bill apply to Planning District 8 and to initial franchise agreements and renewals of franchise agreements entered into after July 1, 2024.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: Neither the Virginia Department of Agriculture and Consumer Services nor the Office of the Attorney General and Department of Law anticipate any impact from the passage of this legislation.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Agriculture and Consumer Services, Office of the Attorney General and Department of Law

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is similar to SB248.