

March 18, 1999

**S 419. CLARIFY MV DEALER TRANSFER RIGHTS. TO CLARIFY MOTOR VEHICLE DEALER TRANSFER RIGHTS.** GS 20-305, in subsection (4), now makes it unlawful for an automobile manufacturer or distributor to prevent or refuse to approve the sale of an automobile dealership if the Commissioner of Motor Vehicles has, after proper objection and hearing, determined that such prevention or refusal is unreasonable under the circumstances. The same statute, in subsection (18) makes it unlawful for the manufacturer or distributor, in those circumstances, to prevent (or attempt to prevent) a dealer from receiving fair and reasonable compensation for the dealership. This bill adds to subsection (18) provisions (1) making it unlawful for the manufacturer or distributor to prevent (or attempt to prevent) the sale of the dealership through the exercise of any contractual right of first refusal and (2) providing that the determination by the manufacturer that the existence or location of the dealership is not viable or consistent with the manufacturer's plans does not constitute a lawful basis for refusing approval of a sale of the dealership or good cause for termination of the franchise. Provides that no manufacturer has the duty to any actual or potential franchise purchaser to disclose its own opinion that the franchise is not viable or consistent with the manufacturer's plans.

**Intro. by Hoyle.**

Ref. to Commerce

GS 20