HCS HB 959 -- MOTOR VEHICLE FRANCHISE PRACTICE ACT

SPONSOR: Plocher

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 12 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 9 to 0.

This bill repeals an existing provision of the Motor Vehicle Franchise Practices Act (MVFPA) regarding coercion of franchisees to alter their facilities, and enacts new prohibitions against coercion.

This bill prohibits franchisors and manufacturers from requiring or coercing franchisees to construct improvements or install signs or franchise elements at facilities which would replace or substantially alter improvements, signs, or elements completed and approved within the last 10 years. Franchisors and manufacturers may require routine maintenance.

The bill prohibits manufacturers and franchisors from requiring franchisees to purchase goods or services, without reimbursement, used to make improvements to the franchisee's facility from a vendor selected by the manufacturer or franchisor without giving the option to obtain comparable goods or services from a vendor chosen by the franchisee and approved by the franchisor or manufacturer. Franchisors and manufacturers must not unreasonably withhold approval.

The 10 year period specified in this bill will initiate on the date the manufacturer or franchisor gave final written approval of the facility, improvement, sign, or franchise element, or on the date the franchisee receives a certificate of occupancy for the facility, whichever is later.

Nothing in this bill will prohibit manufacturers or franchisors from requiring changes or updates to signs that contain intellectual property governed by federal law more frequently than every 10 years, provided that the manufacturer or franchisor must offer the franchisee full compensation for the sign if changes are required less than five years apart.

This bill is similar to SB 354 (2019).

PROPONENTS: Supporters say that the bill is a product of reasonable compromise between franchisors and franchisees. It will allow franchisees to spend more profits on technology, salaries, and product lines instead of infrastructure repair and construction projects. Requirements to update facilities can be expensive and time intensive especially if triggered with little notice.

Testifying for the bill were Representative Plocher and Missouri Automobile Dealers Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that many franchisors do provide assistance and incentives to their dealers for facility updates. The language of the bill is probably a fair compromise.

Testifying on the bill was Alliance of Automobile Manufacturers.

This bill is similar to SB 354 (2019).