

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3995-03
Bill No.: HCS for HB 1286 and 1175
Subject: Boats and Watercraft: Business and Commerce
Type: Original
Date: April 12, 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

In responses to earlier versions of HB 1286 and HB 1175, officials from the **Office of Attorney General (AGO)** stated this proposal imposed no new duties on the AGO, therefore there would be 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.

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

Marine dealers may see a fiscal impact as a result of this proposal allowing recovery of certain costs when a manufacturer cancels an agreement.

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 90 days prior to any termination, cancellation, or nonrenewal of a dealership agreement. A dealer will have 90 days to cure any claimed deficiency. A dealer must provide notice of intent to cure deficiencies within the 90-day period. Termination will take effect 60 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 90 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.

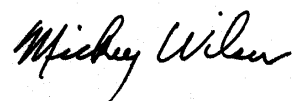
On change of ownership, dealers must give a 90-day written notice to the manufacturer. Manufacturers cannot refuse a proposed change or sale and may not disapprove or withhold approval unless the manufacturer can show its decision is based on a reasonable criterion such as business experience, moral character, financial qualifications, or criminal record. Manufacturers have 60 days to provide written notice of rejection of a proposed change or sale. The transfer provisions do not apply to the transfer to a successor in the event of a dealer's death.

The proposal provides for the repurchase of certain vessels when the dealer agreement is terminated by the manufacturer. It also 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
Office of State Courts Administrator



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April 12, 2004

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