

MOTOR VEHICLE FRANCHISE ACT (EXCERPT)
Act 118 of 1981

445.1576 Establishment or relocation of additional dealer; notice; declaratory judgment action; exception; judicial determination of good cause.

Sec. 16. (1) As used in this section, "relocate" and "relocation" shall not include the relocation of a new motor vehicle dealer within 2 miles of its established place of business.

(2) Before a manufacturer or distributor enters into a dealer agreement establishing or relocating a new motor vehicle dealer in a relevant market area where the same line-make is represented, the manufacturer or distributor shall provide written notice of its intention to establish an additional dealer or to relocate an existing dealer in that relevant market area to each new motor vehicle dealer that represents that line-make in the relevant market area on the date the notice is provided.

(3) Within 30 days after receiving the notice provided for in subsection (2), or within 30 days after the end of any appeal procedure provided by the manufacturer or distributor, a new motor vehicle dealer may bring a declaratory judgment action in the circuit court for the county in which the new motor vehicle dealer is located to determine whether good cause exists for the establishing or relocating of a proposed new motor vehicle dealer. Once an action is filed, the manufacturer or distributor shall not establish or relocate the proposed new motor vehicle dealer until the circuit court has rendered a decision on the matter. A court shall give precedence to an action brought under this section over all other civil matters on the court's docket.

(4) This section does not apply to the reopening or replacement in a relevant market area of a closed dealership that has been closed within the preceding year, if the established place of business of the reopened or replacement dealer is within 2 miles of the established place of business of the closed dealership.

(5) In determining whether good cause exists for establishing or relocating an additional new motor vehicle dealer for the same line-make, the court shall take into consideration the existing circumstances, including, but not limited to, the following:

- (a) Permanency of the investment.
- (b) Effect on the retail new motor vehicle business and the consuming public in the relevant market area.
- (c) Whether it is injurious or beneficial to the public welfare.
- (d) Whether the new motor vehicle dealers of the same line-make in that relevant market area are providing adequate competition and convenient consumer care for the motor vehicles of that line-make in the market area, including the adequacy of motor vehicle sales and qualified service personnel.
- (e) Whether the establishment or relocation of the new motor vehicle dealer would promote competition.
- (f) Growth or decline of the population and the number of new motor vehicle registrations in the relevant market area.
- (g) The effect on the relocating dealer of a denial of its relocation into the relevant market area.

History: 1981, Act 118, Imd. Eff. July 19, 1981;—Am. 1983, Act 188, Imd. Eff. Nov. 1, 1983;—Am. 2018, Act 668, Eff. Mar. 28, 2019.