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**SUBSTITUTE HOUSE BILL 1704**

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

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

READ FIRST TIME 02/20/09.

1            AN ACT Relating to the termination, cancellation, or nonrenewal of  
2 franchises between new motor vehicle dealers and manufacturers;  
3 amending RCW 46.96.080; and declaring an emergency.

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

5            **Sec. 1.** RCW 46.96.080 and 1989 c 415 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 new motor vehicle dealer, at a minimum:

10            (a) Dealer cost plus any charges by the manufacturer for  
11 distribution, delivery, and taxes, less all allowances paid or credited  
12 to the dealer by the manufacturer, of unused, undamaged, and unsold new  
13 motor vehicles in the new motor vehicle dealer's inventory that were  
14 acquired from the manufacturer or another new motor vehicle dealer of  
15 the same line make in the ordinary course of business within the  
16 previous twelve months;

17            (b) Dealer cost for all unused, undamaged, and unsold supplies,  
18 parts, and accessories in original packaging, except that in the case  
19 of sheet metal, a comparable substitute for original packaging may be

1 used, if the supply, part, or accessory was acquired from the  
2 manufacturer or from another new motor vehicle dealer ceasing  
3 operations as a part of the new motor vehicle dealer's initial  
4 inventory as long as the supplies, parts, and accessories appear in the  
5 manufacturer's current parts catalog, list, or current offering;

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

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

15 (e) The fair market value of all equipment, furnishings, and  
16 special tools owned or leased by the new motor vehicle dealer that were  
17 acquired from the manufacturer or sources approved by the manufacturer  
18 and that were recommended or required by the manufacturer and are in  
19 good and usable condition, less reasonable wear and tear. However, if  
20 the equipment, furnishings, or tools are leased by the new motor  
21 vehicle dealer, the manufacturer shall pay the new motor vehicle dealer  
22 such amounts that are required by the lessor to terminate the lease  
23 under the terms of the lease agreement; and

24 (f) The cost of transporting, handling, packing, and loading of new  
25 motor vehicles, supplies, parts, accessories, signs, special tools,  
26 equipment, and furnishings.

27 To the extent the franchise agreement provides for payment or  
28 reimbursement to the new motor vehicle dealer in excess of that  
29 specified in this section, the provisions of the franchise agreement  
30 shall control.

31 (2)(a) For the nonrenewal or termination of a franchise that is  
32 implemented as a result of the sale of assets or stock of the motor  
33 vehicle dealer, the party purchasing the assets or stock of the motor  
34 vehicle dealer may negotiate for the purchase or other transfer of some  
35 or all unused, undamaged, and unsold new motor vehicles in the selling  
36 new motor vehicle dealer's inventory that were acquired from the  
37 manufacturer or another new motor vehicle dealer of the same line make  
38 in the ordinary course of business within the previous twelve months.

1       (b) For the nonrenewal or termination of a franchise that is  
2 implemented as a result of the sale of assets or stock of the motor  
3 vehicle dealer, this section does not prohibit a manufacturer from  
4 negotiating with the purchasing party for the purchase or other  
5 transfer of some or all unused, undamaged, and unsold new motor  
6 vehicles in the selling new motor vehicle dealer's inventory that were  
7 acquired from the manufacturer or another new motor vehicle dealer of  
8 the same line make in the ordinary course of business within the  
9 previous twelve months.

10       (c) A manufacturer's obligation under (a) of this subsection  
11 extends only to vehicles not purchased or otherwise transferred to the  
12 party purchasing the assets or stock of the motor vehicle dealer.

13       (3) The manufacturer shall pay the new motor vehicle dealer the  
14 sums specified in subsection (1) of this section within ninety days  
15 after the (~~tender of the property~~) termination, cancellation, or  
16 nonrenewal of the franchise, if the new motor vehicle dealer has clear  
17 title to the property or can provide clear title to the property upon  
18 payment by the manufacturer and is in a position to convey that title  
19 to the manufacturer.

20       NEW SECTION. Sec. 2. This act is necessary for the immediate  
21 preservation of the public peace, health, or safety, or support of the  
22 state government and its existing public institutions, and takes effect  
23 immediately.

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