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# A BILL FOR AN ACT

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RELATING TO MOTOR VEHICLE INDUSTRY LICENSING ACT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1.   Section 437-2, Hawaii Revised Statutes, is  
2   amended by amending subsection (b) to read as follows:

3       "(b)   A license issued under this chapter shall authorize  
4   the holder to engage in the same business at [~~branch~~]:

5       (1)   Branch locations in the same county for which the  
6       license is issued during the term thereof; provided  
7       that each branch location of a motor vehicle dealer is  
8       approved by the board[-]; or

9       (2)   Other motor vehicle dealer locations in the same  
10      county affiliated by common ownership with the  
11      location for which the license is issued during the  
12      term thereof.

13      As used in this subsection, "common ownership" shall mean  
14      those entities which have the same ownership whether through  
15      individuals, corporations, trusts, or other entities."

16      SECTION 2.   Section 437-28, Hawaii Revised Statutes, is  
17   amended by amending subsection (a) to read as follows:



1       "(a) In addition to any other actions authorized by law,  
2 the board, after notice and hearing as provided in chapter 91,  
3 and subject to appeal to the circuit court of the circuit in  
4 which the board has jurisdiction under the procedure and rules  
5 prescribed by the laws of the State or the applicable rules of  
6 the courts pertaining to appeals to circuit courts, may suspend,  
7 revoke, fine, or deny the renewal of any license, or prior to  
8 notice and hearing deny the issuance of any license for any  
9 cause authorized by law, including but not limited to  
10 circumstances where the board finds that the applicant or  
11 holder, or any officer, director, general manager, trustee,  
12 partner, or stockholder owning more than ten per cent interest  
13 of the applicant or holder:

14       (1) Has intentionally made a false statement of a material  
15 fact in the application for a license or in any other  
16 statement required by this chapter or has obtained or  
17 attempted to obtain a license by fraud or  
18 misrepresentation;

19       (2) Has failed to comply with, observe, or adhere to any  
20 provision of this chapter or any other law relating to



1 the sale, taxing, or licensing of motor vehicles or  
2 any rule or order made pursuant to this chapter;

3 (3) Has committed a fraudulent act in selling, purchasing,  
4 or otherwise dealing in motor vehicles or has  
5 misrepresented the terms and conditions of a sale,  
6 purchase, or contract for sale or purchase of a motor  
7 vehicle or any interest therein including an option to  
8 purchase motor vehicles;

9 (4) Has engaged in business under a past or present  
10 license issued pursuant to this chapter, in a manner  
11 as to cause injury to the public or to those with whom  
12 one is dealing;

13 (5) Has failed to comply with, observe, or adhere to any  
14 law in any other respect so that the board deems the  
15 applicant or holder to be an unfit or improper person  
16 to hold a license;

17 (6) Has failed to meet or maintain the conditions and  
18 requirements necessary to qualify for the issuance of  
19 a license;

20 (7) Is insolvent, has filed or is the subject of a  
21 petition for bankruptcy, wage earner's plan, or



1 financial reorganization plan, or has made or proposes  
2 to make an assignment for benefit of creditors;

3 (8) Is not at least eighteen years of age, or in the case  
4 of a partnership applicant or holder of a license, if  
5 any general or limited partner is not at least  
6 eighteen years of age;

7 (9) Has charged more than the legal rate of interest on  
8 the sale, purchase, or attempted sale or purchase, or  
9 in arranging the sale or purchase of a motor vehicle  
10 or any interest therein including an option to  
11 purchase;

12 (10) Has violated any law pertaining to false advertising  
13 or to credit sales in the offering, soliciting,  
14 selling, purchasing, or arranging to sell or purchase  
15 a motor vehicle or any interest therein;

16 (11) Has wilfully failed or refused to perform any  
17 unequivocal and indisputable obligation under any  
18 written agreement involving the sale or purchase of a  
19 motor vehicle or any interest therein, including an  
20 option to purchase;



1       (12) Has been denied the issuance of a license under this  
2           chapter for substantial culpable cause or has had a  
3           license issued under this chapter suspended, revoked,  
4           or the renewal thereof denied for substantial culpable  
5           cause;

6       (13) Has entered, has attempted to enter, or proposes to  
7           enter into any contract or agreement contrary to this  
8           chapter or any rule adopted thereunder;

9       (14) Has been, is engaged, or proposes to engage in the  
10          business of selling new motor vehicles as a dealer or  
11          auction without a proper franchise therefor;

12       (15) Has at any time employed, utilized, or attempted or  
13          proposed to employ or utilize any person not licensed  
14          under this chapter who is required to be so licensed;

15       (16) Has entered or attempted to enter any one-payment  
16          contract where the contract is required to be signed  
17          by the purchaser prior to removal of the motor vehicle  
18          for test driving from the seller's premises;

19       (17) Is a salesperson or dealer and:

20           (A) Has required a purchaser of a motor vehicle as a  
21           condition of sale and delivery, to purchase



1 special features, appliances, accessories, or  
2 equipment not desired or requested by the  
3 purchaser; provided that this prohibition shall  
4 not apply as to special features, appliances,  
5 accessories, or equipment which are ordinarily  
6 installed on the vehicle when received or  
7 acquired by the dealer;

8 (B) Has represented and sold as an unused motor  
9 vehicle any motor vehicle which has been leased  
10 or operated as a demonstrator or U-drive motor  
11 vehicle;

12 (C) Has sold a new motor vehicle without providing or  
13 securing for the purchaser the standard factory  
14 new car warranty for the vehicle unless the  
15 dealer or salesperson clearly notes in writing on  
16 the sales contract that the new motor vehicle is  
17 sold without the standard factory warranty;

18 (D) Has sold a new motor vehicle covered by a  
19 standard factory warranty without informing the  
20 purchaser in writing that any repairs or other  
21 work necessary on any accessories which were not



1 installed by the manufacturer of the vehicle may  
2 not be obtainable in a geographic location other  
3 than where the purchase occurred; provided that  
4 the notice required by this section shall conform  
5 to the plain language requirements of section  
6 487A-1, regardless of the dollar amount of the  
7 transaction;

8 (E) Has engaged in any improper business conduct,  
9 including but not limited to employing,  
10 contracting with, or compensating consumer  
11 consultants; or

12 (F) Has sold or leased a new or used motor vehicle,  
13 other than at auction, without written  
14 documentation upon which the salesperson or  
15 dealer shall appropriately indicate the type of  
16 sale, which both the customer and salesperson or  
17 dealer shall place their initials in the  
18 designated spaces prior to the signing of the  
19 contract of sale or lease and that contains the  
20 following provision printed legibly in at least  
21 fourteen point bold typeface:



1 "This (IS) (IS NOT) a door-to-door sale. There  
2 (IS A) (IS NO) 3-DAY RIGHT TO CANCEL on this  
3 purchase.

4 \_\_\_\_\_ Customer's Initials \_\_\_\_\_ Salesperson's  
5 or Dealer's Initials";

6 (18) Is an applicant or holder of a dealer's license and:

7 (A) Has sold or proposed to sell new motor vehicles  
8 without providing for the maintenance of a  
9 reasonable inventory of parts for new vehicles or  
10 without providing and maintaining adequate repair  
11 facilities and personnel for new vehicles at  
12 either the main licensed premises or at any  
13 branch location;

14 (B) Has employed or proposed to employ any  
15 salesperson who is not duly licensed under this  
16 chapter; or

17 (C) Has sold or proposed to sell new motor vehicles  
18 without being franchised therefor;

19 (19) Is an applicant or holder of an auction's license and  
20 has sold or proposed to sell new motor vehicles  
21 without being franchised therefor; [ex]





1       (20) Is an applicant for a salesperson's license and:

2           (A) Does not intend to be employed as a salesperson  
3               for a licensed motor vehicle dealer; or

4           (B) Intends to be employed as a salesperson for more  
5               than one dealer; or

6       (21) Being a manufacturer or distributor:

7           (A) Has required any dealer in the State to enter  
8               into any agreement with the manufacturer or  
9               distributor or any other party, to perform any  
10              act not required by or to refrain from performing  
11              any act not contrary to the reasonable  
12              requirements of the franchise agreement with the  
13              dealer, by threatening to cancel the franchise  
14              agreement or by threatening to refuse, at the  
15              expiration of the current franchise agreement, to  
16              enter into a new franchise agreement with the  
17              dealer;

18          (B) Has required any dealer in the State to enter  
19              into any agreement with the manufacturer or  
20              distributor or any other party, to perform any  
21              act not required by or to refrain from performing



1 any act not contrary to the reasonable  
2 requirements of the franchise agreement with the  
3 dealer, by awarding or threatening to award a  
4 franchise to another person for the sale of the  
5 same make of any motor vehicle in the relevant  
6 market area of a dealer;

7 (C) Has canceled or failed to renew the franchise  
8 agreement of any dealer in the State without good  
9 faith, as defined herein. As used in this  
10 subparagraph, "good faith" means the duty of each  
11 party to any franchise agreement to fully comply  
12 with that agreement, or to act in a fair and  
13 equitable manner towards each other;

14 (D) Has delayed delivery of or refused to deliver  
15 without cause, any new motor vehicle to a dealer,  
16 franchised to sell the new motor vehicle, within  
17 a reasonable time after receipt of a written  
18 order for the vehicle from the dealer. The  
19 delivery to another dealer of a motor vehicle of  
20 the same model and similarly equipped as the  
21 vehicle ordered by a dealer who has not received



1 delivery thereof, but who had placed the written  
2 order for the vehicle prior to the order of the  
3 dealer receiving the vehicle, shall be prima  
4 facie evidence of a delayed delivery of, or  
5 refusal to deliver, a new motor vehicle without  
6 cause. The nondelivery of a new motor vehicle to  
7 a dealer within sixty days after receipt of a  
8 written order for the vehicle from a dealer shall  
9 also be prima facie evidence of delayed delivery  
10 of, or refusal to deliver, a new motor vehicle  
11 without cause; provided that the delayed delivery  
12 of, or refusal to deliver, a motor vehicle shall  
13 be deemed with cause if the manufacturer  
14 establishes that the delay or refusal to deliver  
15 is due to a shortage or curtailment of material,  
16 labor, transportation, utility service, labor or  
17 production difficulty, or other similar cause  
18 beyond the reasonable control of the  
19 manufacturer;

20 (E) Has discriminated against any of their franchised  
21 dealers in the State by directly or indirectly



1 charging the dealer more for a new motor vehicle  
2 or services, parts, or accessories or a higher  
3 rate of transportation for transporting the  
4 vehicle from the manufacturing or assembly plant  
5 to the dealer or any portion of the distance,  
6 than is charged to any other of their franchised  
7 dealers in the State for the same make, model,  
8 and year of a new motor vehicle or for the same  
9 devices, parts, or accessories for the similar  
10 transportation for the vehicle during the same  
11 period. A manufacturer or distributor who  
12 provides or causes to be provided greater  
13 transportation benefits for a new motor vehicle  
14 as aforesaid to any of their franchised dealers  
15 in the State than is provided to any of their  
16 competing franchised dealers in the State for the  
17 same or lesser price or charge than that imposed  
18 upon the franchised dealer in the State during  
19 the same period is deemed to have so  
20 discriminated against the competing franchised  
21 dealer in the State. Evidence of similar



1 discriminatory practice against franchised  
2 dealers in other states shall not constitute a  
3 defense to or justification of the commission of  
4 the discriminatory act against the franchised  
5 dealer in the State. The intent and purpose of  
6 this subparagraph is to eliminate inequitable  
7 pricing policies set by manufacturers or  
8 distributors which result in higher prices of new  
9 motor vehicles to the consumer in the State.  
10 This subparagraph shall be liberally interpreted  
11 to effect its intent and purpose and in the  
12 application thereof, the substance and effect and  
13 not the form of the acts and transactions shall  
14 be primarily considered in determining whether a  
15 discriminatory act has been committed. Nothing  
16 contained in this subparagraph shall prohibit  
17 establishing delivered prices or destination  
18 charges to dealers in the State which reasonably  
19 reflect the seller's total transportation costs  
20 incurred in the manufacture or delivery of  
21 products to the dealers, including costs that are



1           related to the geographical distances and modes  
2           of transportation involved in shipments to this  
3           State, or which meet those lower prices  
4           established by competitors;

5           (F) Has required a dealer of new motor vehicles in  
6           the State as a condition of sale and delivery of  
7           new motor vehicles to purchase special features,  
8           appliances, accessories, or equipment not desired  
9           or requested by the dealer; provided that this  
10          prohibition shall not apply to special features,  
11          appliances, accessories, or equipment, except  
12          heaters, that are regularly installed on that  
13          particular model or new motor vehicles as  
14          "standard" equipment or to special features,  
15          appliances, accessories, or equipment that are an  
16          integral part of the new motor vehicles and  
17          cannot be removed therefrom without substantial  
18          expense. Nothing in this subparagraph shall make  
19          it unlawful for a dealer to sell a vehicle that  
20          includes a heater that has been installed as  
21          standard equipment;



1           (G) Has failed to adequately and fairly compensate  
2           its dealers for labor incurred by the dealer to  
3           perform under and comply with manufacturer's  
4           warranty agreements. In no event shall any  
5           manufacturer or distributor pay its dealers a  
6           labor rate per hour for warranty work that is  
7           less than that charged by the dealer to the  
8           retail customers of the dealer nor shall the  
9           rates be more than the retail rates. All claims  
10          made by the dealers for compensation for  
11          delivery, preparation, and warranty work shall be  
12          paid within thirty days after approval and shall  
13          be approved or disapproved within thirty days  
14          after receipt. When any claim is disapproved,  
15          the dealer shall be notified in writing of the  
16          grounds for disapproval;

17          (H) Has wilfully failed to affix the vehicle bumper  
18          impact notice pursuant to section 437-4.5(a), or  
19          wilfully misstated any information in the notice.  
20          Each failure or misstatement is a separate  
21          offense;



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1 (I) Has wilfully defaced, or removed the vehicle  
2 bumper impact notice required by section 437-  
3 4.5(a) prior to delivery of the vehicle to which  
4 the notice is required to be affixed to the  
5 registered owner or lessee. Each wilful  
6 defacement, alteration, or removal is a separate  
7 offense; [~~or~~]

8 (J) Has required a dealer to refrain from  
9 participation in the management of, investment  
10 in, or the acquisition of, any other line of new  
11 motor vehicle or related products; provided that  
12 the new motor vehicle dealer maintains a  
13 reasonable line of credit consistent with the  
14 requirements of section 437-7(d)(1) for each make  
15 or line of new motor vehicle, remains in  
16 compliance with reasonable facilities and other  
17 franchise requirements of the manufacturer or  
18 distributor, and makes no unauthorized change in  
19 the principal management of the dealer~~[-]~~; or

20 (K) Has issued a stop sale directive applicable to a  
21 used vehicle manufactured or distributed by the





1           manufacturer or distributor to a dealer that  
2           holds a franchise from the manufacturer or  
3           distributor and there are no remedies or parts  
4           available to fix the motor vehicle and has failed  
5           to compensate any dealer by providing payment to  
6           the dealer at a rate of at least 1.75 per cent  
7           per month, or portion of a month, of the value of  
8           a vehicle."

9           SECTION 3. Section 437-52, Hawaii Revised Statutes, is  
10 amended to read as follows:

11           "~~437-52~~ Reciprocal rights and obligations among  
12 dealers, manufacturers, and distributors of motor vehicles. A  
13 manufacturer or distributor shall not:

- 14           (1) Require any dealer in the State to enter into any  
15 agreement with the manufacturer or distributor or any  
16 other party that requires the law of another  
17 jurisdiction to apply to any dispute between the  
18 dealer and manufacturer or distributor, or requires  
19 that the dealer bring an action against the  
20 manufacturer or distributor in a venue outside of  
21 Hawaii, or requires the dealer to agree to arbitration



1 or waive its rights to bring a cause of action against  
2 the manufacturer or distributor, unless done in  
3 connection with a settlement agreement to resolve a  
4 matter or pending dispute between a manufacturer or  
5 distributor, or officer, agent, or other  
6 representative thereof, and the dealer; provided,  
7 however, that such agreement has been entered  
8 voluntarily for adequate and valuable consideration;  
9 and provided further that the renewal or continuation  
10 of a franchise agreement shall not by itself  
11 constitute adequate and valuable consideration;

12 (2) Require any dealer in the State to enter into any  
13 agreement with the manufacturer or distributor or any  
14 other party, to prospectively assent to a release,  
15 assignment, novation, waiver, or estoppel, which  
16 instrument or document operates, or is intended by the  
17 applicant or licensee to operate, to relieve any  
18 person from any liability or obligation of this  
19 chapter, unless done in connection with a settlement  
20 agreement to resolve a matter or pending dispute  
21 between a manufacturer or distributor, or officer,



1 agent, or other representative thereof, and the  
2 dealer; provided, however, that such agreement has  
3 been entered voluntarily for adequate and valuable  
4 consideration; and provided further that the renewal  
5 or continuation of a franchise agreement shall not by  
6 itself constitute adequate and valuable consideration;

7 (3) Cancel or fail to renew the franchise agreement of any  
8 dealer in the State without providing notice, and  
9 without good cause and good faith, as provided in  
10 section 437-58;

11 (4) Refuse or fail to offer an incentive program, bonus  
12 payment, holdback margin, or any other mechanism that  
13 effectively lowers the net cost of a vehicle to any  
14 franchised dealer in the State if the incentive,  
15 bonus, or holdback is made to one or more same line  
16 make dealers in the State;

17 (5) Unreasonably prevent or refuse to approve the  
18 relocation of a dealership to another site within the  
19 dealer's relevant market area. The dealer shall  
20 provide the manufacturer or distributor with notice of  
21 the proposed address and a reasonable site plan of the



1           proposed location. The manufacturer or distributor  
2           shall approve or deny the request in writing no later  
3           than sixty days after receipt of the request. Failure  
4           to deny the request within sixty days constitutes  
5           approval;

6           (6) Require a dealer to construct, renovate, or make  
7           substantial alterations to the dealer's facilities  
8           unless the manufacturer or distributor can demonstrate  
9           that such construction, renovation, or alteration  
10          requirements are reasonable and justifiable based on  
11          reasonable business consideration, including current  
12          and reasonably foreseeable projections of economic  
13          conditions existing in the automotive industry at the  
14          time such action would be required of the dealer, and  
15          agrees to make a good faith effort to make available,  
16          at the dealer's option, a reasonable quantity and mix  
17          of new motor vehicles, which, after a reasonable  
18          analysis of market conditions, are projected to meet  
19          the sales level necessary to support the increased  
20          overhead incurred by the dealer as a result of the  
21          required construction, renovation, or alteration;



1 provided, however, that a dealer may be required by a  
2 manufacturer or distributor to make reasonable  
3 facility improvements and technological upgrades  
4 necessary to support the technology of the  
5 manufacturer's or distributor's vehicles. If the  
6 dealer chooses not to make such facility improvements  
7 or technological upgrades, the manufacturer or  
8 distributor shall not be obligated to provide the  
9 dealer with the vehicles which require the  
10 improvements or upgrades[+]. A dealer, which has  
11 completed facility construction, renovation, or  
12 substantial alteration, shall be deemed to be in  
13 compliance with any facility component of a  
14 manufacturer or distributor incentive program during  
15 the ten year period following the completion of the  
16 upgrade and shall be eligible for all facility-related  
17 incentives and benefits during the ten year period  
18 following the upgrade's completion; provided that no  
19 changes have been made to the facility since the  
20 manufacturer or distributor approval that would render  
21 the facility non-compliant, regardless of whether the



1        manufacturer or distributor's image program has  
2        changed. Eligibility for facility-related incentives  
3        under this paragraph shall not apply to lump-sum  
4        payments so long as the compensation relates to the  
5        cost of the facility upgrade and is not paid on a per  
6        vehicle basis;

- 7        (7) Require the dealer to establish or maintain an  
8        exclusive showroom or facility unless justified by  
9        current and reasonably expected future economic  
10       conditions existing in the dealer's market and the  
11       automobile industry at the time the request for an  
12       exclusive showroom or facility is made; provided that  
13       the foregoing shall not restrict the terms and  
14       conditions of any agreement for which the dealer has  
15       voluntarily accepted separate and valuable  
16       consideration;
- 17       (8) Condition the award of an additional franchise on the  
18       dealer entering a site control agreement or the dealer  
19       waiving its rights to protest the manufacturer's or  
20       distributor's award of an additional franchise within  
21       the dealer's relevant market area; provided that the



1           foregoing shall not restrict the terms and conditions  
2           of any agreement for which the dealer has voluntarily  
3           accepted separate and valuable consideration;

4           (9)   Require a dealer or the dealer's employees to attend a  
5           training program that does not relate directly to the  
6           sales or service of a new motor vehicle in the line  
7           make of that sold or serviced, or both, by the dealer;

8           (10)   Require a dealer to pay all or part of the cost of an  
9           advertising campaign or contest, or purchase any  
10          promotional materials, showroom, or other display  
11          decorations or materials at the expense of the dealer  
12          without the consent of the dealer, which consent shall  
13          not be unreasonably withheld;

14          (11)   Implement or establish a customer satisfaction index  
15          or other system measuring a customer's degree of  
16          satisfaction with a dealer as a sale or service  
17          provider unless any such system is designed and  
18          implemented in such a way that is fair and equitable  
19          to both the manufacturer and the dealer. In any  
20          dispute between a manufacturer, distributor, and a  
21          dealer, the party claiming the benefit of the system



1 as justification for acts in relation to the franchise  
2 shall have the burden of demonstrating the fairness  
3 and equity of the system both in design and  
4 implementation in relation to the pending dispute.

5 Upon request of any dealer, a manufacturer or  
6 distributor shall disclose in writing to such dealer a  
7 description of how that system is designed and applied  
8 to such dealer;

9 (12) Implement or establish an unreasonable, arbitrary, or  
10 unfair sales or other performance standard in  
11 determining a dealer's compliance with a franchise  
12 agreement[+]. A performance standard is unreasonable,  
13 arbitrary, or unfair if the standard does not include  
14 all relevant local market factors including but not  
15 limited to market demographics, change in population,  
16 product popularity, number of competitor dealers, and  
17 consumer travel patterns; [øx]

18 (13) Implement or establish a system of motor vehicle  
19 allocation or distribution to one or more of its  
20 dealers that is unfair, inequitable, or unreasonably  
21 discriminatory. As used in this paragraph, "unfair"





1 includes without limitation, requiring a dealer to  
2 accept new vehicles not ordered by the dealer or the  
3 refusal or failure to offer to any dealer all models  
4 offered to its other same line make dealers in the  
5 State. The failure to deliver any motor vehicle shall  
6 not be considered a violation of this section if such  
7 failure is due to an act of God, work stoppage, or  
8 delay caused by a strike or labor difficulty, shortage  
9 of products or materials, freight delays, embargo, or  
10 other causes of which the motor vehicle franchisor  
11 shall have no control. Notwithstanding the foregoing,  
12 a dealer may be required by a manufacturer or  
13 distributor to make reasonable facility improvements  
14 and technological upgrades necessary to support the  
15 technology of the manufacturer's or distributor's  
16 vehicles. If the dealer chooses not to make such  
17 facility improvements or technological upgrades, the  
18 manufacturer or distributor shall not be obligated to  
19 provide the dealer with the vehicles which require the  
20 improvements or upgrades[-];



1        (14) Require a dealer that is constructing, renovating, or  
2        substantially altering its dealership facility to  
3        purchase goods, building materials, or services for  
4        the dealership facilities including but not limited to  
5        office furniture, design features, flooring, and wall  
6        coverings from a vendor chosen by the manufacturer or  
7        distributor if goods, building materials, or services  
8        of substantially similar appearance, function, design,  
9        and quality are available from other sources, and the  
10       franchised motor vehicle dealer has received the  
11       manufacturer or distributor's approval. The approval  
12       shall not be withheld unreasonably. In the event a  
13       manufacturer or distributor does not approve the  
14       dealer's use of substantially similar items, the  
15       manufacturer or distributor shall, at the time of  
16       disapproval, provide the dealer a detailed list of  
17       reasons in writing as to why the proposed alternative  
18       items are not acceptable. Nothing in this paragraph  
19       shall be construed to allow a franchised motor vehicle  
20       dealer to impair or eliminate a manufacturer or  
21       distributor's intellectual property or trademark



1 rights and trade dress usage guidelines, or to impair  
2 other intellectual property interests owned or  
3 controlled by the manufacturer or distributor,  
4 including the design and use of signs; or

5 (15) Require a dealer to provide its customer and  
6 prospective customer information, customer lists,  
7 service files, transaction data, or other proprietary  
8 business information, or access to the dealer's data  
9 management system, unless written consent is provided  
10 by the dealer, or the customer information is for the  
11 sale and delivery of a new motor vehicle to a  
12 consumer, to validate and pay consumer or dealer  
13 incentives, for evaluation of dealer performance, for  
14 analytics, or for the submission to the manufacturer  
15 for any services supplied by the dealer for any claim  
16 for warranty parts or repairs. Nothing in this  
17 paragraph shall limit the manufacturer's ability to  
18 require or use customer information to satisfy any  
19 safety or recall notice obligation or other legal  
20 obligation. Notwithstanding the foregoing, a  
21 manufacturer or distributor shall not release or cause



1           to be released a dealer's nonpublic customer  
2           information to another dealer unless the franchise has  
3           been terminated, or to any other third party unless  
4           the manufacturer or distributor provides the dealer  
5           with written notice in advance of the third party that  
6           the manufacturer or distributor intends to distribute  
7           the information and the dealer provides written  
8           consent for such. A manufacturer or distributor may  
9           not condition participation or eligibility in an  
10          incentive or bonus program upon the dealer providing  
11          such customer and prospective customer information,  
12          customer lists, service files, transaction data, or  
13          other proprietary business information."

14           SECTION 4. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16           SECTION 5. This Act shall take effect upon its approval.

17  
INTRODUCED BY:



JAN 23 2018



# H.B. NO. 2433

**Report Title:**

Motor Vehicle Industry Licensing Act;

**Description:**

Allows a holder of a license to engage in the same business at another motor vehicle dealer location affiliated by common ownership. Authorizes the Motor Vehicle Industry Licensing Board to revoke, suspend, fine, or deny a license if a dealer is not compensated in the event of a recall in the absence of remedies or available parts. Clarifies existing and adds new rights and obligations among dealers, manufacturers, and distributors.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

