

HCS HB 959 -- MOTOR VEHICLE FRANCHISE PRACTICE ACT (Plocher)

COMMITTEE OF ORIGIN: Standing Committee on General Laws

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).