

**2009 Regular Legislative Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** HB 2739

**STATUS:** B Engrossed

**SUBJECT:** Motor vehicle dealerships and franchise cancellation, termination or discontinuation

**GOVERNMENT UNIT AFFECTED:** Department of Consumer and Business Services; Department of Administrative Services; Department of Transportation

**PREPARED BY:** John Terpening

**REVIEWED BY:** Susie Jordan and Laurie Byerly

**DATE:** May 29, 2009

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	<u>2009-2011</u>	<u>2011-2013</u>
<b>EXPENDITURES:</b> See analysis		

**EFFECTIVE DATE:** On passage

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** HB 2739 modifies the requirements of motor vehicle inventory that a dealer can be compensated for if a franchise is terminated, cancelled, not renewed, or discontinued. The measure also increases the minimum dollar amount of damage required to inventory for dealers disclosure to prospective buyers from \$500 to \$1,000.

The measure requires a manufacturer, distributor or importer to provide a dealer with specific reasons for cancellation, termination or discontinuation of a franchise when another vehicle dealership of the same type has not been terminated or discontinued. The specific reasons must include the criteria and data used to make the decision and be provided within 30 days of notice of cancellation, termination, or discontinuation. The measure allows the Department of Consumer and Business Services (DCBS) to take action if a manufacturer, distributor or importer has not met the requirements of the measure and allows for a dealer to enjoin for good cause a manufacturer, distributor or importer.

The measure includes an emergency procurement authorization for state contracting agencies to purchase automobiles or automobile parts from dealers that have had their franchise terminated due to bankruptcy or restructuring by a manufacturer.

The numbers of dealer cancellations, terminations or discontinuations that meet the requirements of the measure are indeterminate but expected to be minimal. Any cases brought to DCBS would need to be investigated and enforced, however DCBS notes that the Department does not have a dedicated funding source for the investigation and enforcement of these instances. DCBS states that no action would be taken unless a dedicated funding source is identified.

The Department of Administrative Services (DAS) states that the fiscal impact related to the emergency procurement authority is minimal. Additional rulemaking, training, and solicitation or contract documentation can be absorbed within existing resources.

The Department of Justice states there is no fiscal impact to the Department.