

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2572-01
Bill No.: HB 1175
Subject: Boats and Watercraft: Business and Commerce
Type: Original
Date: February 16, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Attorney General (AGO)** stated this proposal imposed no new duties on the AGO, therefore there is no fiscal impact on their agency.

Officials from the **Office of State Courts Administrator** stated there is no fiscal impact on the Courts resulting from this proposal.

Officials from the **Department of Economic Development (DED)** indicated this proposal does not pertain to entities that DED regulates or concerns activities that DED receives appropriations for, therefore the proposal will have no fiscal impact on DED.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal prohibits marine manufacturers from terminating or renewing a dealership agreement or substantially changing the competitive circumstances of a dealership without good cause. The proposal spells out circumstances that are considered good cause.

Manufacturers will be required to provide a notice at least 120 days prior to any termination, cancellation, or nonrenewal of a dealership agreement. A dealer will have 120 days to cure any claimed deficiency. A dealer must provide notice of intent to cure deficiencies within the 120-day period. Termination will take effect 30 days after the dealer's receipt of the manufacturer's notice, unless the dealer has new inventory on hand. In that case, upon dealer request, it will take effect upon the sale of the remaining inventory but no later than 120 days from the manufacturer's notice of termination.

Dealers may terminate a dealer agreement at any time by giving written notice to the manufacturer at least 90 days prior to the effective date of the termination.

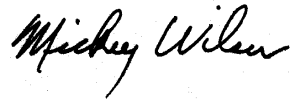
On change of ownership, dealers must give a 30-day written notice to the manufacturer. Manufacturers cannot refuse a proposed change or sale and may not disapprove or withhold approval unless the manufacturer can show its decision is based on a reasonable criterion such as business experience, moral character, financial qualifications, or criminal record. Manufacturers have 30 days to provide written notice of rejection of a proposed change or sale.

The proposal provides for legal action upon unlawful termination or failure of renewal of a dealership.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Economic Development
Office of State Courts Administrator

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 16, 2004