
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4740 (Substitute S-3 as reported)

Sponsor: Representative Tom Alley

House Committee: Commerce

Senate Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend Public Act 118 of 1981 (which regulates automobile dealer franchises) to provide that a manufacturer, importer, or distributor could not require new motor vehicle dealers to pay a refund, rebate, or discount imposed by the manufacturer or distributor. In addition, a manufacturer, importer, or distributor could not require any dealer agreement to be governed by the laws of a state other than Michigan, or, absent a contractual agreement, require any controversy to be arbitrated or litigated outside this State.

The bill also would prohibit manufacturers, distributors, and importers from adopting or implementing arbitrary or capricious vehicle allocations; failing to disclose the basis upon which new vehicles of the same line were allocated or distributed to new motor vehicle dealers in the State; refusing to deliver vehicles in reasonable quantities and within a reasonable time; or preventing executive management changes under certain conditions.

The bill is tie-barred to House Bill 4738, which would require brokers to maintain a record of each vehicle bought, sold, or exchanged.

MCL 445.1562 et al.

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 5-26-98

Fiscal Analyst: P. Alderfer