

# 1889 INSTITUTE

## FOR IMMEDIATE RELEASE

**MEDIA CONTACT:** Byron Schlomach  
(405) 646-3272  
bschlomach@1889institute.org

### **THE CASE FOR ENDING NEW CAR DEALER LICENSING**

*New car dealer regulations are anticompetitive, at the expense of Oklahomans*

**OKLAHOMA CITY, OK** (November 13, 2019) – “There may not be a clearer example of naked protectionism in the laws of Oklahoma than the protection afforded to car dealers,” says a new study by 1889 Institute Research Fellow, Mike Davis.

The 1889 Institute study, entitled “Fully Loaded: Oklahoma’s Car Dealer Licensing Cartel,” points out that the law:

- 1) Makes car brokering (buying on behalf of someone else for a fee) illegal, making it impossible for most Oklahomans to have experienced car buyers act on their behalf, and denying opportunity to those who would like to do so. This means car dealers always have the advantage in deal-making.
- 2) Forces car manufacturers to sell only through dealers not owned by the manufacturer (except for those that existed prior to 2000, begging the question of who the law is meant to protect). This means Oklahomans, by law, must pay a middleman in order to buy a car.
- 3) Forces car manufacturers to grant dealerships in perpetuity, not allowing a manufacturer to end a dealership agreement unless it shows “good cause” as approved by a body consisting mostly of car dealers. This means manufacturers find it difficult to reorganize business to compete for buyers, which means buyers lose.
- 4) Grants new car dealerships exclusive rights to sell in specific geographic territories. This means buyers are dealing in a market with less potential competition.
- 5) Explicitly states that its purpose is to prevent new car dealers from going bankrupt. Financial challenge is often a result of competition, with costly, uncompetitive companies being forced to change or make way for efficient companies – a benefit to consumers – and a benefit denied to Oklahomans buying new cars. This is an explicit goal in state law.

“Since Oklahoma’s new car dealer franchising laws are of, by, and for car dealers, instead of being written for Oklahomans in general, it is easy to recommend their complete repeal,” said the study’s author, Mike Davis. “The law is written to allow out-of-state manufacturers and the vast majority of Oklahomans to be preyed upon by new car dealers,” he said.

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### **About the 1889 Institute**

The 1889 Institute is an independent Oklahoma think tank advancing public policy ideas to promote the flourishing of all Oklahomans through limited, responsible government, robust civil society, and free enterprise. The publication, “Fully Loaded: Oklahoma’s Car Dealer Licensing Cartel” can be found on the nonprofit’s website at <https://1889institute.org/licensing>.