

House Bill 1072 (AS PASSED HOUSE AND SENATE)

By: Representatives Stephens of the 164<sup>th</sup>, Coan of the 101<sup>st</sup>, Bearden of the 68<sup>th</sup>, Shaw of the 176<sup>th</sup>, Sheldon of the 105<sup>th</sup>, and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 22 of Chapter 1 of Title 10 of the Official Code of Georgia Annotated,  
2 relating to motor vehicle franchise practices, so as to provide legislative findings; to provide  
3 definitions; to clarify provisions relating to voluntary releases entered into by a dealer; to  
4 prohibit a franchisor from assessing a surcharge against a dealer for warranty repairs; to  
5 require a franchisor to pay a dealer terminated as a result of a bankruptcy or industry  
6 reorganization the fair market value of the terminated franchise as of the notice of  
7 termination or 12 months prior, whichever is greater; to clarify franchisor termination  
8 assistance requirements with regard to repurchase of new vehicles acquired by a dealer; to  
9 require a franchisor to reimburse a dealer terminated as a result of a bankruptcy or industry  
10 reorganization for upgrades or renovations to dealership facilities performed within two years  
11 of bankruptcy or reorganization; to prohibit a franchisor from demanding exclusive facilities,  
12 personnel, or showrooms if the imposition of such requirements is unreasonable in light of  
13 economic conditions; to prohibit a franchisor from conditioning a franchise agreement or  
14 renewal of a franchise agreement or participation in franchisor programs and incentives on  
15 the relocation or exclusivity of a dealership facility; to prohibit a franchisor from  
16 conditioning franchise agreements or renewals of franchise agreements, addition of line  
17 makes, approval of relocation, sale or transfer on dealer's or prospective dealer's willingness  
18 to enter into a site control agreement; to clarify existing law to prohibit a franchise from  
19 charging back dealers for transactions that took place more than 12 months prior to an audit,  
20 investigation, or independent inquiry of the franchisor; to prohibit a franchisor from charging  
21 back, withholding payment, or denying vehicles to a dealer based on exportation by customer  
22 unless franchisor can demonstrate that dealer had knowledge that customer intended to  
23 export new vehicle; to provide for an effective date; to repeal conflicting laws; and for other  
24 purposes.

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

26

**SECTION 1.**

27 WHEREAS, the General Assembly desires to reaffirm the legislative findings and  
 28 declarations set forth in Code Section 10-1-621 and to make changes to the Georgia Motor  
 29 Vehicle Franchise Practices Act in an effort to promote the stability of franchised motor  
 30 vehicle dealerships in this state, thereby maintaining necessary reliable services to the  
 31 consuming public, maintaining full and fair competition among dealers in the public interest,  
 32 and providing continued employment to the citizens of this state.

33

**SECTION 2.**

34 Article 22 of Chapter 1 of Title 10 of the Official Code of Georgia Annotated, relating to  
 35 motor vehicle franchise practices, is amended in Code Section 10-1-622, relating to  
 36 definitions pertaining to the Georgia Motor Vehicle Franchise Practices Act, by adding a new  
 37 paragraph as follows:

38 “(8.1) 'Line-make' is a collection of models, series, or groups of motor vehicles  
 39 manufactured by or for a particular manufacturer, distributor, or importer that are offered  
 40 for sale, lease, or distribution pursuant to a common brand name or mark; provided,  
 41 however:

42 (A) Multiple brand names or marks may constitute a single line-make, but only when  
 43 included in a common dealer agreement and the manufacturer, distributor, or importer  
 44 offers such vehicles bearing the multiple names or marks together only, and not  
 45 separately, to its authorized dealers; and

46 (B) Motor vehicles bearing a common brand name or mark may constitute separate  
 47 line-makes when pertaining to motor vehicles subject to separate dealer agreements or  
 48 when such vehicles are intended for different types of use.”

49

**SECTION 3.**

50 Said article is further amended in Code Section 10-1-623, relating to actions for violations  
 51 of the Georgia Motor Vehicle Franchise Practices Act, by revising subsection (d) as follows:

52 “(d) This Code section shall not prevent a dealer from voluntarily entering into a valid  
 53 release agreement to resolve a specific claim, dispute, or action between the franchisor and  
 54 the dealer or when separate and adequate consideration is offered and accepted, provided  
 55 that the renewal of a franchise shall not by itself constitute separate and adequate  
 56 consideration.”

57

**SECTION 4.**

58 Said article is further amended in Code Section 10-1-624, relating to applicability and written  
 59 instruments that violate the provisions of the article, by revising subsection (c) as follows:

60 "(c) Any provision of any franchise, agreement, waiver, novation, or any other written  
61 instrument executed, modified, extended, or renewed after July 1, 1983, which is in  
62 violation of any Code section of this article, and any amendments thereto, shall be deemed  
63 null and void and without force and effect."

64 **SECTION 5.**

65 Said article is further amended by revising Code Section 10-1-627, relating to waivers, as  
66 follows:

67 "10-1-627.

68 No franchisor, nor any agent nor employee of a franchisor, shall use a written instrument,  
69 agreement, or waiver to attempt to nullify any of the provisions of this article and any such  
70 agreement, written instrument, or waiver shall be null and void. This Code section shall  
71 not prevent a dealer from voluntarily entering into a valid release agreement to resolve a  
72 specific claim, dispute, or action between the franchisor and the dealer or when separate  
73 and adequate consideration is offered and accepted, provided that the renewal of a  
74 franchise shall not by itself constitute separate and adequate consideration."

75 **SECTION 6.**

76 Said article is further amended in Code Section 10-1-641, relating to warranty and recall  
77 work obligations of franchisors, by revising subsection (b) and by adding a new subsection  
78 as follows:

79 "(b) Manufacturers and distributors shall include in written notices of factory recalls to  
80 new motor vehicle owners and dealers the expected date by which necessary parts and  
81 equipment will be available to dealers for the correction of such defects. Manufacturers  
82 and distributors shall compensate any dealers in this state for repairs ~~effected~~ affected by  
83 all recalls."

84 "(d) Subject to subsection (c) of Code Section 10-1-645, a manufacturer or distributor shall  
85 not otherwise recover its costs from dealers within this state, including an increase in the  
86 wholesale price of a vehicle or surcharge imposed on a dealer solely intended to recover  
87 the cost of reimbursing the dealer for parts and labor pursuant to this Code section,  
88 provided that a manufacturer or distributor shall not be prohibited from increasing prices  
89 for vehicles or parts in the normal course of business."

90 **SECTION 7.**

91 Said article is further amended by revising Code Section 10-1-651, relating to termination  
92 of a motor vehicle franchise, as follows:

93 "10-1-651.

94 (a) Notwithstanding the terms, provisions, or conditions of any franchise and  
 95 notwithstanding the terms or provisions of any waiver, no franchisor shall cancel,  
 96 terminate, or fail to renew any franchise with a dealer unless the franchisor:

97 (1) Has satisfied the notice requirement of subsection (e) of this Code section; and

98 (2) Has good cause for cancellation, termination, or nonrenewal.

99 (b) Notwithstanding the terms, provisions, or conditions of any franchise or the terms or  
 100 provisions of any waiver, good cause shall exist for the purposes of a termination,  
 101 cancellation, or nonrenewal when there is a failure by the dealer to comply with a provision  
 102 of the franchise which is both reasonable and of material significance to the franchise  
 103 relationship, provided the dealer has been notified in writing of the failure within 180 days  
 104 after the franchisor first acquired knowledge of such failure or after the dealer is given a  
 105 reasonable opportunity to correct such failure for a period of not less than 180 days.

106 (c) If the failure by the dealer, as defined in subsection (b) of this Code section, relates to  
 107 the performance of the dealer in sales or service, then good cause shall be defined as the  
 108 failure of the dealer to comply with reasonable performance criteria established by the  
 109 franchisor if: in light of existing circumstances, including but not limited to current and  
 110 forecasted economic conditions, provided the following conditions are satisfied:

111 (1) The dealer was notified by the franchisor in writing of such failure;

112 (2) Said notification stated that notice was provided of failure of performance pursuant  
 113 to this Code section; and

114 (3) The dealer was afforded a reasonable opportunity, for a period of not less than six  
 115 months, to comply with such criteria.

116 (d) The franchisor shall have the burden of proof under this Code section.

117 (e)(1) Notwithstanding franchise terms to the contrary, prior to the termination,  
 118 cancellation, or nonrenewal of any franchise, the franchisor shall furnish notification, as  
 119 provided in paragraph (2) of this subsection, of such termination, cancellation, or  
 120 nonrenewal to the dealer as follows:

121 (A) Not less than 90 days prior to the effective date of such termination, cancellation,  
 122 or nonrenewal;

123 (B) Not less than 15 days prior to the effective date of such termination, cancellation,  
 124 or nonrenewal with respect to any of the following:

125 (i) Insolvency of the dealer, or filing of any petition by or against the dealer under  
 126 any bankruptcy or receivership law;

127 (ii) Failure of the dealer to conduct its customary sales and service operations during  
 128 its customary business hours for seven consecutive business days, except for acts of  
 129 God or circumstances beyond the direct control of the dealer;

130 (iii) Conviction of the dealer, general manager, or managing executive or any owner  
 131 with a substantial interest therein of any crime which materially relates to the  
 132 operation of the dealership or any felony which is punishable by imprisonment;  
 133 (iv) Suspension for a period of more than 14 days or revocation of any license which  
 134 the dealer is required to have to operate a dealership; or  
 135 (v) Fraud or intentional misrepresentation by the dealer which materially affects the  
 136 franchise, provided the franchisor gives notice within one year of the time when the  
 137 fraud or misrepresentation occurred or was discovered, whichever is later; or  
 138 (C) Not less than 180 days prior to the effective date of such termination or  
 139 cancellation where the franchisor is discontinuing the sale of the product line.

140 (2) Notification under this Code section shall be in writing and shall be by certified mail  
 141 or statutory overnight delivery or personally delivered to the dealer and shall contain:

142 (A) A statement of intention to terminate, cancel, or not to renew the franchise;  
 143 (B) A statement of the reasons for the termination, cancellation, or nonrenewal; and  
 144 (C) The date on which such termination, cancellation, or nonrenewal is to take effect.

145 (f)(1)(A) Upon the termination, cancellation, or nonrenewal of any franchise by the  
 146 franchisor, the franchisor shall repurchase from the dealer any new and ~~unused~~  
 147 undamaged motor vehicles of the current and one year prior model year and ~~any new~~  
 148 ~~and unused motor vehicles~~ acquired by the dealer within 12 months of the date of  
 149 termination, cancellation, or nonrenewal so long as such motor vehicles have been  
 150 acquired from the franchisor or from another dealer of the ~~franchisor~~ same line make  
 151 in the ordinary course of business prior to receipt of the notice of termination,  
 152 cancellation, or nonrenewal and so long as such motor vehicles have not been altered,  
 153 damaged, or materially changed while in the dealer's possession. Any new ~~and unused~~  
 154 motor vehicle repurchased by the franchisor shall be repurchased at the net cost to the  
 155 dealer. For purposes of this subparagraph, a motor vehicle shall be considered new ~~and~~  
 156 ~~unused~~ if it has less than 500 miles on the odometer and has not been issued a  
 157 certificate of title.

158 (B) In addition to the motor vehicles repurchased under subparagraph (A) of this  
 159 paragraph, the franchisor shall repurchase ~~demonstration motor vehicles of the current~~  
 160 ~~model year and~~ demonstration motor vehicles acquired by the dealer within 12 months  
 161 of the date of termination, cancellation, or nonrenewal so long as such motor vehicles  
 162 have been acquired from the franchisor or from another dealer of the franchisor prior  
 163 to receipt of the notice of termination, cancellation, or nonrenewal and so long as such  
 164 motor vehicles have not been altered, damaged, or materially changed and so long as  
 165 such motor vehicles do not have more than 6,000 miles each on their odometers. Any  
 166 such demonstration motor vehicle shall be repurchased at the net cost to the dealer less

167 an allowance for use equal to the net cost to the dealer times the current mileage  
168 divided by 100,000. The franchisor shall repurchase a number of demonstration motor  
169 vehicles equal to 10 percent of the number of motor vehicles repurchased under  
170 subparagraph (A) of this paragraph; however, in no event shall the number of  
171 demonstration motor vehicles which the franchisor is required to repurchase ever be  
172 less than two or more than 15 motor vehicles.

173 (C) For purposes of this paragraph, a motor vehicle shall not be deemed to have been  
174 altered, damaged, or materially changed if it has been provided with original equipment  
175 or with nonoriginal equipment which does not alter, damage, or materially change the  
176 motor vehicle, such as undercoating, pinstriping, interior conditioning, or paint sealant.

177 (2) Upon the termination, cancellation, or nonrenewal of any franchise by the dealer, the  
178 franchisor shall repurchase from the dealer any new and ~~unused~~ undamaged motor  
179 vehicles, except motorcycles as defined in paragraph (29) of Code Section 40-1-1 and  
180 except motor homes as defined in paragraph (31) of Code Section 40-1-1 and except  
181 school buses as defined in paragraph (55) of Code Section 40-1-1, of the current and prior  
182 model year acquired by the dealer within 12 months prior to the effective date of the  
183 termination so long as such motor vehicles have been acquired from the franchisor or  
184 from another dealer of the franchisor of the same line-make and in the normal course of  
185 business and so long as such motor vehicles have not been altered, damaged, or  
186 materially changed while in the dealer's possession. Any new ~~and unused~~ motor vehicle  
187 repurchased by the franchisor shall be repurchased at the net cost to the dealer. For  
188 purposes of this paragraph, a motor vehicle shall be considered new ~~and unused~~ if it has  
189 less than 500 miles on the odometer and has not been issued a certificate of title. For  
190 purposes of this paragraph, a motor vehicle shall not be deemed to have been altered,  
191 damaged, or materially changed if it has been provided with original equipment or with  
192 nonoriginal equipment which does not alter, damage, or materially change the motor  
193 vehicle, such as undercoating, pinstriping, interior conditioning, or paint sealant.

194 (3)(A) Upon the termination, cancellation, or nonrenewal of any franchise by the  
195 franchisor or upon the termination, cancellation, or nonrenewal of any franchise by the  
196 franchisee, the franchisor shall repurchase, at fair and reasonable compensation, from  
197 the dealer the following:

198 (i) Any unused, undamaged, and unsold parts which have been acquired from the  
199 franchisor, provided such parts are currently offered for sale by the franchisor in its  
200 current parts catalog and are in salable condition. Such parts shall be repurchased by  
201 the franchisor at the current catalog price, less any applicable discount;

202 (ii) Any supplies, equipment, and furnishings, including manufacturer or line-make  
 203 signs, purchased from the franchisor or its approved source within three years of the  
 204 date of termination, cancellation, or nonrenewal; and

205 (iii) Any special tools purchased from the franchisor within three years of the date  
 206 of termination, cancellation, or nonrenewal or any special tools or other equipment  
 207 which the franchisor required the dealer to purchase regardless of the time purchased.

208 (B) Except as provided in division (i) of subparagraph (A) of this paragraph, fair and  
 209 reasonable compensation shall be the net acquisition price if the item was acquired in  
 210 the 12 months preceding the effective date of the termination, cancellation, or  
 211 nonrenewal; 75 percent of the net acquisition price if the item was acquired between 13  
 212 and 24 months preceding the effective date of the termination, cancellation, or  
 213 nonrenewal; 50 percent of the net acquisition price if the item was acquired between 25  
 214 and 36 months preceding the effective date of the termination, cancellation, or  
 215 nonrenewal; 25 percent of the net acquisition price if the item was acquired between 37  
 216 and 60 months preceding the effective date of the termination, cancellation, or  
 217 nonrenewal; or fair market value if the item was acquired more than 60 months  
 218 preceding the effective date of the termination, cancellation, or nonrenewal.

219 (4) The repurchase of any item under this subsection shall be accomplished within 60  
 220 days of the effective date of the termination, cancellation, or nonrenewal or within 60  
 221 days of the receipt of the item by the franchisor, whichever is later in time, provided the  
 222 dealer has clear title to the inventory and other items or is able to convey such title to the  
 223 franchisor and does convey or transfer title and possession of the inventory and other  
 224 items to the franchisor.

225 (5) In the event the franchisor does not pay the dealer the amounts due under this  
 226 subsection or subsection ~~(g)~~ (h) of this Code section within the time period set forth in  
 227 this subsection, the franchisor shall, in addition to any amounts due, pay the dealer  
 228 interest on such amount. This interest shall not begin to accrue until the time for payment  
 229 has expired. The interest shall be computed monthly on any balance due and the monthly  
 230 interest rate shall be one-twelfth of the sum of the then current *Wall Street Journal* Prime  
 231 Interest Rate and 1 percentage point.

232 (g) If a termination or nonrenewal of a franchise is the result of a bankruptcy filing or  
 233 reorganization of a franchisor or the sale or other change in the business operation of the  
 234 franchisor, the franchisor shall be required to pay the fair market value of the franchise as  
 235 of the date of the notice of termination or nonrenewal or 12 months prior to the date of  
 236 notice of termination or nonrenewal, whichever is greater. Fair market value shall be the  
 237 goodwill value of the dealer's franchise in the dealer's community or territory. In addition,  
 238 if a termination or nonrenewal of a franchise is the result of a bankruptcy filing or

239 reorganization of a franchise or the sale or other change in the business operation of the  
 240 franchisor, the franchisor shall also be required to reimburse the dealer for the cost of  
 241 facility upgrades and renovations required by the franchisor within two years prior to  
 242 termination or nonrenewal. Termination assistance provided for in this subsection shall be  
 243 in addition to repurchase obligations otherwise set forth in this Code section.

244 ~~(g)~~(h) Within 60 days of the termination, cancellation, or nonrenewal of any franchise by  
 245 the franchisor, the franchisor shall commence to reimburse the dealer for one year of the  
 246 dealer's reasonable cost to rent or lease the dealership's facility or location or for the  
 247 unexpired term of the lease or rental period, whichever is less, or, if the dealer owns the  
 248 facility or location, for the equivalent of one year of the reasonable rental value of the  
 249 facilities or location. If more than one franchise is being terminated, canceled, or not  
 250 renewed, the reimbursement shall be prorated equally among the different franchisors.  
 251 However, if a franchise is terminated, canceled, or not renewed but the dealer continues in  
 252 business at the same location under a different franchise agreement, the reimbursement  
 253 required by this subsection shall not be required to be paid. The provisions of this  
 254 subsection shall not apply if the dealer is convicted of any criminal offense which  
 255 conviction is cause of the termination, cancellation, or nonrenewal. In addition, any  
 256 reimbursement due under this subsection shall be reduced by any amount received by the  
 257 dealer by virtue of the dealer leasing, subleasing, or selling the facilities or location during  
 258 the year immediately following the termination, cancellation, or nonrenewal. If  
 259 reimbursement is made under this subsection, the franchisor is entitled to possession and  
 260 use of the facilities or location for the period covered by such reimbursement.

261 ~~(h)~~(i) If, in an action for damages under this Code section, the franchisor fails to prove that  
 262 there was good cause for the franchise termination, cancellation, or nonrenewal, then the  
 263 franchisor may pay the dealer an amount equal to the value of the dealership as an ongoing  
 264 business, at which time the franchisor shall receive any title to the dealership facilities  
 265 which the dealer may have and the franchisee shall surrender his franchise agreement to  
 266 the franchisor. If the dealer receives an amount equal to the value as an ongoing business,  
 267 the dealer shall have no other recovery from the franchisor absent a showing such as would  
 268 warrant punitive damages under Code Section 10-1-623.

269 ~~(i)~~(j) Without limitation as to factors which may constitute or indicate a lack of good  
 270 cause, no termination shall be considered to be for good cause:

- 271 (1) If such termination relates to the death or disability of an owner and the franchisor  
 272 has not complied with Code Section 10-1-652; or
- 273 (2) If such termination relates to a change in ownership or management and the  
 274 franchisor has not complied with Code Section 10-1-653.



275 ~~(j)~~(k) All procedures, protections, and remedies afforded to a motor vehicle dealer under  
 276 this Code section shall be available to a motor vehicle distributor whose distributor  
 277 agreement is terminated, canceled, not renewed, modified, or replaced by a manufacturer  
 278 or an importer."

279 **SECTION 8.**

280 Said article is further amended by revising Code Section 10-1-661, relating to delivery of  
 281 motor vehicles and modification of dealership facilities, as follows:

282 "10-1-661.

283 (a) For purposes of this Code section, the term 'coerce' means to compel or attempt to  
 284 compel by threat or use of force or to fail to act in good faith in performing or complying  
 285 with any term or provision of a franchise or dealer agreement.

286 ~~(a)~~(b) No franchisor shall require, attempt to require, coerce, or attempt to coerce any  
 287 dealer in this state:

288 (1) To order or accept delivery of any new motor vehicle, part, or accessory thereof,  
 289 equipment, or any other commodity not required by law which shall not have been  
 290 voluntarily ordered by the dealer, except that this paragraph does not affect any terms or  
 291 provisions of a franchise requiring dealers to market a representative line of those motor  
 292 vehicles which the franchisor is publicly advertising;

293 (2) To order or accept delivery of any new motor vehicle with special features,  
 294 accessories, or equipment not included in the list price of such new motor vehicle as  
 295 publicly advertised by the franchisor;

296 (3) To refrain from participation in the management of, investment in, or the acquisition  
 297 of any other line of new motor vehicle or related products. However, this paragraph does  
 298 not apply unless the dealer maintains a reasonable line of credit for each make or line of  
 299 new motor vehicle, the dealer remains in compliance with any reasonable facilities  
 300 requirements of the franchisor, the dealer provides acceptable sales performance, and no  
 301 change is made in the principal management of the dealer;

302 (4) To expand, construct, or significantly modify facilities without assurances that the  
 303 franchisor will provide a reasonable supply of new motor vehicles within a reasonable  
 304 time so as to justify such an expansion in light of the market and economic conditions;

305 (5) To sell, assign, or transfer any retail installment sales contract obtained by such  
 306 dealer in connection with the sale by such dealer in this state of new motor vehicles to a  
 307 specified finance company or class of such companies or to any other specified persons;

308 (6) To provide warranty or other services for the account of franchisor, except as  
 309 provided in Part 3 of this article, the 'Motor Vehicle Warranty Practices Act'; ~~or~~

310 (7) To acquire any line make of motor vehicle or to give up, sell, or transfer any line  
 311 make of motor vehicle which has been acquired in accordance with this article once such  
 312 dealer has notified the franchisor that it does not desire to acquire, give up, sell, or  
 313 transfer such line make or to retaliate or take any adverse action against a dealer based  
 314 on such desire; or

315 (8) To construct, renovate, or maintain exclusive facilities, personnel, or showroom area  
 316 dedicated to a particular line make if the imposition of such a requirement would be  
 317 unreasonable in light of the existing circumstances, including the franchisor's reasonable  
 318 business considerations, present economic and market conditions, and forecasts for future  
 319 economic and market conditions in the dealer's retail territory. The franchisor shall have  
 320 the burden of proof to demonstrate that its demand for exclusivity is justified by  
 321 reasonable business considerations and reasonable in light of the dealer's circumstances,  
 322 but this provision shall not apply to a voluntary agreement when separate and adequate  
 323 consideration was offered and accepted, provided that the renewal of a franchise  
 324 agreement shall not by itself constitute separate and adequate consideration. The  
 325 franchisor shall have the burden of proof to show that the dealer has entered into a  
 326 voluntary, noncoerced agreement regarding exclusivity.

327 ~~(b) No action shall in any way be based on this Code section with respect to acts occurring~~  
 328 ~~prior to July 1, 1983."~~

329 **SECTION 9.**

330 Said article is further amended by revising Code Section 10-1-662, relating to unlawful  
 331 activities of motor vehicle franchisors, as follows:

332 "10-1-662.

333 (a) It shall be unlawful for any franchisor:

334 (1) To delay, refuse, or fail to deliver new motor vehicles or new motor vehicle parts or  
 335 accessories in a reasonable time and in reasonable quantity if such vehicles, parts, or  
 336 accessories are publicly advertised as being available for immediate delivery. This  
 337 paragraph is not violated, however, if such failure is caused by acts or causes beyond the  
 338 control of the franchisor;

339 (2) To obtain money, goods, services, or any other benefit from any other person with  
 340 whom the dealer does business, on account of, or in relation to, the transaction between  
 341 the dealer and such other person, other than as compensation for services rendered, unless  
 342 such benefit is promptly accounted for and transmitted to the dealer;

343 (3) To release to any outside party, except under subpoena or as otherwise required by  
 344 law or in an administrative, judicial, or arbitration proceeding involving the franchisor  
 345 or dealer, any business, financial, or personal information which may be from time to

- 346 time provided by the dealer to the franchisor, without the express written consent of the  
347 dealer;
- 348 (4) To resort to or to use any false or intentionally deceptive advertisement in the  
349 conduct of business as a franchisor in this state;
- 350 (5) To make any false or intentionally deceptive statement, either directly or through any  
351 agent or employee, in order to induce any dealer to enter into any agreement or franchise  
352 or to take any action which is prejudicial to that dealer or that dealer's business;
- 353 (6) To require any dealer to assent prospectively to a release, assignment, novation,  
354 waiver, or estoppel which would relieve any person from liability to be imposed by law  
355 or to require any controversy between a dealer and a franchisor to be referred to any  
356 person other than the duly constituted courts of the state or the United States if such  
357 referral would be binding upon the dealer, provided that this Code section shall not  
358 prevent any dealer from entering into a valid release agreement with the franchisor;
- 359 (7) To fail to observe good faith in any aspect of dealings between the franchisor and the  
360 dealer;
- 361 (8) To deny any dealer the right of free association with any other dealer for any lawful  
362 purposes;
- 363 (9) To engage in any predatory practice or discrimination against any dealer;
- 364 (10) To propose or make any material change in any franchise agreement without giving  
365 the dealer written notice by certified mail or statutory overnight delivery of such change  
366 at least 60 days prior to the effective date of such change;
- 367 (11) To cancel a franchise or to take any adverse action against a dealer based in whole  
368 or in part on the failure of the dealer to meet the reasonable performance goals of the  
369 manufacturer criteria established by the franchisor in light of existing circumstances,  
370 including but not limited to current and forecasted economic conditions, or when that  
371 failure is due to the failure of the franchisor to supply, within a reasonable period of time,  
372 new motor vehicles ordered by or allocated to the dealer;
- 373 (12) To offer to sell or lease or to sell or lease any new motor vehicle or accessory to any  
374 dealer at a lower actual price therefor than the actual price offered to any other dealer for  
375 the same model vehicle similarly equipped or same accessory or to use any device,  
376 including but not limited to an incentive, sales promotion plan, or other similar program,  
377 which results in a lower actual price of a vehicle or accessory being offered to one dealer  
378 and which is not offered to other dealers of vehicles of the same line make or the same  
379 accessory;
- 380 (13) To conduct an audit, investigation, or inquiry of any dealer or dealership as to any  
381 activity, transaction, conduct, or other occurrence which took place or as to any  
382 promotion or special event which ends more than one year prior to such audit,

383 investigation, or inquiry or to base any decision adverse to the dealer or dealership on any  
384 activity, transaction, conduct, or other occurrence which took place or as to any  
385 promotion or special event which ends more than one year prior to such decision or  
386 which took place any time prior to the period of time covered by such audit,  
387 investigation, or inquiry or to apply the results of an audit, investigation, or inquiry to any  
388 activity, transaction, conduct, or other occurrence which took place any time prior to the  
389 time covered by such audit, investigation, or inquiry;

390 (14) To charge back to, deduct from, or reduce any account of a dealer or any amount  
391 of money owed to a dealer by a franchisor any amount of money the franchisor alleges  
392 is owed to such franchisor by such dealer as a result of an audit, investigation, or inquiry  
393 of such dealer or based upon information obtained by the franchisor through other  
394 resources which relates to any transaction that occurred more than 12 months prior to  
395 notice to the dealer of the charge back or deduction, but rather if a franchisor alleges that  
396 a dealer owes such franchisor any amount of money as a result of an audit, investigation,  
397 or inquiry, such franchisor shall send a notice to such dealer for such amount and the  
398 dealer shall have not less than 30 days to contest such amount or remit payment;

399 (15) To deny, delay payment for, restrict, or bill back a claim by a dealer for payment  
400 or reimbursement for warranty service or parts, incentives, hold-backs, special program  
401 money, or any other amount owed to such dealer unless such denial, delay, restriction,  
402 or bill back is the direct result of a material defect in the claim which affects the validity  
403 of the claim;

404 (16) To engage in business as a dealer or to manage, control, or operate, or own any  
405 interest in a dealership either directly or indirectly, if the primary business of such dealer  
406 or dealership is to perform repair services on motor vehicles, except motor homes,  
407 pursuant to a manufacturer's or franchisor's warranty; ~~or~~

408 (17) To refuse to allow, to limit, or to restrict a dealer from maintaining, acquiring, or  
409 adding a sales or service operation for another line make of motor vehicles at the same  
410 or expanded facility at which the dealer currently operates a dealership unless the  
411 franchisor can prove by a preponderance of the evidence that such maintenance,  
412 acquisition, or addition will substantially impair the dealer's ability to adequately sell or  
413 service such franchisor's motor vehicles;

414 (18) To directly or indirectly condition a franchise agreement or renewal of a franchise  
415 agreement, addition of a line make, approval of relocation, or approval of a sale or  
416 transfer on the dealer's or prospective dealer's willingness to enter into a site control  
417 agreement; provided, however, that this paragraph shall not apply to a voluntary  
418 agreement when separate and adequate consideration is paid to the dealer. The franchisor

419 shall have the burden of proof to show the voluntary, noncoerced acceptance of the site  
420 control agreement by the dealer; or  
421 (19) To charge back, withhold payment, deny vehicle allocation, or take other adverse  
422 action against a dealer when a new vehicle sold by the dealer has been exported to a  
423 foreign country unless the franchisor can demonstrate that the dealer knew or reasonably  
424 should have known that the customer intended to export or resell the new vehicle. There  
425 shall be a rebuttable presumption that the dealer had no such knowledge if the vehicle is  
426 titled or registered in any state in this country.  
427 (b) No action shall in any way be based on this Code section with respect to acts occurring  
428 prior to July 1, 1983."

429 **SECTION 10.**

430 This Act shall become effective upon its approval by the Governor or upon its becoming law  
431 without such approval.

432 **SECTION 11.**

433 All laws and parts of laws in conflict with this Act are repealed.