



February 6, 2024

Major Development in Jobbers Are Refiners Issue

Last night the Senate Commerce and Labor Committee unanimously passed Senate bill 248, legislation relating to agreements between jobber/distributors and dealers.

Among its provisions:

- 1) The rental provisions in a marketing agreement between a jobber/distributor and a dealer shall be based on commercially fair and reasonable standards at a fair market value of the leased marketing premises.
- 2) If a dealer believes the terms do not meet fair market value, the dealer may hire at his expense an independent third party appraiser from a list of appraisers selected by the jobber distributor to provide a market valuation study.
- 3) Said study shall be for informational purposes only, not require either party to disclose confidential business information, and not bind either party.

The bill was also narrowed significantly by making it only applicable to Planning District 8 (Northern Virginia) and only applies to new franchise agreements and renewals entered into after July 1, 2024.

These developments were the result of industry discussions since a related bill was defeated by the House last February, and daily negotiations over the last 30 days. The most important part of this compromise is that the current legislation does not redefine distributors as refiners, does not give dealers the right of first refusal to purchase properties owned by distributors, and does not terminate existing supply agreements.

We appreciate the great assistance of three of Richmond's premier lobbying firms: Lindl Corp (7-11,) 2 Capitols Consulting (Global,) and Kemper Consulting (Sunoco) for all of their assistance and counsel on this legislation.

Similar legislation is pending in the House and we expect it to be conformed to the Senate bill and passed on Thursday. Thank you to VPCMA Board Chairman Mark Anderson for his leadership on the issue and for being at the capitol yesterday.