
Commerce & Labor Committee

HB 1664

Brief Description: Addressing the termination, cancellation, or nonrenewal of motorsports manufacturer and dealer franchise agreements.

Sponsors: Representatives Wood, Conway, Hinkle and Ormsby.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Requires a motorsports manufacturer to pay specified sums to a motorsports dealer upon the termination, cancellation, or nonrenewal of a franchise.

Hearing Date: 2/6/09

Staff: Alison Hellberg (786-7152)

Background:

Many aspects of the franchise relationship between motorsports vehicle manufacturers and motorsports vehicle dealers are regulated by the Department of Licensing (Department). "Motorsports vehicles" are defined as motorcycles, mopeds, snowmobiles, personal watercraft, and four-wheel all-terrain vehicles.

Prior to the termination, cancellation, or nonrenewal of a franchise, a manufacturer must give written notice to the Department and the dealer. The notice must state the intention to terminate, cancel, or not renew the franchise; the reasons for the termination, cancellation, or nonrenewal; and the effective date of the termination, cancellation, or nonrenewal. The notice must be given within a specified time period.

If the manufacturer terminates, cancels, or fails to renew a franchise, the manufacturer must pay the dealer:

- dealer cost, less all allowances paid or credited to the dealer by the manufacturer, of unused, undamaged, and unsold new motorsports vehicles;

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- dealer cost for all unused, undamaged, and unsold supplies, parts, and accessories in original packaging;
- dealer cost for all unused, undamaged, and unsold inventory, whether vehicles, parts, or accessories, the purchase of which was required by the manufacturer;
- the fair market value of each undamaged sign owned by the dealer that bears a common name, trade name, or trademark of the manufacturer; and
- the fair market value of all special tools owned or leased by the dealer that were acquired from the manufacturer or persons approved by the manufacturer.

The manufacturer must pay the specified sums within 90 days after the tender of the property, if the dealer has clear title to the property and is in a position to convey that title to the manufacturer. To the extent the franchise agreement provides for payment or reimbursement to the dealer in excess of that specified in this section, the provisions of the franchise agreement will control.

Summary of Bill:

The manufacturer is required to pay specified sums to the dealer upon the termination, cancellation, or nonrenewal of a franchise regardless of who initiated it.

The manufacturer must pay the dealer the specified sums within 90 days after the termination, cancellation, or nonrenewal of the franchise if the dealer has clear title to the property, or can provide clear title to the property upon payment by the manufacturer, and is in a position to convey that title to the manufacturer.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.