International Center for Law & Economics

March 26, 2026

Sen. Doug Okuniewicz, Chair
Sen. Josh Keyser, Vice Chair
Senate Transportation Committee
Idaho State Capitol
P.O. Box 83720
Boise, ID 83720-0081

RE: Letter of Caution Regarding S. 1424 – Competitive Implications of Direct Vehicle Sales Restrictions

Dear Chair Okuniewicz and Members of the Senate Transportation Committee,

On behalf of the International Center for Law & Economics (ICLE), a nonprofit, nonpartisan research group focused on rigorous economic analysis of law and policy, I write to express concerns about S. 1424.

As the Committee considers this legislation, we urge careful scrutiny of its competitive effects. By imposing an arbitrary temporal restriction that effectively bars direct-to-consumer vehicle sales, the bill risks reducing competition and harming consumers over the long term.

Idaho has long championed free-market competition and limited government intervention. S. 1424 moves in the opposite direction. It would shield incumbents from modern competitive pressures and adopt a protectionist approach that favors existing firms over new entrants.

Direct-Sales Restrictions as Barriers to Entry

Dealer franchise laws originally aimed to prevent manufacturers from engaging in "fair-weather" competition—opening company-owned stores to undercut independent dealers that had already made significant capital investments.

Today, those laws serve a different function. States increasingly use them to block new manufacturers from entering the market with a direct-sales model.

As ICLE has noted in prior work on state laws that affect interstate commerce,[1] these restrictions create substantial barriers to entry. By mandating a specific distribution model through an arbitrary cutoff date for direct-sale licensure, the state effectively selects winners and losers. The result: protection for incumbent firms at the expense of new competitors and Idaho consumers.

Reduced Price Competition and Stifled Distribution Innovation

Economic research shows that direct-sales models often lower prices. By removing intermediary markups and reducing inventory-related inefficiencies, manufacturers can pass savings directly to consumers.

S. 1424 would foreclose that option. It would force consumers into a single, potentially higher-cost purchasing channel and weaken competitive pressure on vehicle prices.

The automotive market is undergoing a generational shift in how vehicles are marketed and sold. Digital platforms, online ordering, and transparent pricing increasingly define consumer expectations.

S. 1424 would lock Idaho into an outdated, single-channel distribution system. By preventing new entrants from using direct-to-consumer models, the bill would restrict experimentation and slow the adoption of more efficient, consumer-responsive sales methods.

Conclusion: Let Markets Compete

Competitive markets reward firms that offer better products and more efficient delivery models. If the traditional franchise system remains superior, it will succeed without legislative protection.

If direct sales offer advantages, the law should not prevent firms from competing on that basis. A licensing threshold that effectively limits participation to a small number of firms undermines competition and consumer choice.

S. 1424 is likely to reduce competition, raise prices, and limit consumer options in Idaho.

Thank you for your time and for your service to the people of Idaho.

Sincerely,

Ian Adams
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[1] Geoffrey A. Manne *et al.*, *ICLE Comments on State Laws Having Significant Adverse Effects on the National Economy or Interstate Commerce*, INT'L CTR. FOR L. & ECON. (Sept. 15, 2025), https://laweconcenter.org/resources/icle-comments-on-on-state-laws-having-significant-adverse-effects-on-the-national-economy-or-interstate-commerce.