



Ninety-Eighth Legislature - First Session - 2003
Introducer's Statement of Intent
LB 182

Chairperson: Tom Baker
Committee: Transportation and Telecommunications
Date of Hearing: January 21, 2003

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Since 1971, §60-1422 of Nebraska law has provided that no franchisor shall enter into any additional franchise within the community, which has previously been assigned to an established dealer, until a hearing is held determining that there is good cause and that it is in the public interest.

The term “community” was defined as the area of responsibility stipulated by the franchisor and franchisee in the franchise agreement.

In a recent case in Omaha, the franchise agreement failed to stipulate an area of responsibility or community. On appeal to the Nebraska Supreme Court, the Court held that, since the agreement failed to stipulate an area of responsibility or community, no hearing could be held and the court lacked jurisdiction to hear the case.

The Court said the solution was legislative and that other states had solved the issue by (1) requiring that the franchise stipulate an area of responsibility and (2) fixing an area of responsibility if the parties failed to do so.

The bill does what the Court stated and restores the law to the generally accepted statutes since 1971. The bill also grandfathers all existing franchises and does not require anyone to make any change of any existing or licensed location.

Principal Introducer:

Tom Baker, Chairperson
Committee on Transportation and Telecommunications