

CCS SS SCS HCS HB 1288 -- MANUFACTURERS' CONTRACTUAL AGREEMENTS

This bill changes the laws regarding contractual agreements between manufacturers and other merchants.

Out-of-state recreational vehicle dealers who wish to participate in a vehicle show or exhibition are required to notify the Department of Revenue at least 30 days prior to the event. The department must then determine if the dealer complies with Missouri's laws. If the dealer does not comply, the department must notify the dealer at least 15 days prior to the event of its inability to participate. The department may assess a fine up to \$1,000 for any violation.

Regulations for compensation agreements between franchisors and franchisees of motorcycles and all-terrain vehicles are established. These franchisors are required to specify in writing the franchisee's obligation for preparation, delivery, and warranty service on its products and provide the franchisee with a schedule of compensation to be paid for parts, work, service, and the time allowance for the performance of the work and services. Motorcycle and all-terrain franchisors will be prohibited from failing to perform any warranty obligation; failing to provide a written notice of franchisor recalls to the owner of new motorcycles and all-terrain vehicles; and failing to compensate franchisees for the cost of repairs effected by recalls.

Claims made by a franchisee for labor and parts must be paid within 30 days after approval. Franchisors must compensate franchisees for franchisor-sponsored sales or service promotion events, programs, or activities. All claims must be approved or disapproved by the franchisor within 30 days after receipt of an approved form containing the required information.

A marine manufacturer is prohibited from canceling a dealership agreement without good cause; the circumstances constituting good cause are specified. A marine manufacturer is required to provide written notification to the marine dealership at least 90 days before the termination of any cancellation or nonrenewal of the dealership agreement. The notice must provide the reasons for the change and allow the dealer 90 days to rectify any problems that led to the decision. If the issues are dealt with, the notice will be void. If the problems are not dealt with, the change will take effect 60 days after the receipt of the manufacturer's notice. A dealer can terminate the dealership agreement at any time if they give written notice to the manufacturer at least 90 days prior to the change. The burden of proof lies with the manufacturer, and the 90-day requirement can be reduced to 60 days for specified reasons.

A change in ownership must also follow the notification requirements; a dealer must provide a 90-day written notice prior to the closing. Manufacturers cannot refuse a change in ownership unless it can show that the decision is based on reasonable criteria. Manufacturers cannot refuse succession of ownership to a family member unless it can show the decision was based on the business experience, moral character, financial qualification, or criminal record of the designated family member. If the manufacturer refuses any change in ownership, they must provide a written notification of its reasons to the dealer within 60 days after receipt of the notification and final determination. If no notice is provided, the change will be deemed approved.

The bill also provides for the repurchase of certain marine vessels when the dealer agreement is terminated by the manufacturer at the option of the dealer.