



April 3, 2007

**ENGROSSED
SENATE BILL No. 181**

DIGEST OF SB 181 (Updated March 29, 2007 11:40 am - DI 51)

Citations Affected: IC 9-23.

Synopsis: Factory owned franchise limitation. Specifies that it is not an unfair labor practice for a manufacturer or distributor to establish or acquire for less than two years a franchisor owned outlet within the exclusive territory or market area of a franchisee.

Effective: July 1, 2007.

Weatherwax, Alting, Howard

(HOUSE SPONSORS — AUSTIN, SOLIDAY)

January 11, 2007, read first time and referred to Committee on Commerce, Public Policy & Interstate Cooperation.

February 8, 2007, amended, reported favorably — Do Pass.

February 12, 2007, read second time, ordered engrossed. Engrossed.

February 13, 2007, read third time, passed. Yeas 46, nays 0.

HOUSE ACTION

March 12, 2007, read first time and referred to Committee on Interstate and International Cooperation.

April 2, 2007, reported — Do Pass.

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April 3, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 181

A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 9-23-3-23 IS AMENDED TO READ AS
- 2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. It is an unfair
- 3 practice for a manufacturer, distributor, officer, or agent to do any of
- 4 the following:
- 5 (1) Require, coerce, or attempt to coerce any new motor vehicle
- 6 dealer in Indiana to:
- 7 (A) change location of the dealership;
- 8 (B) make any substantial alterations to the use of franchises;
- 9 or
- 10 (C) make any substantial alterations to the dealership premises
- 11 or facilities;
- 12 if to do so would be unreasonable or would not be justified by
- 13 current economic conditions or reasonable business
- 14 considerations. This subdivision does not prevent a manufacturer
- 15 or distributor from establishing and enforcing reasonable facility
- 16 requirements.
- 17 (2) Require, coerce, or attempt to coerce any new motor vehicle

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1 dealer in Indiana to divest its ownership of or management in
 2 another line or make of motor vehicles that the dealer has
 3 established in its dealership facilities with the prior written
 4 approval of the manufacturer or distributor.
 5 (3) Establish or acquire wholly or partially a franchisor owned
 6 outlet engaged wholly or partially in a substantially identical
 7 business to that of the franchisee within the exclusive territory
 8 granted the franchisee by the franchise agreement or, if no
 9 exclusive territory is designated, competing unfairly with the
 10 franchisee within a reasonable market area. A franchisor is not
 11 considered to be competing unfairly if operating:
 12 (A) a business ~~either temporarily for a reasonable period of~~
 13 ~~time; less than two (2) years;~~
 14 (B) in a bona fide retail operation that is for sale to any
 15 qualified independent person at a fair and reasonable price; or
 16 (C) in a bona fide relationship in which an independent person
 17 or persons have made a significant investment subject to loss
 18 in the business operation and can reasonably expect to acquire
 19 majority ownership or managerial control of the business on
 20 reasonable terms and conditions.
 21 This ~~subsection~~ **subdivision** shall not apply to recreational
 22 vehicle manufacturer franchisors.

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SENATE MOTION

Madam President: I move that Senator Alting be added as second author of Senate Bill 181.

WEATHERWAX

COMMITTEE REPORT

Madam President: The Senate Committee on Commerce, Public Policy and Interstate Cooperation, to which was referred Senate Bill No. 181, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 13, delete "one (1) year;" and insert "**two (2) years;**". and when so amended that said bill do pass.

(Reference is to SB 181 as introduced.)

RIEGSECKER, Chairperson

Committee Vote: Yeas 11, Nays 0.

SENATE MOTION

Madam President: I move that Senator Howard be added as third author of Engrossed Senate Bill 181.

WEATHERWAX

COMMITTEE REPORT

Mr. Speaker: Your Committee on Interstate and International Cooperation, to which was referred Senate Bill 181, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

HARRIS E, Chair

Committee Vote: yeas 9, nays 0.

ES 181—LS 6601/DI 103+

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