



ARKANSAS AUTOMOBILE DEALERS ASSOCIATION

AADA LEGISLATIVE UPDATE #10

July 28, 2021



FRANCHISE LAW EFFECTIVE TODAY

AADA had a huge victory during the recent legislative session with the passage of [Act 1077](#), a bill to amend the Arkansas Motor Vehicle Commission act.

[Act 1077](#), which is effective **today**, July 28, 2021, puts the control of critical business decisions back in the hands of Arkansas dealers. For example, the bill specifies that a dealer maintains and controls the operations and content related to its digital platform. This includes critical decisions such as the service providers and the dealership's inventory.

A dealership's digital platform is effectively its online showroom. Over the years, manufacturers have consolidated more and more control over this space. This power imbalance has led to unreasonable cost increases and has left local dealers with a diminished amount of control over the vehicle inventory, content, and sales tools which make up their online showroom.

Additionally, [Act 1077](#) allows local Arkansas dealers to purchase goods and services of substantially similar quality, design, and functionality including equipment, special tools, or digital platforms that do not contain or utilize a

manufacturer's or distributor's intellectual property or proprietary design from vendors the local dealer chooses. This right is critical as dealers continue to invest in new technologies.

Finally, [Act 1077](#) provides for a 45-day approval or disapproval by the manufacturer for a requested warranty rate change as well as clarifies the formula used for calculating the reimbursement rate.

[CLICK HERE FOR ACT 1077 NOTES](#)

If you have any questions on this new law please contact Greg Kirkpatrick by email at greg@arkautodealers.com or at 501-590-2840.
