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**SUBSTITUTE HOUSE BILL 1664**

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**State of Washington                      61st Legislature                      2009 Regular Session**

**By** House Commerce & Labor (originally sponsored by Representatives Wood, Conway, Hinkle, and Ormsby)

READ FIRST TIME 02/20/09.

1            AN ACT Relating to termination, cancellation, or nonrenewal of  
2 motorsports manufacturer and dealer franchise agreements; and amending  
3 RCW 46.93.080.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 46.93.080 and 2003 c 354 s 8 are each amended to read  
6 as follows:

7            (1) Upon the termination, cancellation, or nonrenewal of a  
8 franchise (~~by the manufacturer under this chapter~~), the manufacturer  
9 shall pay the dealer, at a minimum:

10            (a) Dealer cost, less all allowances paid or credited to the dealer  
11 by the manufacturer, of unused, undamaged, and unsold new motorsports  
12 vehicles in the dealer's inventory that were acquired from the  
13 manufacturer or another dealer of the same line make in the ordinary  
14 course of business;

15            (b) Dealer cost for all unused, undamaged, and unsold supplies,  
16 parts, and accessories in original packaging, except that in the case  
17 of sheet metal, a comparable substitute for original packaging may be  
18 used, if the supply, part, or accessory was acquired from the  
19 manufacturer or from another dealer ceasing operations as a part of the

1 dealer's initial inventory, as long as the supplies, parts, and  
2 accessories appear in the manufacturer's current parts catalog, list,  
3 or current offering;

4 (c) Dealer cost for all unused, undamaged, and unsold inventory,  
5 whether vehicles, parts, or accessories, the purchase of which was  
6 required by the manufacturer;

7 (d) The fair market value of each undamaged sign owned by the  
8 dealer that bears a common name, trade name, or trademark of the  
9 manufacturer, if acquisition of the sign was recommended or required by  
10 the manufacturer and the sign is in good and usable condition less  
11 reasonable wear and tear, and has not been depreciated by the dealer  
12 more than fifty percent of the value of the sign; and

13 (e) The fair market value of all special tools owned or leased by  
14 the dealer that were acquired from the manufacturer or persons approved  
15 by the manufacturer, and that were required by the manufacturer, and  
16 are in good and usable condition, less reasonable wear and tear.  
17 However, if the tools are leased by the dealer, the manufacturer shall  
18 pay the dealer such amounts that are required by the lessor to  
19 terminate the lease under the terms of the lease agreement.

20 (2) To the extent the franchise agreement provides for payment or  
21 reimbursement to the dealer in excess of that specified in this  
22 section, the provisions of the franchise agreement will control.

23 (3) (a) For the nonrenewal or termination of a franchise that is  
24 implemented as a result of the sale of assets or stock of the  
25 motorsports vehicle dealer, the party purchasing the assets or stock of  
26 the motorsports vehicle dealer may negotiate for the purchase or other  
27 transfer of some or all unused, undamaged, and unsold new motorsports  
28 vehicles in the selling new motorsports vehicle dealer's inventory that  
29 were acquired from the manufacturer or another new motorsports vehicle  
30 dealer of the same line make in the ordinary course of business within  
31 the previous twelve months.

32 (b) For the nonrenewal or termination of a franchise that is  
33 implemented as a result of the sale of assets or stock of the  
34 motorsports vehicle dealer, this section does not prohibit a  
35 manufacturer from negotiating with the purchasing party for the  
36 purchase or other transfer of some or all unused, undamaged, and unsold  
37 new motorsports vehicles in the selling new motorsports vehicle

1 dealer's inventory that were acquired from the manufacturer or another  
2 new motorsports vehicle dealer of the same line make in the ordinary  
3 course of business within the previous twelve months.

4 (c) A manufacturer's obligation under (a) of this subsection  
5 extends only to vehicles not purchased or otherwise transferred to the  
6 party purchasing the assets or stock of the motorsports vehicle dealer.

7 (4) The manufacturer shall pay the dealer the sums specified in  
8 subsection (1) of this section within ninety days after the ((~~tender of~~  
9 the ~~property~~)) termination, cancellation, or nonrenewal of the  
10 franchise, if the dealer has clear title to the property or can provide  
11 clear title to the property upon payment by the manufacturer and is in  
12 a position to convey that title to the manufacturer.

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