



April 9, 2024

### **Governor Signs Bills on Petroleum Products Act**

Acting before last night's midnight deadline, Governor Youngkin signed two pieces of legislation amending Virginia's Petroleum Products Franchise Act. This marked the culmination of an 18 month effort by your association to confront what had been an initiative by a small number of dealers in Northern Virginia to give themselves right of first refusal for a property owned by a distributor and once the ROFR was exercised, allowing them to tear up existing supply agreements. After this bad idea was defeated last year, we engaged in several discussions with the sponsor, Senator Jeremy McPike of Prince William, on the legislation and the unintended consequences it would have had on the industry. Rather than negative first-in-the-nation legislation, the new law states the following:

*§ 59.1-21.11:2. Required provisions pertaining to agreements between jobber/distributors and dealers.*

*A. 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 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 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. 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. 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.*

*B. The provisions of this section shall be limited to Planning District 8 and shall apply to initial franchise agreements and renewals of franchise agreements entered into after July 1, 2024.*

We really appreciate the assistance of the teams at 2 Capitols Consulting, representing Global, and Kemper Consulting representing Sunoco for their lobbying assistance this year. This law will go into effect on July 1, and we are planning follow up programming on this at the annual meeting in September.

[McPike Bill](#)

[Reaser Bill](#)

---

### **Underage Sale of Tobacco and Vape Products**

Effective July 1 there will be significant new penalties for the underage sale of tobacco and vape products, as well as the possible suspension of the ability to sell these products after the second or subsequent sale within a three year period. We will be working with the appropriate agencies between now and the July 1 effective date on outreach and to develop the industry education mandates contained in the legislation. However, we are pleased to report that the bill contains none of the annual registration fees contained in the original bill and maintains Virginia's status as one of 10 states that do not mandate a separate licensure for tobacco sellers. Additionally, another bill allows local governments after July 1 to prohibit the location of a new vape store near a private or parochial school or youth oriented facility.

---

### **Skill Games**

A copy of the governor's complete re-write of the skill games legislation is now available [here](#). Existing law provides that casinos and Rosie's slot parlors must pass a referendum and the jurisdiction in which they are located has to approve these facilities. Unfortunately, the governor has chosen to give these out of state interests an skill game exclusion zone of 35 miles from an existing casino or Rosie's. Under the governor's amendments these gambling establishments will receive a special exemption from competition in Virginia's largest population centers – Prince William, Fairfax, all of Hampton Roads as well as metropolitan Richmond and Roanoke. Obviously, this giveaway to publicly traded corporations based outside of Virginia is not only unfair, but needs to be changed. After a quick review, most of the provisions of the bill are in line with what was reported earlier- a cap of 20,000 skill games statewide, 3 per convenience store and 7 at truck stops, a 35%

tax rate and local option to “opt out” of skill games via an ordinance by a local governing body or referendum. The General Assembly will act on this next Wednesday during a one-day reconvened session.

**Skill Games Legislation**