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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO MOTOR AND OTHER VEHICLES -- REGULATION OF BUSINESS
PRACTICES AMONG MOTOR VEHICLE MANUFACTURERS, DISTRIBUTORS, AND
DEALERS

Introduced By: Representatives Shanley, Craven, Barros, Solomon, Filippi,
Marszalkowski, and Amore

Date Introduced: February 24, 2021

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 31-5.1-4 of the General Laws in Chapter 31-5.1 entitled "Regulation
2 of Business Practices Among Motor Vehicle Manufacturers, Distributors, and Dealers" is hereby
3 amended to read as follows:

4 **31-5.1-4. Violations.**

5 (a) It shall be deemed a violation of this chapter for any manufacturer or motor vehicle
6 dealer to engage in any action that is arbitrary, in bad faith, or unconscionable and that causes
7 damage to any of the parties involved or to the public.

8 (b) It shall be deemed a violation of this chapter for a manufacturer, or officer, agent, or
9 other representative of a manufacturer, to coerce, or attempt to coerce, any motor vehicle dealer:

10 (1) To order or accept delivery of any motor vehicle or vehicles, equipment, parts, or
11 accessories for them, or any other commodity or commodities that the motor vehicle dealer has not
12 voluntarily ordered.

13 (2) To order or accept delivery of any motor vehicle with special features, accessories, or
14 equipment not included in the list price of that motor vehicle as publicly advertised by the
15 manufacturer of the vehicle.

16 (3) To participate monetarily in an advertising campaign or contest, or to purchase any
17 promotional materials, or training materials, showroom, or other display decorations, or materials
18 at the expense of the new motor vehicle dealership.

1 (4) To enter into any agreement with the manufacturer or to do any other act prejudicial to
2 the new motor vehicle dealer by threatening to terminate or cancel a franchise or any contractual
3 agreement existing between the dealer and the manufacturer; except that this subdivision is not
4 intended to preclude the manufacturer or distributor from insisting on compliance with the
5 reasonable terms or provisions of the franchise or other contractual agreement. Notice in good faith
6 to any new motor vehicle dealer of the new motor vehicle dealer's violation of those terms or
7 provisions shall not constitute a violation of the chapter.

8 (5) To refrain from participation in the management of, investment in, or acquisition of any
9 other line of new motor vehicle or related products. This subdivision does not apply unless the new
10 motor vehicle dealer maintains a reasonable line of credit for each make or line of new motor
11 vehicles, the new motor vehicle dealer remains in compliance with any reasonable facilities
12 requirements of the manufacturer; and no change is made in the principal management of the new
13 motor vehicle dealer.

14 (6) To assent to a release, assignment, novation, waiver, or estoppel in connection with the
15 transfer or voluntary termination of a franchise, or that would relieve any person from the liability
16 to be imposed by this law; or to require any controversy between a new motor vehicle dealer and a
17 manufacturer, distributor, or representative to be referred to any person other than the duly
18 constituted courts of this state or of the United States of America, or to the department of revenue
19 of this state, if that referral would be binding upon the new motor vehicle dealer.

20 (7) To order for any person any parts, accessories, equipment, machinery, tools, or any
21 commodities.

22 (c) It shall be deemed a violation of this chapter for a manufacturer, or officer, agent, or
23 other representative:

24 (1) To refuse to deliver in reasonable quantities and within a reasonable time after receipt
25 of the dealer's order, to any motor vehicle dealer having a franchise or contractual arrangement for
26 the retail sale of new motor vehicles sold or distributed by the manufacturer, any motor vehicles
27 covered by the franchise or contract, specifically publicly advertised by the manufacturer to be
28 available for immediate delivery. However, the failure to deliver any motor vehicle shall not be
29 considered a violation of this chapter if that failure is due to an act of God, work stoppage, or delay
30 due to a strike or labor difficulty, shortage of materials, a freight embargo, or other cause over
31 which the manufacturer, distributor, or wholesaler, its agent, shall have no control.

32 (2) To refuse to deliver, or otherwise deny, to any motor vehicle dealer having a franchise
33 or contractual arrangement for the retail sale of new motor vehicles sold or distributed by the
34 manufacturer any particular new motor vehicle model made or distributed by the manufacturer

1 under the name of the division of the manufacturer of which the dealer is an authorized franchise.

2 (3) It shall be deemed a prima facie violation of this chapter for any automotive vehicle
3 division manufacturer to require any separate franchise or contractual arrangement with any new
4 motor vehicle dealer already a party to a franchise or contractual arrangement with that automotive
5 vehicle division for the retail sale of any particular new motor vehicle model made or distributed
6 by that division.

7 (4) To coerce, or attempt to coerce, any motor vehicle dealer to enter into any agreement
8 with the manufacturer, or their officers, agents, or other representatives, or to do any other act
9 prejudicial to the dealer, by threatening to cancel any franchise or any contractual agreement
10 existing between the manufacturer and the dealer. Notice in good faith to any motor vehicle dealer
11 of the dealer's violation of any terms or provisions of the franchise or contractual agreement shall
12 not constitute a violation of this chapter.

13 (5) To resort to or use any false or misleading advertisement in connection with his or her
14 business as a manufacturer, an officer, agent, or other representative.

15 (6) To sell or lease any new motor vehicle to, or through, any new motor vehicle dealer at
16 a lower actual price therefore than the actual price offered to any other new motor vehicle dealer
17 for the same model vehicle similarly equipped or to utilize any device, including, but not limited
18 to, sales promotion plans or programs, that result in a lesser actual price. The provisions of this
19 paragraph shall not apply to sales to a new motor vehicle dealer for resale to any unit of the United
20 States government or to the state or any of its political subdivisions. A manufacturer may not reduce
21 the price of a motor vehicle charged to a dealer or provide different financing terms to a dealer in
22 exchange for the dealer's agreement to:

- 23 (i) Maintain an exclusive sales or service facility;
- 24 (ii) Build or alter a sales or service facility; or
- 25 (iii) Participate in a floor plan or other financing.

26 (7) To sell or lease any new motor vehicle to any person, except a manufacturer's employee,
27 at a lower actual price than the actual price offered and charged to a new motor vehicle dealer for
28 the same model vehicle similarly equipped or to utilize any device which results in a lesser actual
29 price. The provisions of this paragraph shall not apply to sales to a new motor vehicle dealer for
30 resale to any unit of the United States government, or to the state or any of its political subdivisions.

31 (8) To offer in connection with the sale of any new motor vehicle or vehicles, directly or
32 indirectly, to a fleet purchaser, within or without this state, terms, discounts, refunds, or other
33 similar types of inducements to that purchaser without making the same offer or offers available to
34 all of its new motor vehicles dealers in this state. No manufacturer may impose or enforce any

1 restrictions against new motor vehicle dealers in this state or their leasing, rental, or fleet divisions
2 or subsidiaries that are not imposed or enforced against any other direct or indirect purchaser from
3 the manufacturer. The provisions of this paragraph shall not apply to sales to a new motor vehicle
4 dealer for resale to any unit of the United States government, or to the state or any of its political
5 subdivisions.

6 (9) To use or consider the performance of a motor vehicle dealer relating to the sale of the
7 manufacturer's vehicles or the motor vehicle dealer's ability to satisfy any minimum sales or market
8 share quota or responsibility relating to the sale of the manufacturer's new vehicles in determining:

9 (i) The motor vehicle dealer's eligibility to purchase program, certified, or other used motor
10 vehicles from the manufacturer;

11 (ii) The volume, type, or model of program, certified, or other used motor vehicles that a
12 motor vehicle dealer is eligible to purchase from the manufacturer;

13 (iii) The price of any program, certified, or other used motor vehicle that the dealer is
14 eligible to purchase from the manufacturer; or

15 (iv) The availability or amount of any discount, credit, rebate, or sales incentive that the
16 dealer is eligible to receive from the manufacturer for the purchase of any program, certified, or
17 other used motor vehicle offered for sale by the manufacturer.

18 (10) To offer to sell or to sell parts or accessories to any new motor vehicle dealer for use
19 in the dealer's own business for the purpose of repairing or replacing the same parts or accessories
20 or a comparable part or accessory, at a lower actual price than the actual price charged to any other
21 new motor vehicle dealer for similar parts or accessories to use in the dealer's own business. In
22 those cases where new motor vehicle dealers operate or serve as wholesalers of parts and
23 accessories to retail outlets, these provisions shall be construed to prevent a manufacturer, or its
24 agents, from selling to a new motor vehicle dealer who operates and services as a wholesaler of
25 parts and accessories, any parts and accessories that may be ordered by that new motor vehicle
26 dealer for resale to retail outlets at a lower actual price than the actual price charged a new motor
27 vehicle dealer who does not operate or serve as a wholesaler of parts and accessories.

28 (11) To prevent, or attempt to prevent, by contract or otherwise, any new motor vehicle
29 dealer from changing the capital structure of his or her dealership or the means by which, or through
30 which the dealer finances the operation of his or her dealership. However, the new motor vehicle
31 dealer shall at all times meet any reasonable capital standards agreed to between the dealership and
32 the manufacturer, provided that any change in the capital structure by the new motor vehicle dealer
33 does not result in a change in the executive management control of the dealership.

34 (12) To prevent, or attempt to prevent, by contract or otherwise, any new motor vehicle

1 dealer, or any officer, partner, or stockholder of any new motor vehicle dealer, from selling or
2 transferring any part of the interest of any of them to any other person or persons or party or parties.
3 Provided, however, that no dealer, officer, partner, or stockholder shall have the right to sell,
4 transfer, or assign the franchise or power of management or control without the consent of the
5 manufacturer, except that the consent shall not be unreasonably withheld.

6 (13) To obtain money, goods, services, anything of value, or any other benefit from any
7 other person with whom the new motor vehicle dealer does business, on account of, or in relation
8 to, the transactions between the dealer and that other person, unless that benefit is promptly
9 accounted for and transmitted to the new motor vehicle dealer.

10 (14) To compete with a new motor vehicle dealer operating under an agreement or
11 franchise from the manufacturer in the state of Rhode Island, through the ownership, operation, or
12 control of any new motor vehicle dealers in this state, or by participation in the ownership,
13 operation, or control of any new motor vehicle dealer in this state. A manufacturer shall not be
14 deemed to be competing when operating, controlling, or owning a dealership, either temporarily
15 for a reasonable period, but in any case not to exceed one year, which one-year (1) period may be
16 extended for a one-time, additional period of up to six (6) months upon application to, and approval
17 by, the motor vehicle dealers license and hearing board, which approval shall be subject to the
18 manufacturer demonstrating the need for this extension, and with other new motor vehicle dealers
19 of the same line or make being given notice and an opportunity to be heard in connection with said
20 application, or in a bona fide relationship in which an independent person had made a significant
21 investment subject to loss in the dealership and can reasonably expect to acquire full ownership of
22 the dealership on reasonable terms and conditions within a reasonable period of time.

23 (15) To refuse to disclose to any new motor vehicle dealer, handling the same line or make,
24 the manner and mode of distribution of that line or make within the relevant market area.

25 (16) To increase prices of new motor vehicles that the new motor vehicle dealer had
26 ordered for private retail consumers prior to the new motor vehicle dealer's receipt of the written,
27 official price increase notification. A sales contract signed by a private retail consumer shall
28 constitute evidence of an order, provided that the vehicle is in fact delivered to that customer. In
29 the event of manufacturer price reductions or cash rebates paid to the new motor vehicle dealer, the
30 amount of any reduction or rebate received by a new motor vehicle dealer shall be passed on to the
31 private retail consumer by the new motor vehicle dealer. Price reductions shall apply to all vehicles
32 in the dealer's inventory that were subject to the price reduction. Price differences applicable to
33 new model or series motor vehicles at the time of the introduction of new models or series shall not
34 be considered a price increase or price decrease. Price changes caused by either: (i) The addition to

1 a motor vehicle of required or optional equipment; (ii) Revaluation of the United States dollar, in
2 the case of foreign-make vehicles or components; or (iii) An increase in transportation charges due
3 to increased rates imposed by common carriers, shall not be subject to the provisions of this
4 subdivision.

5 (17) To release to any outside party, except under subpoena or as otherwise required by
6 law, or in an administrative, judicial, or arbitration proceeding involving the manufacturer or new
7 motor vehicle dealer, any business, financial, or personal information that may be, from time to
8 time, provided by the new motor vehicle dealer to the manufacturer, without the express written
9 consent of the new motor vehicle dealer.

10 (18) To unfairly discriminate among its new motor vehicle dealers with respect to warranty
11 reimbursement, or any program that provides assistance to its dealers, including internet listings;
12 sales leads; warranty policy adjustments; marketing programs; and dealer recognition programs.

13 (19) To unreasonably withhold consent to the sale, transfer, or exchange of the franchise
14 to a qualified buyer capable of being licensed as a new motor vehicle dealer in this state.

15 (20) To fail to respond, in writing, to a request for consent as specified in subdivision (19)
16 of this subsection within sixty (60) days of the receipt of a written request on the forms, if any,
17 generally utilized by the manufacturer or distributor for those purposes and containing the
18 information required therein. The failure to respond shall be deemed to be a consent to the request.
19 A manufacturer may not impose a condition on the approval of a sale, transfer, or exchange of the
20 franchise if the condition would violate the provisions of this chapter if imposed on an existing
21 dealer.

22 (21) To unfairly prevent a new motor vehicle dealer from receiving fair and reasonable
23 compensation for the value of the new motor vehicle dealership.

24 (22) To require that a new motor vehicle dealer execute a written franchise agreement that
25 does not contain substantially the same provisions as the franchise agreement being offered to other
26 new motor vehicle dealers handling the same line or make. In no instance shall the term of any
27 franchise agreement be of a duration of less than three (3) years.

28 (23) To require that a new motor vehicle dealer provide exclusive facilities, personnel, or
29 display space taking into consideration changing market conditions, or that a dealer execute a site
30 control agreement giving a manufacturer control over the dealer's facilities.

31 (24) To require that a dealer expand facilities without a guarantee of a sufficient supply of
32 new motor vehicles to justify that expansion or to require that a dealer expand facilities to a greater
33 degree than is necessary to sell and service the number of vehicles that the dealer sold and serviced
34 in the most recent calendar year.

1 (25) To prevent a dealer from adjusting his or her facilities to permit a relocation of office
2 space, showroom space, and service facilities so long as the relocation is within five hundred (500)
3 yards of the present location.

4 (26) To engage in any predatory practice against a new motor vehicle dealer.

5 (27) To prevent, prohibit, or coerce any new motor vehicle dealer from charging any
6 consumer any fee allowed to be charged by the dealer under Rhode Island law or regulation except
7 as related to eligible participants under a military discount program in which the dealer voluntarily
8 participates and receives financial compensation from the manufacturer or distributor, to the extent
9 that such a program is not offered to the general public.

10 (d) It shall be a violation of this chapter for a manufacturer to terminate, cancel, or fail to
11 renew the franchise of a new motor vehicle dealer except as provided in this subsection:

12 (1) Notwithstanding the terms, provisions, or conditions of any franchise, whether entered
13 into before or after the enactment of this chapter or any of its provisions, or notwithstanding the
14 terms or provisions of any waiver, whether entered into before or after the enactment of this chapter
15 or any of its provisions, no manufacturer shall cancel, terminate, or fail to renew any franchise with
16 a licensed new motor vehicle dealer unless the manufacturer has:

17 (i) Satisfied the notice requirement of this subsection;

18 (ii) Has good cause for the cancellation, termination, or nonrenewal;

19 (iii) Has not committed any violations set forth in subsection (b) of this section; and

20 (iv) Has acted in good faith as defined in this chapter and has complied with all provisions
21 of this chapter.

22 (2) Notwithstanding the terms, provisions, or conditions of any franchise or the terms or
23 provisions of any waiver, good cause shall exist for the purposes of a termination, cancellation, or
24 nonrenewal when:

25 (i) There is a failure by the new motor vehicle dealer to comply with a provision of the
26 franchise, which provision is both reasonable and of material significance to the franchise
27 relationship, provided that the dealer has been notified, in writing, of the failure within one hundred
28 eighty (180) days after the manufacturer first acquired knowledge of that failure;

29 (ii) If the failure by the new motor vehicle dealer, as provided in paragraph (i) of this
30 subdivision, relates to the performance of the new motor vehicle dealer in sales or service, then
31 good cause shall be defined as the failure of the new motor vehicle dealer to comply with reasonable
32 performance criteria established by the manufacturer if the new motor vehicle dealer was apprised
33 by the manufacturer, in writing, of that failure; and:

34 (A) The notification stated that notice was provided of failure of performance pursuant to

1 paragraph (i) of this subdivision;

2 (B) The new motor vehicle dealer was afforded a reasonable opportunity, for a period of
3 not less than six (6) months, to comply with those criteria; and

4 (C) The new motor vehicle dealer did not demonstrate substantial progress towards
5 compliance with the manufacturer's performance criteria during that period.

6 (3) The manufacturer shall have the burden of proof for showing that the notice
7 requirements have been complied with; that there was good cause for the franchise termination;
8 cancellation or nonrenewal; and that the manufacturer has acted in good faith.

9 (i) Notwithstanding the terms, provisions, or conditions of any franchise, prior to the
10 termination, cancellation, or nonrenewal of any franchise, the manufacturer shall furnish
11 notification of the termination, cancellation, or nonrenewal to the new motor vehicle dealer as
12 follows:

13 (A) In the manner described in paragraph (ii) of this subdivision; and

14 (B) Not fewer than ninety (90) days prior to the effective date of the termination,
15 cancellation, or nonrenewal; or

16 (C) Not fewer than fifteen (15) days prior to the effective date of the termination,
17 cancellation, or nonrenewal for any of the following reasons:

18 (I) Insolvency of the new motor vehicle dealer, or the filing of any petition by, or against,
19 the new motor vehicle dealer under any bankruptcy or receivership law;

20 (II) Failure of the new motor vehicle dealer to conduct his customary sales and service
21 operations during his or her customary business hours for seven (7) consecutive business days;

22 (III) Final conviction of the new motor vehicle dealer, or any owner or operator of the
23 dealership, of a crime which is associated with or related to, the operation of the dealership;

24 (IV) Revocation of any license that the new motor vehicle dealer is required to have to
25 operate a dealership; or

26 (D) Not fewer than one hundred eighty (180) days prior to the effective date of the
27 termination or cancellation where the manufacturer or distributor is discontinuing the sale of the
28 product line.

29 (ii) Notification under this subsection shall be in writing, shall be by certified mail or
30 personally delivered to the new motor vehicle dealer, and shall contain:

31 (A) A statement of intention to terminate, cancel, or not to renew the franchise;

32 (B) A statement of the reasons for the termination, cancellation, or nonrenewal; and

33 (C) The date on which the termination, cancellation, or nonrenewal shall take effect.

34 (iii) Upon the involuntary or voluntary termination, nonrenewal, or cancellation of any

1 franchise, by either the manufacturer or the new motor vehicle dealer, notwithstanding the terms
2 of any franchise whether entered into before or after the enactment of this chapter or any of its
3 provisions, the new motor vehicle dealer shall be allowed fair and reasonable compensation by the
4 manufacturer for the following:

5 (A) The new motor vehicle dealer's cost, less allowances paid by the manufacturer, of each
6 new, undamaged, unsold, and unaltered, except for dealer-installed, manufacturer-authorized
7 accessories, motor vehicle, regardless of model year purchased from the manufacturer or another
8 dealer of the same line or make in the ordinary course of business within twenty-four (24) months
9 of termination, having five hundred (500) or fewer miles recorded on the odometer that is in the
10 new motor vehicle dealer's inventory at the time of termination, nonrenewal, or cancellation.

11 (B) The new motor vehicle dealer's cost of each new, unused, undamaged, and unsold part
12 or accessory that is in the current parts catalogue, or is identical to a part or accessory in the current
13 parts catalogue except for the number assigned to the part or accessory due to a change in the
14 number after the purchase of the part or accessory, and that is still in the original, resalable
15 merchandising package and in an unbroken lot, except that, in the case of sheet metal, a comparable
16 substitute for the original package may be used.

17 (C) The fair market value of each undamaged sign, normal wear and tear excepted, owned
18 by the dealer that bears a trademark or trade name used or claimed by the manufacturer that was
19 purchased as a requirement of the manufacturer.

20 (D) The fair market value of all special tools, and automotive services equipment owned
21 by the dealer that: (I) Were recommended in writing and designated as special tools and equipment;
22 (II) Were purchased as a requirement of the manufacturer; and (III) Are in usable and good
23 condition except for reasonable wear and tear.

24 (E) The cost of transporting, handling, packing, storing, and loading any property that is
25 subject to repurchase under this section.

26 (F) The payments above are due within sixty (60) days from the date the dealer submits an
27 accounting to the manufacturer of the vehicle inventory subject to repurchase, and for other items
28 within sixty (60) days from the date the dealer submits an accounting of the other items subject to
29 repurchase, provided, the new motor vehicle dealer has clear title (or will have clear title upon using
30 the repurchase funds to obtain clear title) to the inventory and other items and is in a position to
31 convey that title to the manufacturer. If the inventory or other items are subject to a security interest,
32 the manufacturer, wholesaler, or franchisor may make payment jointly to the dealer and the holder
33 of the security interest. In no event shall the payments be made later than ninety (90) days of the
34 effective date of the termination, cancellation, or nonrenewal.

1 (iv) In the event the termination, cancellation, or nonrenewal is involuntary and not
2 pursuant to subsection (3)(i)(C) of this section and:

3 (A) The new motor vehicle dealer is leasing the dealership facilities from a lessor other
4 than the manufacturer, the manufacturer shall pay the new motor vehicle dealer a sum equivalent
5 to the rent for the unexpired term of the lease or (2) two year's rent, whichever is less; or

6 (B) If the new motor vehicle dealer owns the facilities, the manufacturer shall pay the new
7 motor vehicle dealer a sum equivalent to the reasonable rental value of the facilities for two (2)
8 years; if:

9 (I) The new motor vehicle dealer is unable to reasonably utilize the facilities for another
10 purpose;

11 (II) The new motor vehicle dealer, or the manufacturer acting as its agent, is unable to make
12 arrangements for the cancellation or assumption of its lease obligations by another party in the case
13 of leased facilities, or is unable to sell dealer-owned facilities; and

14 (III) Only to the extent those facilities were required as a condition of the franchise and
15 used to conduct sales and service operations related to the franchise product.

16 (v) In addition to any injunctive relief and any other damages allowable by this chapter, if
17 the manufacturer is discontinuing the product line or fails to prove that there was good cause for
18 the termination, cancellation, or nonrenewal, or if the manufacturer fails to prove that the
19 manufacturer acted in good faith, then the manufacturer shall pay the new motor vehicle dealer fair
20 and reasonable compensation for the value of the dealership as an ongoing business.

21 In addition to the other compensation described in paragraphs (iii) and (iv) above and in
22 this section, the manufacturer shall also reimburse the dealer for any costs incurred for facility
23 upgrades or alterations required by the manufacturer within two (2) years of the effective date of
24 the termination.

25 (vi) If a manufacturer is discontinuing the product line and thus, as a result a franchise for
26 the sale of motor vehicles is subject to termination, cancellation, or nonrenewal, the manufacturer
27 shall:

28 (A) Authorize the dealer, at the dealer's option, that remains a franchised dealer of the
29 manufacturer regardless of the discontinuation of a product line, to continue servicing and
30 supplying parts (without prejudice to the right of the manufacturer to also authorize other franchised
31 dealers to provide service and parts for a discontinued product line), including services and parts
32 pursuant to a warranty issued by the manufacturer for any goods or services marketed by the dealer
33 pursuant to the motor vehicle franchise for a period of not less than five (5) years from the effective
34 date of the termination, cancellation, or nonrenewal;

1 (B) Continue to reimburse the dealer that remains a franchised dealer of the manufacturer
2 regardless of the discontinuation of a product line or another franchised dealer of the manufacturer
3 in the area for warranty parts and service in an amount, and on terms not less favorable than, those
4 in effect prior to the termination, cancellation, or nonrenewal;

5 (C) The manufacturer shall continue to supply the dealer that remains a franchised dealer
6 of the manufacturer regardless of the discontinuation of a product line or another franchised dealer
7 of the manufacturer in the area with replacement parts for any goods or services marketed by the
8 dealer pursuant to the franchise agreement for a period of not less than five (5) years from the
9 effective date of the termination, cancellation, or nonrenewal, at a price, and on terms not less
10 favorable than, those in effect prior to the termination, cancellation, or nonrenewal;

11 (vii) The requirements of this section do not apply to a termination, cancellation, or
12 nonrenewal due to the sale of the assets or stock of the motor vehicle dealer.

13 (D) To be entitled to facilities assistance from the manufacturer as described above, the
14 dealer shall have the obligation to mitigate damages by listing the dealership facilities for lease or
15 sublease with a licensed real estate agent within thirty (30) days after the effective date of the
16 termination of the franchise and thereafter be reasonably cooperating with such real estate agent in
17 the performance of the agent's duties and responsibilities. If the dealer is able to lease or sublease
18 the dealership facilities on terms that are consistent with local zoning requirements to preserve the
19 right to sell motor vehicles from the dealership facilities and the terms of the dealer's lease, the
20 dealer shall be obligated to pay the manufacturer the net revenue received from such mitigation,
21 but only following receipt of facilities assistance payments pursuant to this chapter, and only up to
22 the total amount of facilities assistance payments that the dealer has received.

23 (e) It shall be deemed a violation of this chapter for a motor vehicle dealer:

24 (1) To require a purchaser of a new motor vehicle, as a condition of the sale and delivery
25 thereof, to also purchase special features, equipment, parts, or accessories not desired or requested
26 by the purchaser. This prohibition shall not apply as to special features, equipment, parts, or
27 accessories that are already installed on the car before sale by the dealer.

28 (2) To represent and sell as a new motor vehicle any motor vehicle that is a used motor
29 vehicle.

30 (3) To resort to or use any false or misleading advertisement in connection with his or her
31 business as a motor vehicle dealer.

32 (4) To engage in any deception or fraudulent practice in the repair of motor vehicles.

33 (5) To lease a new or used motor vehicle to a member of the public and require, charge or
34 collect, relative to any vehicle excise tax, any amount in excess of the exact amount assessed to or

1 [paid by the lessor for excise tax to any city or town.](#)

2 SECTION 2. This act shall take effect upon passage.

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LC000436
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO MOTOR AND OTHER VEHICLES -- REGULATION OF BUSINESS
PRACTICES AMONG MOTOR VEHICLE MANUFACTURERS, DISTRIBUTORS, AND
DEALERS

1 This act would prevent a motor vehicle dealer from leasing a new or used motor vehicle to
2 a member of the public and require, charge or collect, relative to any vehicle excise tax, in excess
3 of the exact amount assessed to or paid by the lessor for excise tax to any city or town.

4 This act would take effect upon passage.

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