

# SENATE BILL REPORT

## SB 5407

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As Reported By Senate Committee On:  
Commerce & Trade, February 26, 2003

**Title:** An act relating to franchise agreements between motorsports vehicle dealers and manufacturers.

**Brief Description:** Regulating motorsports vehicle dealer franchises.

**Sponsors:** Senators Horn, Prentice, Honeyford and Benton.

**Brief History:**

**Committee Activity:** Commerce & Trade: 2/19/03, 2/26/03 [DPS].

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### SENATE COMMITTEE ON COMMERCE & TRADE

**Majority Report:** That Substitute Senate Bill No. 5407 be substituted therefor, and the substitute bill do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

**Staff:** John Dziedzic (786-7784)

**Background:** The Motorcycle Dealers' Franchise Act, Chapter 46.94 RCW, regulates the relationship between motorcycle manufacturers and dealers of new or used motorcycles. Motorcycles include self-propelled motor vehicles under 1500 pounds that are capable of transporting people, except golf carts, farm tractors, industrial vehicles and lawnmowers.

The act establishes warranty reimbursement procedures, and prohibits a number of unfair trade and financial practices. Ownership of a motorcycle dealership in Washington by a manufacturer is also prohibited. A manufacturer must demonstrate "good cause" before terminating or refusing to renew a franchise, and is required to show "reasonable grounds" for objecting to the succession of ownership of a dealership to "a designated family member." Civil remedies are provided.

**Summary of Substitute Bill:** The Motorcycle Dealers' Franchise Act is repealed and replaced with an act modeled after Chapter 46.96 RCW, the franchise law for new car dealers and manufacturers. Products covered by the act include motorcycles; mopeds; personal watercraft; snowmobiles; four-wheel, all-terrain vehicles; and other vehicles as defined by the Department of Licensing by rule.

A notice and appeal process is required when a manufacturer intends to either cancel a franchise, or locate or relocate a franchise within the "relevant market area" of another franchise.

Enumerated unfair trade practices are prohibited, and a manufacturer is required to not unreasonably withhold consent to the sale of a dealership.

The designation of a family successor and warranty reimbursement procedures are described.

**Substitute Bill Compared to Original Bill:** Various amendments agreeable to motorsports vehicle dealers and manufacturers have been made, including a change in the definition of "relevant market area," and elimination of a provision relating to civil remedies.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Motorsports vehicle dealers and manufacturers have worked together to recommend an updated bill that addresses a more comprehensive scope of franchise-related issues than are addressed in the current statute.

**Testimony Against:** None.

**Testified:** PRO: Senator Jim Horn, prime sponsor; Frank Warnke, Motorcycle Industry Council; John Woodring, WA Motorsports Dealers Assn.