

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

February 14, 2000 LB 1018

to acquire dealerships and then sent out a second letter saying that they were not going to proceed with that at this time. Another major manufacturer was asked whether they intended to do this and they said they didn't have any plan at this time but, if they did, they didn't understand why you would only purchase some of the dealerships and not all of the dealerships if you're going to do it. Well, of course, from what I...information I have, we have roughly 1,650 dealers in the state and this causes them a lot of concern, not because they don't relish competition. There is strong competition in the automobile industry and the dealers have never been afraid of competition. In fact, they...they engage in it very, very strongly. I think what they have a concern about is whether or not they would be in a position where the competition would be what I would characterize as unfair competition or competition from an unlevel playing field. Now how...how could that...how could that be, perhaps would be a very reasonable question. Well, from what testimony we heard in our committee with respect to the bill you have, of course, a very limited number of manufacturers who manufacture the only product in a given make of car, so you don't have unlimited supply. You have a supplier. The history with respect to the state regulating this type of industry goes back roughly 40 to 50 years where we have had statutes dealing with the franchise agreement saying what the terms of the franchise agreement must contain and that kind of thing. So we have...we have a long-standing history in this state of injecting our statutory review of the franchise agreement. The way...the way the relationship works between dealers and manufacturers, and has for some time, the manufacturers know just about everything about the dealers and their customers that there is to know. They know the financial status of the dealers. They know the names, addresses, telephone numbers, whatever, of their customers. The manufacturers have access to all of that information. They also know what kinds of cars, what makes of cars a given dealer is successful in selling and not successful in selling. They make recommendations, if not requirements, as I understand it, with respect to...we had testimony that...from a dealer that said, if I have too much cash in a bank they tell me to do something else with it; if I don't have enough cash they certainly require me to find some or get some financing and so forth. It is...it is a...it is quite a relationship, but it is a very necessary