
SUBSTITUTE SENATE BILL 5595

State of Washington

61st Legislature

2009 Regular Session

By Senate Labor, Commerce & Consumer Protection (originally sponsored by Senators Keiser, King, Marr, Honeyford, and Kohl-Welles)

READ FIRST TIME 02/25/09.

1 AN ACT Relating to the termination, cancellation, or nonrenewal of
2 franchises between new motor vehicle dealers and manufacturers;
3 amending RCW 46.96.080; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 46.96.080 and 1989 c 415 s 8 are each amended to read
6 as follows:

7 (1) Upon the termination, cancellation, or nonrenewal of a
8 franchise (~~by the manufacturer under this chapter~~), the manufacturer
9 shall pay the new motor vehicle dealer, at a minimum:

10 (a) Dealer cost plus any charges by the manufacturer for
11 distribution, delivery, and taxes, less all allowances paid or credited
12 to the dealer by the manufacturer, of unused, undamaged, and unsold new
13 motor vehicles in the new motor vehicle dealer's inventory that were
14 acquired from the manufacturer or another new motor vehicle dealer of
15 the same line make in the ordinary course of business within the
16 previous twelve months;

17 (b) Dealer cost for all unused, undamaged, and unsold supplies,
18 parts, and accessories in original packaging, except that in the case
19 of sheet metal, a comparable substitute for original packaging may be

1 used, if the supply, part, or accessory was acquired from the
2 manufacturer or from another new motor vehicle dealer ceasing
3 operations as a part of the new motor vehicle dealer's initial
4 inventory as long as the supplies, parts, and accessories appear in the
5 manufacturer's current parts catalog, list, or current offering;

6 (c) Dealer cost for all unused, undamaged, and unsold inventory,
7 whether vehicles, parts, or accessories, the purchase of which was
8 required by the manufacturer;

9 (d) The fair market value of each undamaged sign owned by the new
10 motor vehicle dealer that bears a common name, trade name, or trademark
11 of the manufacturer, if acquisition of the sign was recommended or
12 required by the manufacturer and the sign is in good and usable
13 condition less reasonable wear and tear, and has not been depreciated
14 by the dealer more than fifty percent of the value of the sign;

15 (e) The fair market value of all equipment, furnishings, and
16 special tools owned or leased by the new motor vehicle dealer that were
17 acquired from the manufacturer or sources approved by the manufacturer
18 and that were recommended or required by the manufacturer and are in
19 good and usable condition, less reasonable wear and tear. However, if
20 the equipment, furnishings, or tools are leased by the new motor
21 vehicle dealer, the manufacturer shall pay the new motor vehicle dealer
22 such amounts that are required by the lessor to terminate the lease
23 under the terms of the lease agreement; and

24 (f) The cost of transporting, handling, packing, and loading of new
25 motor vehicles, supplies, parts, accessories, signs, special tools,
26 equipment, and furnishings.

27 To the extent the franchise agreement provides for payment or
28 reimbursement to the new motor vehicle dealer in excess of that
29 specified in this section, the provisions of the franchise agreement
30 shall control.

31 (2)(a) For the nonrenewal or termination of a franchise that is
32 implemented as a result of the sale of assets or stock of the motor
33 vehicle dealer, the party purchasing the assets or stock of the motor
34 vehicle dealer may negotiate for the purchase or other transfer of some
35 or all unused, undamaged, and unsold new motor vehicles in the selling
36 new motor vehicle dealer's inventory that were acquired from the
37 manufacturer or another new motor vehicle dealer of the same line make
38 in the ordinary course of business within the previous twelve months.

1 (b) For the nonrenewal or termination of a franchise that is
2 implemented as a result of the sale of assets or stock of the motor
3 vehicle dealer, this section does not prohibit a manufacturer from
4 negotiating with the purchasing party for the purchase or other
5 transfer of some or all unused, undamaged, and unsold new motor
6 vehicles in the selling new motor vehicle dealer's inventory that were
7 acquired from the manufacturer or another new motor vehicle dealer of
8 the same line make in the ordinary course of business within the
9 previous twelve months.

10 (c) A manufacturer's obligation under (a) of this subsection
11 extends only to vehicles not purchased or otherwise transferred to the
12 party purchasing the assets or stock of the motor vehicle dealer.

13 (3) The manufacturer shall pay the new motor vehicle dealer the
14 sums specified in subsection (1) of this section within ninety days
15 after the (~~tender of the property~~) termination, cancellation, or
16 nonrenewal of the franchise, if the new motor vehicle dealer has clear
17 title to the property or can provide clear title to the property upon
18 payment by the manufacturer and is in a position to convey that title
19 to the manufacturer.

20 NEW SECTION. Sec. 2. This act is necessary for the immediate
21 preservation of the public peace, health, or safety, or support of the
22 state government and its existing public institutions, and takes effect
23 immediately.

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