

COMMITTEE STATEMENT

LB 229

HEARING DATE: 3/15/99

COMMITTEE ON: Transportation

TITLE: (Bromm, Janssen, Dw. Pedersen, Engel, Connealy) Change franchise provisions for motor vehicle manufacturers and distributors

ROLL CALL VOTE – FINAL COMMITTEE ACTION

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

7 Yes Senator Thompson, Bromm, Hudkins, Jones, Janssen,
Baker, C. Peterson

No

Present, not voting

1 Absent Senator Dw. Pedersen

PROPOSERS

Loy Todd
Paul O'Hara

REPRESENTING

Nebraska New Car Dealers Assn.
Alliance of Automobile Mfgs.

OPPOSERS

REPRESENTING

NEUTRAL

REPRESENTING

SUMMARY OF PURPOSE AND/OR CHANGES:

The bill, as written, changes provisions dealing with motor vehicle industry licensing. In particular, it gives dealers three additional powers. First, it gives dealer recourse if manufacturers unreasonably withhold consent to the sale of a dealership. Second, it gives dealers protection against being forced to divulge certain customer information. Finally, it gives dealers the right to purchase all models of a particular auto line, without unreasonable conditions.

1. A new subsection (2) is added to 60-1430: the new subsection gives franchisees (dealers) an ability to appeal a franchiser's (manufacturer's) refusal to give effect to a change in the franchise: the prospective purchaser of the franchise is made an interested party for purposes of the action (i.e. can sue). *(This section is omitted from the committee amendments.)*

COMMITTEE STATEMENT

2. Two new subsections are added to § 60-1436. The first [subsection (9)] prohibits unlawful conveyance of customer information, except for necessary communications with the manufacturer or if imposed by state or local laws: the customer has the right to invoke this section in writing. The second [subsection (10)] prohibits the release of customer information to unrelated third parties.
3. A new subsection is added to § 60-1437. The new language prohibits manufacturers from refusing to offer certain models within a line of automobiles for sale to particular dealers, and from forcing the dealers to buy unreasonable amounts of advertising or equipment as a prerequisite to purchasing a particular model. (*This section is modified by the committee amendments.*)

EXPLANATION OF COMMITTEE AMENDMENTS

- A) The changes to § 60-1430 are stricken from the bill.
- B) The changes to § 60-1436 are essentially unaltered.
- C) The new subsection (5) of § 60-1437 is re-written to more carefully define duties.
 - (i) Dealers are given the right to purchase all models within a particular line, but manufacturers are protected from being liable under the section if the unavailability of a particular model is due to causes beyond their control – such as lack of capacity to manufacture the model, strikes, or similar problems.
 - (ii) The requirement that manufacturers not require unreasonable purchases of advertising, or other materials or remodeling is modified by an obligation on the part of dealers to purchase equipment and stock parts required to service new models, and to participate in reasonable training programs necessary for the sale and service of new motor vehicles.
 - (iii) Manufacturers of recreational vehicles are exempted from subsection (5).

Senator