

HOUSE RESEARCH

Bill Summary

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Authors: Stang and others

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Analyst: Linda A. Holmes

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Overview

This bill prohibits manufacturers from imposing certain restrictions on new motor vehicle dealers.

Section

- 1 Unlawful acts by manufacturers, distributors, or factory branches.** Prohibits manufacturers and distributors from requiring new dealerships to agree not to establish another line or make of vehicle in the same dealership facility where the manufacturer's vehicles are sold. Also requires a manufacturer to provide written grounds for denying certain requests by a dealer.
- 2 Waivers and modifications.** Generally prohibits manufacturers from entering into agreements with dealers that would restrict the dealers from participating in the management of or investment of other lines of motor vehicles. Any such agreement would be void. However, these agreements would be permitted in cases where they are clearly voluntary, accompanied by adequate disclosure, and accompanied by separate consideration to the dealer.
- 3 Effective date.** Makes sections 1 and 2 effective August 1, 2003, and applicable to contracts entered into or renewed on or after that date.