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## FREQUENTLY ASKED QUESTIONS

### **How many franchised auto dealers are in Texas?**

There are more than 1,200 new car and truck dealerships in Texas in 284 cities and towns.

### **Why do franchise laws exist?**

Franchise laws exist to prevent monopolies and promote competition in vehicle pricing and service to the consumer, provide for the efficient distribution of vehicles and service across the wide geographic area that is our state, and provide a local presence where Texas consumers can have service, warranty, and recall work performed even in cases when a manufacturer ceases to do business.

### **Who depends on franchised auto dealers?**

- Consumers who deserve competitive pricing, quality service and repairs and
- The State of Texas which receives more than \$3.5 billion in taxes and fees collected by the dealerships (essentially serving as a free tax assessor) as well as a million dollars paid by dealerships for property, franchise, sales and payroll taxes.
- Dealership employees, all 90,000 of them.
- Business partners who get business from auto dealers for work such as advertising, legal counsel, banking, insurance and more.
- Local communities who not only have convenient access to their nearby dealership, but also benefit from the financial and volunteer support by the local businesses.

### **Why can't manufacturers sell cars directly to consumers?**

The law does not permit auto makers to sell directly to consumers without using a franchised dealer for the retail sale. All manufacturers abide by these laws and no exceptions are given.