

HCS HB 1286 & 1175 -- MARINE DEALERS (Guest)

This substitute prohibits marine manufacturers from terminating or renewing a dealership agreement or substantially changing the competitive circumstances of a dealership without good cause. The substitute specifies the 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 substitute 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.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.