

HOUSE RESEARCH

Bill Summary

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Section

- 1** **Line-make.** Defines this term to mean a brand or other name under which a motor vehicle is marketed.
- 2** **Requirements.** Requires the manufacturer to pay a terminated dealer two years (increased from one years) worth of rent on the dealership facility. Specifies compensation to terminated dealers for inventory. If a termination is the result of a termination by the manufacturer of a "line-make," requires the manufacturer to compensate the dealer for the fair market value of the franchise for that line-make.
- 3** **Voluntary terminations, cancellations, or nonrenewals.** Specifies which forms of compensation are owed to the dealer by the manufacturer when the dealer terminates the franchise voluntarily.
- 4** **Unlawful acts by manufacturers, distributors, or factory branches.** Prohibits manufacturers from prohibiting dealers from carrying another line of motor vehicles in the same facility, subject to various conditions and procedures described in the bill.
- 5** **Waivers and modifications prohibited.** Adds to existing prohibitions on manufacturers and dealers agreeing to waive state regulation of these franchise agreements, but subdivision 2 does permit agreements waiving the new language added to subdivision 1.
- 6** **Successor manufacturers.** If a line-make comes under new ownership or control, requires the new owner to offer the dealers a new franchise agreement on substantially the same terms.
- 7** **Effective date.** Makes section 4 apply to contracts entered into or renewed on or after August 1, 2009.