

FINAL BILL REPORT

SSB 6039

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SYNOPSIS AS ENACTED

Brief Description: Establishing procedures for changing a vehicle dealer's relevant market area.

SPONSORS: Senate Committee on Transportation (originally sponsored by Senators Gaspard, Prince, Vognild, Nelson and Erwin)

SENATE COMMITTEE ON TRANSPORTATION

HOUSE COMMITTEE ON TRANSPORTATION

BACKGROUND:

The establishment of new car dealerships is not currently restricted by statute and few manufacturers' new motor vehicle franchise agreements provide a means for resolving disputes relating to the establishment or relocation of a new motor vehicle dealer.

There are approximately 385 new motor vehicle dealerships located in Washington State.

SUMMARY:

New motor vehicle franchisees are allowed to protest the establishment or relocation of a same line motor vehicle dealership within a geographic area.

A "relevant market area" is established around each new motor vehicle dealership. A relevant market area is a geographic area measured in miles. In the case of a county with a population of over 400,000, the relevant market area is the area within a radius of eight miles around the proposed site. In the case of a county with a population between 200,000 and 400,000 the relevant market area is the area within a radius of 12 miles around the proposed site. In the case of a county with a population under 200,000, the relevant market area is the area within a radius of 16 miles around the proposed site.

A manufacturer shall not coerce a dealer to waive the rights provided for by this legislation.

This act applies to all franchisees and contracts existing on October 1, 1994.

If a manufacturer intends to establish or relocate an existing new motor vehicle dealership of the same line, within a relevant market area of an existing dealer or dealers, the manufacturer must provide 60 days notice to all same line

dealerships in that relevant market area. Notice requirements include the location, date of opening, identity of all impacted existing same line dealerships, names of principal investors and the specific grounds for the establishment of an additional or relocation of an existing dealership.

Procedures are established for an existing dealership to protest the establishment or relocation. Upon filing of a protest and receipt of the filing fee, the Department of Licensing shall promptly notify the manufacturer and request the appointment of an administrative law judge.

If a franchise agreement calls for arbitration, then the provisions of this legislation that provide for an administrative law judge do not apply.

The manufacturer has the burden of proof to establish that good cause exists for permitting the proposed establishment or relocation.

The administrative law judge shall consider 12 points established in this legislation as to whether good cause exists for the proposed establishment or relocation. These 12 points range from: investment information; population and vehicle registration information in the relevant market area; to whether or not the manufacturer has provided the existing dealership(s) of the same line with the opportunity for reasonable growth, market expansion, establishment of a subagency, or relocation. The administrative law judge shall consider all 12 points and any other relevant facts. All 12 points are to be given equal weight, and at least nine of the 12 points must weigh in favor of the manufacturer establishing or relocating a new dealership.

The administrative law judge shall hold a hearing or hearings as provided for by the state Administrative Procedure Act. The administrative law judge shall render the final decision within 120 days after the protest is filed. An appeal process is provided for in current statute.

Specific situations are set forward that preclude the application of this legislation; for example, if a proposed relocation of an existing dealership is two miles or less from the existing location.

A motor vehicle dealership that exclusively markets vehicles of 19,000 pounds gross vehicle weight and above is exempt from the provisions of this legislation.

VOTES ON FINAL PASSAGE:

Senate	39	9	
House	93	3	(House amended)
Senate	37	7	(Senate concurred)

EFFECTIVE: June 9, 1994