

CHAPTER 176

AN ACT concerning the leasing, assigning, and servicing of motor vehicles by motor vehicle franchisors and amending P.L.1985, c.361.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 2 of P.L.1985, c.361 (C.56:10-27) is amended to read as follows:

C.56:10-27 Sales through franchises only.

2. a. Except as provided pursuant to section 6 of P.L.2015, c.24 (C.56:10-27.1), it shall be a violation of this act for any motor vehicle franchisor, directly or indirectly, through any officer, agent, employee, broker, or any shareholder of the franchisor, except a shareholder of one percent or less of the outstanding shares of any class of securities of a franchisor which is a publicly traded corporation, or other person, to offer to sell or sell motor vehicles to a consumer, other than an employee of the franchisor, except through a motor vehicle franchisee.

b. Subsection a. of this section shall not be construed to prohibit the leasing or assigning of vehicles by a franchisor to its employees or to employees of an affiliate or subsidiary of the franchisor. Such vehicles shall be titled and registered with the Motor Vehicle Commission and shall therefore be eligible to receive a standard issue license plate. A franchisor may elect to title and register the vehicles with the Motor Vehicle Commission or to designate a third party approved by the Motor Vehicle Commission to do so on behalf of the franchisor.

c. A franchisor that has its headquarters in this State may assign, or otherwise lend for use and operation, vehicles to individuals or entities for promotional, testing, marketing, or product familiarity purposes. Any such vehicle that is titled, registered, and insured in the name of the franchisor or its affiliate or subsidiary and shall therefore be eligible to receive a standard issue license plate up to an aggregate of 50 vehicles at any given time for such plate. A franchisor may elect to title and register the vehicles with the Motor Vehicle Commission or to designate a third party approved by the Motor Vehicle Commission to do so on its behalf.

d. A franchisor that has its headquarters in this State may perform service, including, but not limited to, warranty, routine, and recall maintenance on vehicles leased or assigned pursuant to this section, including ordering parts, components, accessories, or any other item needed for the servicing of such motor vehicles. Except as otherwise provided in this section, this subsection shall not be construed to permit a franchisor to perform retail service on motor vehicles sold, leased, or assigned to a consumer by a franchisee or another franchisor.

Such franchisor shall operate such servicing and the servicing facility with the equipment installed therein as shall be requisite for the servicing of motor vehicles in a manner as to make them comply with the laws of this State and with any rules and regulations governing the equipment, use, and operation of motor vehicles within the State. However, such franchisor shall not be required to comply with the provisions of R.S.39:10-19 requiring the maintaining of a place of business with a permanent building of not less than 1,000 square feet in floor space to be used principally for the servicing and display of motor vehicles or to have an exterior sign at the franchisor's servicing facility.

2. This act shall take effect immediately and shall apply retroactively to January 1, 2025.

Approved December 19, 2025.