

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass and Be Placed on the Consent Calendar
Vote:	8 - 0 - 0
Yeas:	Conger, Doherty, Esquivel, Hoyle, Johnson, Matthews, Kennemer, Schaufler
Nays:	0
Exc.:	0
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/9

WHAT THE MEASURE DOES: Establishes a definition for “site-control agreement.” Prohibits a manufacturer, distributor or importer of motor vehicles from requiring a franchisee to enter into a site-control agreement. Prohibits a manufacturer, distributor or importer of motor vehicles from taking action against a franchisee due to the franchisee having a franchise agreement with another manufacturer, distributor or importer of motor vehicles.

ISSUES DISCUSSED:

- Support from stakeholders

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Senate Bill 775-A establishes a definition for a “site-control agreement,” which is a term used in the motor vehicle industry regarding a contract between a dealer and manufacturer that provides the manufacturer certain types of control over the dealership’s operations. The measure establishes that a “site-control agreement” is one between a franchisor and franchisee to which the franchisor would control the use and development of a dealership site other than as permitted under current statute; require the franchisee to establish or maintain exclusive dealership facilities; and restrict the ability of a franchisee to transfer, assign, sell, lease, develop or change the use of the dealership site.

Senate Bill 775-A prohibits a franchisor from requiring a prospective franchisee to enter a site-control agreement as a condition of: granting or renewing a franchise; approving the sale, transfer or assignment of a franchise agreement or the relocation (or granting a new franchise for relocation) of an existing dealership; approving the addition of a line-make of a manufacturer; or obtaining fair and reasonable compensation upon the termination, cancellation, nonrenewal or discontinuance of any franchise. Enforcement of a voluntary agreement between a franchisor and franchisee that does not contain any of these items is allowed. Senate Bill 775-A also prohibits a franchisor from terminating, canceling, or failing to renew or approve the sale, transfer or assignment of any franchise agreement because the dealer has a franchise agreement with another motor vehicle manufacturer, distributor, or importer.