START A BUSINESS - NEW YORK

How to open a car dealership in New York

Form the business, get your Certificate of Authority, post the right dealer bond, prepare a site that passes the DMV inspection and register as a dealer.

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1 Is a dealership right for you?

Dealers buy, recondition and sell vehicles and handle titles, warranties and paperwork. It suits people with sales skills, capital for inventory and patience for detailed record keeping.

2 Form the business and get a Certificate of Authority

1. Choose a structure. An LLC files Articles of Organization with the Department of State ($200), then within 120 days publishes notice of its formation in two newspapers and files a Certificate of Publication ($50); if it does not, its authority to do business is suspended. A sole proprietor or partnership using an assumed name files a business certificate with the county clerk.
2. Register for sales tax through New York Business Express at least 20 days before you start, and wait for your Certificate of Authority. Display it where you do business. Operating without one can cost up to $500 for the first day and $200 for each day after, up to $10,000.

3 DMV dealer registration

File the Original Facility Application with your Certificate of Authority (do not apply without it), the dealer bond, proof of right to use the property, workers compensation proof and IDs. The application and business fees on the current dealer form are $487.50. New vehicle dealers also need a franchise agreement or letter of intent from the manufacturer.

4 Dealer bond

Dealers of passenger cars and light trucks file a VS-3 bond: $20,000 if you sell 50 or fewer vehicles, $100,000 if you sell more than 50, and $50,000 for franchised new vehicle dealers. Dealers that sell only trailers, motorcycles, vehicles over 10,000 pounds, ATVs, boats or snowmobiles are exempt.

5 Your location and the inspection

An Automotive Facilities Inspector visits the site. Retail dealers need display space for at least three vehicles, heat, electricity, a phone (cell is fine), a desk and chairs, a lockable place for security items, an exclusive mailbox and a permanent barrier from any other business on the site.

6 Sign, records and VERIFI

The dealer sign has white letters on red, at least 3 by 2 feet, reading REGISTERED (facility number) STATE OF NEW YORK MOTOR VEHICLE DEALER in two inch letters, visible from the street. Keep a starter kit of bills of sale, odometer statements and warranty forms; the book of registry is met by enrolling in VERIFI.

7 Your first steps

1. Form the business and get your Certificate of Authority.
2. Secure a site and the right bond.
3. Order the sign and starter kit.
4. Apply to the DMV and pass the inspection.
5. List your business on Nearby Car Care

Requirements at a glance

Form the business (Department of State or county clerk)

Required - State - New York Department of State; your county clerk

Corporations and LLCs file with the New York Department of State; an LLC files Articles of Organization and then, within 120 days, publishes notice of its formation in two newspapers and files a Certificate of Publication, or its authority to do business is suspended. Individuals or partnerships using an assumed name file a business certificate with the county clerk. The DMV asks facility applicants for the DOS filing receipt or the county business certificate.

Fees: LLC Articles of Organization: $200. Certificate of Publication: $50 (newspaper costs are extra).

Official application: https://dos.ny.gov/articles-organization-domestic-limited-liability-company-0

Sales Tax Certificate of Authority

Required - State - New York State Department of Taxation and Finance

If you will make sales subject to sales tax, register with the Tax Department through New York Business Express at least 20 days before you begin business and wait for your Certificate of Authority. Display it at your place of business (or in your vehicle if you have no fixed location). The rate depends on the location; use the Department's rate lookup by address.

Fees: Operating without a Certificate of Authority: penalty up to $500 for the first day and up to $200 for each later day, up to $10,000; $50 penalty for not displaying it.

DMV dealer registration

Required - State - New York State Department of Motor Vehicles

File the Original Facility Application with proof of business name, IDs, your Sales Tax Certificate of Authority, the dealer bond, workers compensation proof and proof of right to use the property. An Automotive Facilities Inspector then visits: retail dealers need display space for at least three vehicles, heat, electricity, a phone and a desk, a lockable place for security items, an exclusive mailbox, permanent signs, and a permanent barrier from any other business at the site. New vehicle dealers need a franchise agreement or letter of intent. Approved dealers enroll in VERIFI.

Fees: Application and business fees: $487.50 (Form VS-1D, revision 2/26).

Official application: https://dmv.ny.gov/forms/vs1d.pdf

Dealer surety bond (VS-3)

Required - State - New York State Department of Motor Vehicles

Dealers that sell passenger cars and light trucks file a sealed and signed bond under VTL 415(6-b): $20,000 if you sell 50 or fewer vehicles, $100,000 if you sell more than 50, and $50,000 for franchised new vehicle dealers. Dealers that sell only trailers, motorcycles, vehicles over 10,000 pounds, ATVs, boats or snowmobiles are exempt.

Amount: $20,000 (50 or fewer vehicles) / $100,000 (more than 50) / $50,000 (franchised new)

Official dealer sign

Required - State - New York State Department of Motor Vehicles

The sign must have a red background and white letters, measure at least 3 feet wide by 2 feet tall, be permanently mounted and visible from the nearest street, and read REGISTERED (facility number) STATE OF NEW YORK MOTOR VEHICLE DEALER in two inch block letters. The inspector will deny the application if signs are not clearly visible.

Certificate of Authority before you apply

Required - State - New York State Department of Taxation and Finance

The DMV says not to submit a dealer application without your Sales Tax Certificate of Authority.

Official agencies and links

Articles of Organization for Domestic Limited Liability Company
New York Department of State, Division of Corporations
https://dos.ny.gov/articles-organization-domestic-limited-liability-company-0

Dealer/Transporter Requirements (VS-142)
New York State Department of Motor Vehicles
https://dmv.ny.gov/forms/vs142.pdf

Open a Dealership
New York State Department of Motor Vehicles
https://dmv.ny.gov/business/open-a-dealership

Original Facility Application, Dealer/Transporter (VS-1D)
New York State Department of Motor Vehicles
https://dmv.ny.gov/forms/vs1d.pdf

How to Register for New York State Sales Tax (TB-ST-360)
New York State Department of Taxation and Finance
https://www.tax.ny.gov/pubs_and_bulls/tg_bulletins/st/how_to_register_for_nys_sales_tax.htm

Frequently asked questions

How much is the New York dealer bond?
$20,000 for dealers selling 50 or fewer vehicles, $100,000 for more than 50, and $50,000 for franchised new vehicle dealers.

What does a New York dealer registration cost?
The current dealer application (VS-1D, revision 2/26) lists $487.50 in application and business fees.

How many cars must I be able to display?
Retail dealers need space to display at least three vehicles at all times.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.