

HB 2127-1
(LC 3059)
2/20/25 (TSB/ps)

Requested by HOUSE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION (at the request of Representative Nathan Sosa)

**PROPOSED AMENDMENTS TO
HOUSE BILL 2127**

1 On page 1 of the printed bill, delete lines 5 through 29 and delete pages
2 2 through 17 and insert:

3 **“SECTION 1.** ORS 650.120 is amended to read:

4 “650.120. For the purposes of ORS 650.120 to 650.170:

5 “(1) ‘Dealer’ means any person [*who*] **that** has been issued a vehicle dealer
6 certificate under ORS 822.020 and pursuant to a franchise from a manufac-
7 turer, distributor or importer engages in buying, selling, leasing or ex-
8 changing new motor vehicles.

9 “(2) ‘Dealership’ means the location from which a dealer buys, sells,
10 leases, trades, stores, takes on consignment or in any other manner deals in
11 new motor vehicles.

12 “(3) ‘Distributor’ means:

13 **“(a)** A person [*who*] **that** sells or distributes motor vehicles other than
14 motor homes to motor vehicle dealers[.]; **and**

15 **“(b) A subsidiary, affiliate, branch or division of a person described**
16 **in paragraph (a) of this subsection.**

17 “(4) ‘Fleet owner’ means a person in this state [*who*] **that** at one time
18 buys or leases for use in a business:

19 “(a) 15 or more motor vehicles with a gross vehicle weight rating of less
20 than 8,500 pounds; or

21 “(b) 50 or more vehicles with a gross vehicle weight rating of 8,500 pounds

1 or more.

2 “(5) ‘Franchise’ means a contract or agreement under which:

3 “(a) The franchisee is granted the right to sell, lease and exchange new
4 motor vehicles manufactured, distributed or imported by the franchisor;

5 “(b) The franchisee’s business is an independent business operating as a
6 component of a distribution or marketing system prescribed in substantial
7 part by the franchisor;

8 “(c) The franchisee’s business is substantially associated with the trade-
9 mark, trade name, commercial symbol or advertisements designating the
10 franchisor or the products distributed by the franchisor;

11 “(d) The franchisee’s business is substantially reliant on the franchisor
12 for a continued supply of motor vehicles, parts and accessories;

13 “(e) The franchisee is granted the right to perform warranty repairs au-
14 thorized by the franchisor; and

15 “(f) The franchisee is granted the right to sell, install and exchange parts,
16 equipment and accessories manufactured, distributed or imported by the
17 franchisor for use in or on motor vehicles.

18 “(6) ‘Franchisee’ means a dealer [*to whom a franchise*] **that** is granted a
19 **franchise**.

20 “(7) ‘Franchisor’ means a manufacturer, distributor or importer [*who*]
21 **that** grants a franchise to a dealer.

22 “(8) ‘Importer’ means a person [*who*] **that** transports or arranges for the
23 transportation of any foreign manufactured new motor vehicle into the
24 United States for sale in this state.

25 “(9) ‘Manufacturer’ means:

26 “(a) A person [*who*] **that**:

27 “(A) Manufactures or assembles motor vehicles [*or who manufactures or*
28 *installs on previously assembled truck chassis special bodies or equipment,*
29 *other than motor homes, that when installed forms an integral part of the*
30 *motor vehicle and constitutes a major manufacturing alteration and which*

1 *completed unit is owned by the manufacturer.]; or*

2 **“(B) Manufactures or installs a special body or equipment on a**
3 **previously assembled truck chassis, the combination of which is a**
4 **major manufacturing alteration of the previously assembled truck**
5 **chassis and forms an integrated motor vehicle, other than a motor**
6 **home, that the person owns; and**

7 **“(b) A subsidiary, affiliate, branch or division of a person described**
8 **in paragraph (a) of this subsection.**

9 **“(10) ‘Manufacturer’s suggested retail price’ means the retail price of the**
10 **new motor vehicle suggested by the manufacturer, including the retail de-**
11 **livered price suggested by the manufacturer for each accessory or item of**
12 **optional equipment physically attached to the new motor vehicle at the time**
13 **of delivery to the dealer that is not included within the retail price suggested**
14 **by the manufacturer for the new motor vehicle without the accessory or op-**
15 **tional equipment.**

16 **“(11) ‘Motor home’ means a motor vehicle that is designed to provide**
17 **temporary living quarters, [and] **that** is built into an integral part of, or is**
18 **permanently attached to, a self-propelled motor vehicle chassis or van[. *The***
19 ***vehicle must contain*] **and that has** permanently installed independent life**
20 **support systems [and] **that** provide at least four of the following facilities:**

21 **“(a) Cooking;**

22 **“(b) Refrigeration or **an** ice box;**

23 **“(c) **A** self-contained toilet;**

24 **“(d) Heating or air conditioning;**

25 **“(e) A potable water supply system including a faucet and sink; or**

26 **“(f) A separate 110-120 volt electrical power supply or liquefied petroleum**
27 **gas supply.**

28 **“(12) ‘Motor vehicle’ means:**

29 **“(a) A self-propelled device, other than a motor home, used:**

30 **“(A) For transportation of persons or property upon a public highway; or**

1 “(B) In construction; or

2 “(b) A trailer with a gross vehicle weight rating of 20,000 pounds or more
3 that is used for commercial transportation on a public highway.

4 “(13) ‘Predecessor in interest’ means a manufacturer, distributor or
5 importer that transferred to another manufacturer, distributor or importer,
6 whether through sale or other means, the right to manufacture, distribute
7 or import motor vehicles using the manufacturer’s, distributor’s or importer’s
8 trademark, service mark, trade name, logotype or other commercial symbol.

9 “(14) ‘Qualified vendor’ means a person with a contract or agreement to
10 sell goods or services to a manufacturer, distributor or importer.

11 “(15) ‘Relevant market area’ means:

12 “(a) For a dealer primarily of motor vehicles with a gross vehicle weight
13 rating of less than 8,500 pounds, a circular area around an existing dealer-
14 ship of:

15 “(A) Not less than a 10-mile radius from the dealership site;

16 “(B) Not less than a 15-mile radius from the dealership site if the popu-
17 lation is less than 250,000 within a 10-mile radius from the existing dealer-
18 ship and 150,000 or more within a 15-mile radius from the existing dealership;

19 “(C) Not less than a 20-mile radius from the dealership site if the popu-
20 lation is less than 150,000 within a 15-mile radius from the existing dealer-
21 ship; or

22 “(D) The area of sales and service responsibility determined under the
23 franchise agreement if the area is larger than the areas provided for in this
24 paragraph.

25 “(b) For a dealer primarily of motor vehicles with a gross vehicle weight
26 rating of 8,500 pounds or more, a circular area around an existing dealership
27 of:

28 “(A) Not less than a 25-mile radius from the dealership site; or

29 “(B) The area of sales and service responsibility determined under the
30 franchise agreement if the area is larger than the area provided for in sub-

1 paragraph (A) of this paragraph.

2 “(16) ‘Replacement dealer’ means any person [*who*] **that**, at a dealership
3 where the former dealer was franchised by the same manufacturer, distribu-
4 tor or importer, or the manufacturer’s, distributor’s or importer’s predecessor
5 in interest, has been issued a vehicle dealer certificate under ORS 822.020
6 and pursuant to a franchise from a manufacturer, distributor or importer,
7 or the manufacturer’s, distributor’s or importer’s predecessor in interest,
8 engages in buying, selling, leasing or exchanging new motor vehicles.

9 “(17) ‘Site-control agreement’ means an agreement between a franchisor
10 and franchisee pursuant to which the franchisor would:

11 “(a) Control the use and development of a dealership site other than as
12 permitted in ORS 650.120 to 650.170;

13 “(b) Require a franchisee to establish or maintain an exclusive dealership
14 under a franchise agreement with the franchisor by not investing in, man-
15 aging or sharing another dealership with a different franchisor; or

16 “(c) Restrict the ability of a franchisee, or if the franchisee leases the
17 dealership, the ability of the franchisee’s lessor, to transfer, assign, sell,
18 lease, develop or change the use of the dealership site.

19 “(18) ‘Successor in interest’ means a manufacturer, distributor or importer
20 that acquires, whether through purchase, transfer or other means, the right
21 to manufacture, distribute or import motor vehicles using the trademark,
22 service mark, trade name, logotype or other commercial symbol of another
23 manufacturer, distributor or importer.

24 “**SECTION 2.** ORS 650.130 is amended to read:

25 “650.130. Notwithstanding the terms of any franchise or other agreement,
26 a manufacturer, distributor or importer may not:

27 “(1) Require or attempt to require a dealer to accept delivery of any motor
28 vehicle, part, accessory or any other commodity that the dealer did not vol-
29 untarily order. This subsection does not apply to recall safety and emissions
30 campaign parts that the dealer did not voluntarily order or to any vehicle

1 features, parts, accessories or other components mandated by federal, state
2 or local law.

3 “(2) Coerce or attempt to coerce a dealer to enter into any agreement or
4 sales promotion program by threatening to cancel the dealer’s franchise.

5 “(3) Refuse or fail to deliver, within a reasonable time and in a reasonable
6 quantity, any new motor vehicle, part or accessory covered by the franchise
7 if the manufacturer, distributor or importer advertises the vehicle, part or
8 accessory as available for delivery or is delivering the vehicle, part or ac-
9 cessory to another dealer. This subsection does not apply if the failure to
10 deliver results from a cause beyond the control of the manufacturer, dis-
11 tributor or importer.

12 “(4) Prevent or attempt to prevent a dealer from making reasonable
13 changes in a dealership’s capital structure or the means by which a dealer
14 finances the dealership, provided that the dealer meets any reasonable capi-
15 tal requirement of the manufacturer, distributor or importer.

16 “(5) Unreasonably refuse to compensate a dealer for work or services the
17 dealer performed and expenses the dealer incurred in accordance with the
18 dealer’s delivery, preparation and warranty obligations under the terms of a
19 franchise or agreement.

20 “(6) Coerce or attempt to coerce a dealer to participate monetarily in any
21 advertising campaign or contest, or to purchase any promotional materials,
22 display devices or display decorations or materials at the dealer’s expense.

23 “(7) Establish a maximum price a dealer may charge for motor vehicles
24 with a gross vehicle weight rating of less than 8,500 pounds.

25 “(8) Initiate an audit to determine the validity of paid claims for dealer
26 compensation, or for any charge-backs for warranty parts, [or] service com-
27 pensation **or consumer or dealer incentives**, more than one year following
28 the date of payment unless the manufacturer, distributor or importer has
29 reasonable grounds to believe that the dealer submitted a fraudulent claim.
30 If a manufacturer, distributor or importer initiates an audit more than one

1 year following the date of payment, the manufacturer, distributor or importer
2 may charge back to the dealer only the amount of a claim that the man-
3 ufacturer, distributor or importer proves was fraudulent. Parties shall coop-
4 erate to ensure that permitted audits conclude not more than 60 days after
5 the audits begin.

6 “[(9) *Initiate an audit to determine the validity of paid claims for dealer*
7 *compensation, or for any charge-backs for consumer or dealer incentives, more*
8 *than one year following the date of payment unless the manufacturer, distrib-*
9 *utor or importer has reasonable grounds to believe that the dealer submitted*
10 *a fraudulent claim. If a manufacturer, distributor or importer initiates an*
11 *audit more than one year following the date of payment, the manufacturer,*
12 *distributor or importer may charge back to the dealer only the amount of a*
13 *claim that the manufacturer, distributor or importer proves was fraudulent.*
14 *Parties shall cooperate to ensure that permitted audits conclude not more than*
15 *60 days after the audits begin.*]

16 “[(10)] **(9)** Unfairly compete with a dealer in any matters the franchise
17 governs including, but not limited to, the sale or allocation of vehicles or
18 other franchisor products, or the execution of dealer programs or benefits.
19 This subsection applies if the manufacturer, distributor or importer has an
20 ownership interest in, operates or controls, directly or indirectly, a business
21 that is a dealer in this state.

22 **“(10) Implement or modify a system for selling or leasing motor**
23 **vehicles that does not:**

24 **“(a) Use customer dealer selection or other objective criteria to al-**
25 **locate the motor vehicles, if the manufacturer, distributor or importer**
26 **designs or controls the system; and**

27 **“(b) Make available to dealers a description of the rules and re-**
28 **quirements for making reservations through the system, or changes**
29 **to the rules and requirements, at least 30 days before implementing**
30 **the system or making the change.**

1 “(11) Have an ownership interest in, operate or control, directly or indi-
2 rectly, a business that sells or leases a motor vehicle to a person in
3 [*Oregon*] **this state** except to a franchisee of the manufacturer, distributor
4 or importer. A manufacturer, distributor or importer does not violate this
5 subsection if:

6 “(a) The manufacturer, distributor or importer:

7 “(A) Has an ownership interest in, operates or controls, directly or indi-
8 rectly, a business that is a dealership in this state and is a business that:

9 “(i) A franchisee owned, operated or controlled before the manufacturer,
10 distributor or importer acquired the ownership interest in or began to oper-
11 ate or control the business;

12 “(ii) The manufacturer, distributor or importer maintains an ownership
13 interest in, operates or controls for no more than two years; and

14 “(iii) The manufacturer, distributor or importer offers for sale to a qual-
15 ified independent person at a fair and reasonable price while the manufac-
16 turer, distributor or importer maintains an ownership interest in, operates
17 or controls the business.

18 “(B) Has a part ownership interest in, operates or controls, directly or
19 indirectly, a business that is a dealership in this state and another person:

20 “(i) Manages the day-to-day operations and business of the dealership;

21 “(ii) Has made, or is obligated to make within 12 months, a significant
22 capital investment in the dealership that is subject to loss;

23 “(iii) Has an ownership interest in the dealership; and

24 “(iv) Operates the dealership under a franchise through which the person
25 will within 15 years acquire full ownership of the dealership under reason-
26 able terms and conditions.

27 “(C) As of January 1, 2000, had an ownership interest in, operated or
28 controlled, directly or indirectly, a business that is a dealership in this state
29 that sells motor vehicles with a gross vehicle weight rating of 8,500 pounds
30 or more.

1 “(D) Has an ownership interest in, operates or controls, directly or indi-
2 rectly, a business that primarily leases or rents motor vehicles for a period
3 of 12 months or less and the only motor vehicles that the business sells are
4 motor vehicles that have been:

5 “(i) Owned by the business for 180 days or more; or

6 “(ii) Driven more than 10,000 miles while owned by the business.

7 “(E)(i) Has an ownership interest in, operates or controls, directly or in-
8 directly, a business that finances the sale or lease of motor vehicles; and

9 “(ii) Is a business that sells or leases motor vehicles to retail lessees in
10 [*Oregon*] **this state.**

11 “(F) Has an ownership interest in, operates or controls, directly or indi-
12 rectly, a business that makes a sale or lease of a motor vehicle in a manner
13 that does not violate subsection (12) of this section.

14 “(b) A manufacturer has a part ownership interest in, operates or con-
15 trols, directly or indirectly, a business that is a dealership in this state that
16 buys, sells, leases, trades, stores, takes on consignment or in any other
17 manner deals exclusively in a single line-make of the manufacturer and:

18 “(A) The manufacturer has, directly or indirectly, no more than 45 percent
19 of the ownership interest in the dealership;

20 “(B) When the manufacturer acquires an ownership interest in the deal-
21 ership, the distance from the manufacturer’s dealership to the dealership of
22 a dealer that buys, sells, leases, trades, stores, takes on consignment or in
23 any other manner deals in the single line-make of the manufacturer and in
24 which the manufacturer has no ownership interest is not less than 15 miles;

25 “(C) The manufacturer complies with the area restrictions in ORS 650.120
26 and 650.150;

27 “(D) The manufacturer’s franchises authorize a dealer of the
28 manufacturer’s single line-make to operate as many dealerships within a de-
29 fined geographic area as the dealer and manufacturer agree on; and

30 “(E) On January 1, 2000:

1 “(i) There were no more than four dealers of the manufacturer’s single
2 line-make in this state; and

3 “(ii) Of the dealers of the manufacturer’s single line-make in this state,
4 at least one was a franchisee that owned and operated at least two dealer-
5 ships within the geographic area authorized by franchises with the man-
6 ufacturer.

7 “(12) Sell or lease a motor vehicle to a person in this state other than to
8 a business described in subsection (11) of this section or to a franchisee of
9 the manufacturer, distributor or importer. A manufacturer, distributor or
10 importer does not violate this subsection if:

11 “(a) The manufacturer, distributor or importer sells or leases a motor
12 vehicle to:

13 “(A) An employee, retired employee or family member of an employee or
14 retired employee of the manufacturer, distributor or importer;

15 “(B) A driver training program;

16 “(C) A nonprofit corporation;

17 “(D) A qualified vendor;

18 “(E) A public agency, as defined in ORS 537.515;

19 “(F) A current retail lessee;

20 “(G) A fleet owner;

21 “(H) A business acting as a vehicle dealer under ORS chapter 822 that
22 sells motor vehicles only to other vehicle dealers; or

23 “(I) The customers of a business acting as a vehicle dealer under ORS
24 chapter 822 that sells motor vehicles only to other vehicle dealers.

25 “(b) The sale or lease is by a business in this state that primarily leases
26 or rents motor vehicles for a period of 12 months or less and the only motor
27 vehicles that the business sells are motor vehicles that have been:

28 “(A) Owned by the business for 180 days or more; or

29 “(B) Driven more than 10,000 miles while owned by the business.

30 “(c) The sale or lease is by a subsidiary of a manufacturer, distributor

1 or importer that finances the sale or lease of motor vehicles and the sale or
2 lease is to a person that previously leased the vehicle from the subsidiary.

3 “(13)(a) Own, operate or control a business or enter into any contract,
4 agreement or other written instrument that permits the manufacturer, dis-
5 tributor or importer to compensate a person that is not a dealer for per-
6 forming warranty repairs and services if the business is located within a
7 dealer’s relevant market area.

8 “(b) Paragraph (a) of this subsection does not apply to:

9 “(A) Warranty repairs and services performed on motor vehicles with a
10 gross vehicle weight rating of less than 8,500 pounds provided for commercial
11 or government fleets; or

12 “(B) Warranty repairs and services performed on motor vehicles with a
13 gross vehicle weight rating of 8,500 pounds or more if, after January 1, 2002,
14 a manufacturer, distributor or importer of only motor vehicles with a gross
15 vehicle weight rating of 8,500 pounds or more has:

16 “(i) Obtained written permission from the dealers in the relevant market
17 area to perform the repairs or services; or

18 “(ii) Authorized a person that owns or leases the motor vehicles for use
19 in the person’s business to perform the repairs or services.

20 “(14) Terminate, cancel, fail to renew or fail to approve the sale, transfer
21 or assignment of any franchise agreement because the dealer owns, has an
22 investment in, participates in the management of or holds a franchise
23 agreement with another manufacturer, distributor or importer at a different
24 dealership site, or has franchises with more than one manufacturer, distrib-
25 utor or importer sharing the same dealership site, facilities, personnel or
26 display space before October 23, 1999.

27 “(15) Terminate, cancel, fail to renew or fail to approve the sale, transfer
28 or assignment of any franchise agreement because the dealer owns, has an
29 investment in, participates in the management of or holds a franchise
30 agreement with another manufacturer, distributor or importer at a different

1 dealership site, or has franchises with more than one manufacturer, distrib-
2 utor or importer sharing the same dealership site, facilities, personnel or
3 display space on or after January 1, 2012, provided the dealer complies with
4 the manufacturer's, distributor's or importer's reasonable capitalization and
5 financial requirements, reasonable space and facility requirements and other
6 requirements that are justified taking into account the reasonable business
7 considerations of the manufacturer, distributor or importer and the dealer,
8 and provided there is no change in the principal management of the dealer-
9 ship site.

10 “(16)(a) Require a prospective franchisee to enter into a site-control
11 agreement as a condition of:

12 “(A) Granting or renewing a franchise;

13 “(B) Approving the addition of a line-make of a manufacturer;

14 “(C) Approving the sale, transfer or assignment of a franchise agreement;

15 “(D) Approving the relocation, or granting a new franchise for relocation,
16 of an existing dealership; or

17 “(E) Obtaining fair and reasonable compensation under ORS 650.145 upon
18 the termination, cancellation, nonrenewal or discontinuance of any fran-
19 chise.

20 “(b) Paragraph (a) of this subsection does not prohibit enforcement of a
21 voluntary agreement between a franchisee and a manufacturer, distributor
22 or importer for which separate and valuable consideration that does not in-
23 clude any of the items listed in paragraph (a) of this subsection has been
24 offered and accepted.

25 “(17) Take any adverse action against a dealer for violating a prohibition
26 that the manufacturer, distributor or importer imposes on the dealer's ex-
27 porting a motor vehicle or selling a motor vehicle for resale because the
28 dealer sold a motor vehicle to a customer that exported or resold the motor
29 vehicle in violation of the prohibition, unless the manufacturer, distributor
30 or importer provided the dealer with written notice of the prohibition and

1 the dealer knew or reasonably should have known at the time the dealer sold
2 the motor vehicle to the customer that the customer intended to export or
3 resell the vehicle in violation of the prohibition. A dealer that registers or
4 causes a motor vehicle to be registered in this state or another state and that
5 collects or causes to be collected any sales or use tax required in this state
6 establishes a rebuttable presumption that the dealer did not have reason to
7 know that the customer intended to export or resell the motor vehicle.

8 **“(18)(a) Charge a fee to a consumer to sell, lease, provide, update
9 or finance or offer to sell, lease, provide, update or finance, except as
10 provided in paragraph (b) of this subsection:**

11 **“(A) A subscription service that uses components and hardware
12 that are already installed on a motor vehicle, and that would operate
13 after activation without ongoing cost or support, in exchange for a
14 recurring payment, other than a payment for a lease or under a retail
15 installment contract, as defined in ORS 83.510, from a retail customer;
16 or**

17 **“(B) A convenience or safety function, such as heated seats or
18 driver assistance, in return for a payment from a retail customer.**

19 **“(b) Paragraph (a) of this subsection does not prohibit a manufac-
20 turer, distributor or importer from:**

21 **“(A) Charging a fee to a consumer to sell, lease, provide, update or
22 finance or offering to sell, lease, provide, update or finance a motor
23 vehicle or a product, service or financing through a dealer;**

24 **“(B) Providing a motor vehicle, product or service for occasional
25 promotional or charitable purposes;**

26 **“(C) Arranging or providing emergency roadside service; or**

27 **“(D) Offering or providing a free trial of a subscription service de-
28 scribed in paragraph (a)(A) of this subsection.**

29 **“(c) This subsection does not apply to:**

30 **“(A) Any electronic wireless communication system installed in a**

1 **motor vehicle; or**

2 **“(B) An information or entertainment service, navigation system,**
3 **satellite radio, roadside assistance or other driver assistance, or auto-**
4 **mation features that rely on cellular networks or other data networks**
5 **for operation.**

6 **“SECTION 3.** ORS 650.132 is amended to read:

7 **“650.132. (1)(a)** A manufacturer, distributor or importer may not, through
8 any of the methods described in paragraph (b) of this subsection, directly or
9 indirectly coerce or attempt to coerce a dealer to:

10 **“(A)** Advertise, promote, offer or sell an extended service contract, an
11 extended maintenance plan, a guaranteed asset protection waiver or other
12 arrangement that pays a purchaser the remaining balance on a note secured
13 by a motor vehicle if the motor vehicle is lost, stolen or damaged beyond
14 repair, or a similar product or service, if the manufacturer, distributor or
15 importer provides, originates, sponsors or endorses the product or service[.];

16 **“(B) Install on the dealer’s premises an electric vehicle charging**
17 **station for the primary purpose of allowing the public to charge elec-**
18 **tric vehicles; or**

19 **“(C) Accept a new plan or system for allocating or scheduling a**
20 **delivery of a motor vehicle, part or accessory, or a modification to an**
21 **existing plan or system, if the new or modified plan or system is not**
22 **fair, reasonable and equitable for all dealers of the manufacturer’s,**
23 **distributor’s or importer’s line-make.**

24 **“(b)** Prohibited methods for coercing or attempting to coerce a dealer in-
25 clude, but are not limited to:

26 **“(A)** Stating to a dealer that the dealer’s failure to advertise, promote,
27 offer or sell the products or services described in paragraph (a)(A) of this
28 subsection will substantially and adversely affect the dealer’s business or the
29 dealer’s relationship with the manufacturer, distributor or importer;

30 **“(B)** Requiring the dealer in a franchise agreement to advertise, promote,

1 offer or sell the products or services described in paragraph (a)(A) of this
2 subsection, **install the electric vehicle charging station described in**
3 **paragraph (a)(B) of this subsection or accept the plan or system de-**
4 **scribed in paragraph (a)(C) of this subsection;**

5 “(C) Measuring the dealer’s performance in a franchise on the basis of
6 whether, or the extent to which, the dealer advertises, promotes, offers or
7 sells the products or services described in paragraph (a)(A) of this
8 subsection, **installs the electric vehicle charging station described in**
9 **paragraph (a)(B) of this subsection or accepts the plan or system de-**
10 **scribed in paragraph (a)(C) of this subsection;** [*or*]

11 “(D) Requiring the dealer to advertise, promote, offer or sell the products
12 or services described in paragraph (a)(A) of this subsection to the exclusion
13 of other, similar products or services that a person other than the manufac-
14 turer, distributor or importer offers[.];

15 “(E) **Using force or a threat of force;**

16 “(F) **Withholding or threatening to withhold motor vehicles or parts**
17 **from the dealer, or offering or providing motor vehicles or parts to the**
18 **dealer at a price that is higher than the price that the manufacturer,**
19 **distributor or importer offers or provides to other dealers of the**
20 **manufacturer’s, distributor’s or importer’s line-make; or**

21 “(G) **Refusing to offer to the dealer or to allow the dealer to earn**
22 **incentives on the same terms that the manufacturer, distributor or**
23 **importer offers or provides to other dealers of the manufacturer’s,**
24 **distributor’s or importer’s line-make.**

25 “(2) The prohibition in subsection (1) of this section does not affect a
26 manufacturer’s, distributor’s or importer’s right or ability to:

27 “(a) Provide incentives to a dealer that voluntarily decides to advertise,
28 promote, offer or sell the products or services described in subsection
29 (1)(a)(A) of this section **or to install the electric vehicle charging station**
30 **described in subsection (1)(a)(B) of this section;** or

1 “(b) Require a dealer that sells a product or service that is similar to the
2 products or services described in subsection (1)(a)(A) of this section, but that
3 the manufacturer, distributor or importer does not provide, originate, spon-
4 sor or endorse, to notify a customer in writing, and to obtain the customer’s
5 acknowledgment, that the manufacturer, distributor or importer does not
6 provide, originate, sponsor or endorse the product or service.

7 **“(3) A manufacturer, distributor or importer is not coercing a
8 dealer if the manufacturer, distributor or importer requires the dealer
9 to comply with reasonably necessary standards to fulfill the dealer’s
10 sales and service obligations.**

11 **“(4) At a dealer’s written request, a manufacturer, distributor or
12 importer shall describe in writing the basis for allocating or scheduling
13 for delivery a motor vehicle, part or accessory among all the dealers
14 of the manufacturer’s, distributor’s or importer’s line-make.**

15 **“(5) A manufacturer, distributor or importer need not pay or make
16 available incentives or other benefits to a dealer that has not qualified
17 for the incentives or benefits on the same terms that the manufac-
18 turer, distributor or importer applies uniformly and equitably to all
19 of the dealers of the manufacturer’s, distributor’s or importer’s line-
20 make.**

21 **“SECTION 4.** ORS 650.133 is amended to read:

22 “650.133. (1)(a) Except as provided in paragraph (b) of this subsection, a
23 manufacturer, distributor or importer may not require a dealer to construct
24 a new dealer facility or materially alter or remodel an existing dealer facility
25 within seven years after the date on which the dealer previously constructed,
26 materially altered or remodeled the existing dealer facility if the existing
27 dealer facility complies with the manufacturer’s, distributor’s or importer’s
28 approved brand image standards or plans that existed at the time the dealer
29 constructed, materially altered or remodeled the existing dealer facility.

30 “(b) A manufacturer, distributor or importer may require a dealer to

1 construct a new dealer facility or materially alter or remodel an existing
2 dealer facility within seven years after the dealer constructed, materially
3 altered or remodeled the existing dealer facility:

4 “(A) If the manufacturer, distributor or importer demonstrates that the
5 manufacturer’s, distributor’s or importer’s requirement is reasonable and
6 justifiable in light of:

7 “(i) The projected cost of the construction, material alteration or remodel;

8 “(ii) Existing and reasonably foreseeable economic conditions;

9 “(iii) Financial expectations;

10 “(iv) The availability of additional vehicle allocation; and

11 “(v) The dealer’s market for vehicle sales;

12 “(B) In order to comply with a health or safety law or with a technolog-
13 ical requirement that is necessary to sell or service a motor vehicle that the
14 dealer sells or services under the terms of the dealer’s franchise; or

15 “(C) By means of a written agreement separate from the franchise agree-
16 ment if the manufacturer, distributor or importer provides money, credit, an
17 allowance, an incentive or a reimbursement to the dealer to compensate for
18 all or a substantial portion of the cost of constructing a new dealer facility
19 or materially altering or remodeling an existing dealer facility.

20 “(c) Paragraph (a) of this subsection does not prohibit a dealer from vol-
21 untarily agreeing with a manufacturer, distributor or importer to construct
22 a new dealer facility or materially alter or remodel an existing dealer facility
23 in return for separate and valuable consideration. For the purposes of this
24 paragraph, renewing a dealer’s franchise is not separate and valuable con-
25 sideration.

26 “(d) For purposes of this subsection:

27 “(A) ‘Materially alter’ means a significant architectural or structural
28 modification to a dealer facility that is directly related to effectively selling
29 or servicing motor vehicles of the type that the dealer’s franchise agreement
30 or license permits the dealer to sell or service.

1 “(B) ‘Materially alter’ does not include routine maintenance, such as in-
2 terior painting, that is reasonably necessary to keep a dealer facility in at-
3 tractive condition.

4 “(2)(a) Except as provided in paragraph (b) of this subsection, a man-
5 ufacturer, distributor or importer may not require a dealer to purchase goods
6 or services for constructing, materially altering or remodeling a dealer fa-
7 cility from a vendor that the manufacturer, distributor or importer selects,
8 identifies or designates without giving the dealer an option to obtain goods
9 or services of substantially similar quality and design from a vendor that the
10 dealer chooses, subject to the manufacturer’s, distributor’s or importer’s
11 **written** approval in advance. The manufacturer, distributor or importer may
12 not withhold approval unreasonably[.] **and must approve or disapprove**
13 **within 20 business days after a dealer’s written request to purchase**
14 **goods and services from a source other than a source the manufac-**
15 **turer, distributor or importer selects, identifies or designates. If the**
16 **manufacturer, distributor or importer does not disapprove the dealer’s**
17 **request in writing within 20 business days after receiving the request,**
18 **the request is approved.**

19 “(b) A dealer may not select a vendor from which to obtain goods and
20 services for constructing a new dealer facility or materially altering or re-
21 modeling an existing dealer facility if a manufacturer, distributor or
22 importer provides money, credit, an allowance or a reimbursement to com-
23 pensate for all or a substantial portion of the cost of upgrading or improving
24 a dealer facility or for using a specific material, good or service to upgrade
25 or improve a dealer facility.

26 “(c) This subsection does not permit a dealer or vendor to:

27 “(A) Directly or indirectly or in any way infringe upon, eliminate or im-
28 pair a manufacturer’s, distributor’s or importer’s intellectual property rights
29 or reasonable business requirements; or

30 “(B) Erect or maintain signs that do not conform to the manufacturer’s,

1 distributor's or importer's intellectual property usage guidelines.

2 **“(3) A manufacturer, distributor or importer has the burden of**
3 **proof in a dispute with a dealer over whether:**

4 **“(a) A requirement the manufacturer, distributor or importer im-**
5 **poses under subsection (1)(b) of this section is reasonable and justifi-**
6 **able or is necessary to comply with a health or safety law or**
7 **technological requirement; or**

8 **“(b) A disapproval of a request to purchase goods or services under**
9 **subsection (2)(a) of this section was reasonable.**

10 **“SECTION 5.** ORS 650.158 is amended to read:

11 **“650.158. (1) Each manufacturer, distributor or importer shall specify in**
12 **writing to each of the manufacturer's, distributor's or importer's dealers in**
13 **this state:**

14 **“(a) The dealer's obligations for predelivery preparation and warranty**
15 **service on the manufacturer's, distributor's or importer's motor vehicles;**

16 **“(b) The schedule of compensation the manufacturer, distributor or**
17 **importer will pay the dealer for [*parts, work and service*] **diagnostic work,****
18 **repair service, parts and labor** in connection with predelivery preparation
19 and warranty service; and

20 **“(c) The time allowances for performing predelivery preparation and**
21 **warranty service.**

22 **“(2)(a) A schedule of compensation must include reasonable compensation**
23 **for diagnostic work, repair service, parts and labor and must reasonably,**
24 **adequately and fairly compensate the dealer for the work, service,**
25 **parts and labor.** Time allowances for diagnosing and performing predelivery
26 and warranty service must be reasonable and adequate for the work to be
27 performed. A manufacturer, distributor or importer may not pay an hourly
28 rate to a dealer that is less than the rate the dealer charges nonwarranty
29 customers for nonwarranty service and repairs. Reimbursement for parts,
30 other than parts used to repair the living facilities of motor homes, that the

1 dealer purchases for use in performing predelivery and warranty service must
2 be the amount the dealer charges nonwarranty customers, as long as the
3 amount is not unreasonable.

4 “(b)(A) For purposes of this subsection and subject to subparagraphs (B)
5 [*and (C)*] **to (D)** of this paragraph, to determine compensation under this
6 subsection, a dealer shall propose an hourly rate and an amount for parts
7 that the dealer charges nonwarranty customers by submitting to the man-
8 ufacturer, distributor or importer copies of 100 sequential nonwarranty ser-
9 vice repair invoices that customers paid or 90 consecutive days’ worth of
10 nonwarranty service invoices that customers paid, whichever is less, for re-
11 pairs the dealer made not more than 180 days before the dealer’s submission.
12 If the manufacturer, distributor or importer does not contest the dealer’s
13 proposal and the dealer otherwise complies with the provisions of this para-
14 graph, the dealer’s proposal is presumed to be fair and reasonable.

15 “(B) A manufacturer, distributor or importer may contest the dealer’s
16 proposal with evidence that the dealer’s proposal is not accurate or on the
17 basis that the dealer’s proposal does not reasonably conform with the hourly
18 rate **or estimated time for labor** or the amount for parts that other dealers
19 charge nonwarranty customers in the same line-make in market areas that
20 are contiguous to the dealer’s market area or with other relevant evidence.
21 In contesting a dealer’s proposal based on evidence from other dealers in the
22 contiguous market area, a manufacturer, distributor or importer shall rely
23 on evidence from at least three other dealers in the contiguous market area
24 or three dealers in an economically similar market within the
25 manufacturer’s, distributor’s or importer’s region.

26 “(C) **A manufacturer, distributor or importer shall use time allow-**
27 **ances that are reasonable and adequate for a qualified technician to**
28 **make a diagnosis and perform work or service. The manufacturer,**
29 **distributor or importer may not unreasonably deny a written request**
30 **from a dealer for a modification of the manufacturer’s, distributor’s**

1 **or importer’s time allowance for a specific warranty repair, or for an**
2 **additional time allowance for diagnostic work or repair work on a**
3 **specific vehicle that is covered by a warranty, if the dealer includes**
4 **with the request information and documentation that the manufac-**
5 **turer, distributor or importer reasonably requires to assess the merits**
6 **of the request.**

7 “[C] **(D)** A dealer may not include in *[the dealer’s proposal]* **a proposal**
8 **described in subparagraph (A) of this paragraph:**

9 “(i) Repairs for a manufacturer’s, distributor’s or importer’s specials,
10 special events or promotional discounts for retail customer repairs;

11 “(ii) Parts sold at wholesale;

12 “(iii) Routine maintenance that a retail customer warranty does not
13 cover, such as fluids, filters and belts that a dealer uses in performing work
14 other than repairs;

15 “(iv) Nuts, bolts, fasteners and similar items that do not have an indi-
16 vidual part number; and

17 “(v) Vehicle reconditioning.

18 “(c) *[The hourly rate or the amount for parts that a dealer charges non-*
19 *warranty customers that the dealer proposes]* **A dealer’s proposal** under
20 paragraph (b)(A) of this subsection becomes effective 30 days after the man-
21 ufacturer, distributor or importer approves the hourly rate or the amount for
22 parts. For purposes of this paragraph, a manufacturer, distributor or
23 importer approves the dealer’s proposal if the manufacturer, distributor or
24 importer does not contest the proposed hourly rate or amount for parts
25 within 30 days after the dealer submits the proposal.

26 “(d) If a manufacturer, distributor or importer contests a dealer’s pro-
27 posal, the manufacturer, distributor or importer shall propose an adjustment
28 to the dealer’s proposal not later than 30 days after the dealer submits the
29 dealer’s proposal.

30 “(e) **Not more than** once per year, a manufacturer, distributor or

1 importer may verify the dealer’s hourly rate or the amount for parts the
2 dealer charges nonwarranty customers **and a dealer may propose an in-**
3 **crease in the manner provided in paragraph (b)(A) of this subsection**
4 **in the hourly rate or the amount the dealer charges for parts.** If the
5 manufacturer, distributor or importer finds that the dealer’s hourly rate or
6 the amount for parts has decreased, the manufacturer, distributor or
7 importer may reduce the dealer’s compensation under this subsection
8 prospectively. **If the manufacturer, distributor or importer does not**
9 **contest the dealer’s proposed increase in the manner provided in par-**
10 **agraph (b)(B) of this subsection, the increase becomes effective as**
11 **provided in paragraph (c) of this subsection.**

12 “(3) A manufacturer, distributor or importer shall include, in written no-
13 tices of vehicle recalls to motor vehicle owners and dealers, the expected
14 date by which necessary parts and equipment will be available to the dealers
15 to correct the defect or defects. A manufacturer, distributor or importer
16 shall adequately compensate a dealer for repair service the dealer performs
17 under the recall.

18 “(4) A manufacturer, distributor or importer shall:

19 “(a) Pay or credit a dealer for labor or parts the dealer claims under this
20 section within 30 days after approving the dealer’s claim;

21 “(b) Approve or disapprove, in the manner the manufacturer, distributor
22 or importer specifies, all claims that a dealer makes for labor or parts within
23 30 days after receiving the claim;

24 “(c) **Allow a dealer to correct and resubmit a claim for labor or**
25 **parts within 30 days after receiving the manufacturer’s, distributor’s**
26 **or importer’s disapproval;**

27 “[~~(c)~~] (d) Treat as approved any claim, **or resubmission of a corrected**
28 **claim,** that a manufacturer, distributor or importer did not approve or dis-
29 approve within 30 days after the manufacturer, distributor or importer re-
30 ceived the claim **or resubmission** and pay or credit the dealer for the claim

1 within 60 days after receiving the claim **or resubmission**; and

2 “[~~(d)~~] (e) Notify the dealer in writing of the manufacturer’s, distributor’s
3 or importer’s grounds for disapproving a claim.

4 **“(5) A manufacturer, distributor or importer may:**

5 **“(a) Require reasonable documentation as substantiation for a
6 dealer’s claim under this section;**

7 **“(b) Audit a dealer’s claim under this section within one year after
8 the date on which the manufacturer, distributor or importer paid the
9 claim; and**

10 **“(c) Charge back a dealer’s claim under this section that is unsub-
11 stantiated, false or fraudulent.**

12 “[~~(5)~~] (6) A manufacturer, distributor or importer may not:

13 **“(a) Recover all or a portion of cost of compensating a dealer for war-
14 ranty parts or service by reducing the amount due a dealer or by imposing
15 a separate charge, surcharge, administrative fee or other fee.**

16 **“(b) Deny or charge back a dealer’s claim solely because a dealer failed
17 to comply with a specific claim processing procedure because of a clerical
18 or administrative error that does not affect the legitimacy of the dealer’s
19 claim, if the dealer resubmits the claim in compliance with the
20 manufacturer’s, distributor’s or importer’s claim processing procedure within
21 45 days after the manufacturer, distributor or importer initially denies or
22 charges back the claim.**

23 **“(c) Deny a dealer’s claim solely because an owner who brought a
24 motor vehicle to the dealer for a repair under warranty drove the
25 motor vehicle for additional miles while awaiting service or a repair
26 that the dealer could not complete because parts for the service or
27 repair were not available.**

28 **“(d) Reduce a payment for a dealer’s claim solely on the basis of a
29 national market norm or market average.**

30 **“(e) Limit or restrict the number of repairs a motor vehicle owner**

1 may obtain from a dealer on the basis of a national index or average
2 of failure rates for the motor vehicle.

3 “(7)(a) Except as provided in paragraph (b) of this subsection, if a
4 manufacturer, distributor or importer supplies a part to a dealer for
5 the purpose of replacing the part or making a repair under warranty
6 to a motor vehicle in the manufacturer’s, distributor’s or importer’s
7 line-make, but the manufacturer, distributor or importer does not sell
8 the part to the dealer, the manufacturer, distributor or importer shall
9 compensate the dealer at the equivalent of the dealer’s average per-
10 centage markup on the part as if the manufacturer, distributor or
11 importer had sold the part to the dealer at the price listed for the part
12 in the manufacturer’s, distributor’s or importer’s current parts cata-
13 log.

14 “(b) The requirement set forth in paragraph (a) of this subsection
15 does not apply to entire engine assemblies, propulsion engine assem-
16 blies, entire transmission assemblies or electric batteries. If the man-
17 ufacturer, distributor or importer supplies the dealer with an assembly
18 or battery described in this paragraph but does not sell the assembly
19 or battery to the dealer, the manufacturer, distributor or importer
20 shall compensate the dealer in an amount that is equivalent to 30
21 percent of what the dealer would have paid for the assembly or battery
22 had the manufacturer, distributor or importer sold the assembly or
23 battery to the dealer at the price listed in the manufacturer’s,
24 distributor’s or importer’s current parts catalog.

25 **“SECTION 6.** ORS 650.161 is amended to read:

26 “650.161. (1) As used in this section:

27 “(a) ‘Do not drive order’ means a notice in which a manufacturer advises
28 owners of a vehicle not to drive the vehicle until the owner has obtained a
29 repair for a safety defect in the vehicle.

30 “(b) ‘Stop sale order’ means a notice in which a manufacturer prohibits

1 a franchisee from leasing or selling at wholesale or retail a *[used]* vehicle
2 in the franchisee’s inventory because of a federal recall for a safety defect
3 or a failure to comply with a federal safety standard or a federal emissions
4 standard.

5 “(c) ‘Valuation’ means the average trade-in value shown in an independ-
6 ent third-party guide for the year, make and model of a *[used]* vehicle.

7 “(2) A manufacturer shall compensate the manufacturer’s franchisees for
8 all labor and parts the manufacturer requires the franchisees to use to per-
9 form repairs on vehicles that are subject to a recall. The manufacturer shall
10 compensate franchisees in accordance with the standards and process for
11 compensation set forth in ORS 650.158.

12 “(3)(a) Subject to the conditions set forth in paragraphs (b) and (c) of this
13 subsection, a manufacturer shall compensate a dealer at a prorated rate of
14 least 1.5 percent of the valuation of a *[used]* vehicle that is subject to a re-
15 call during each month in which the dealer holds the vehicle for sale while
16 awaiting parts or a remedy that is necessary to repair or service the vehicle.

17 “(b) The manufacturer shall pay the compensation described in paragraph
18 (a) of this subsection:

19 “(A) If the *[used]* vehicle is subject to a federal recall for a safety defect
20 or a failure to comply with a federal safety standard or a federal emissions
21 standard;

22 “(B) If the manufacturer issued a do not drive order or stop sale order for
23 the *[used]* vehicle;

24 “(C) If the manufacturer has authorized the dealer to sell and service new
25 vehicles of the same line-make as the *[used]* vehicle that is subject to the
26 recall;

27 “(D) If the dealer had the *[used]* vehicle in the dealer’s inventory at the
28 time the manufacturer issued the do not drive order or stop sale order or if
29 the dealer received the *[used]* vehicle as a trade-in as part of a consumer’s
30 purchase of [*a new*] **another** vehicle after the manufacturer issued the do

1 not drive order or stop sale order;

2 “(E) If a part or remedy necessary to repair or service the [*used*] vehicle
3 is not reasonably available within 30 days after the manufacturer issued an
4 initial recall notice; and

5 “(F) For a period that begins 30 days after the date on which the man-
6 ufacturer issued the do not drive order or stop sale order and that ends on
7 the earlier of the following dates:

8 “(i) The date on which the manufacturer makes available to the dealer a
9 part or remedy that is necessary to repair the [*used*] vehicle that is subject
10 to the recall; or

11 “(ii) The date on which the dealer sells, trades or otherwise disposes of
12 the [*used*] vehicle that is subject to the recall.

13 “(c) A manufacturer may direct the manner and method by which a dealer
14 must demonstrate that the dealer had a [*used*] vehicle that was subject to a
15 recall in the dealer’s inventory as required under paragraph (b)(D) of this
16 subsection. The manufacturer may not require a demonstration that is un-
17 reasonable or unduly burdensome or require information that is unreason-
18 ably or unduly burdensome for the dealer to provide.

19 “(d) This subsection does not require a manufacturer to provide total
20 compensation to a dealer that exceeds the valuation of a [*used*] vehicle that
21 is subject to a recall.

22 “(4) A claim for compensation that a franchisee makes under subsection
23 (2) of this section or that a dealer makes under subsection (3) of this section
24 is subject to the same requirements and limitations to which a claim for
25 compensation under ORS 650.158 is subject unless:

26 “(a) The manufacturer compensates the franchisee or the dealer under a
27 national program that provides compensation for recall service or repairs
28 that is equal to or greater than the compensation the manufacturer would
29 provide under subsection (3) of this section; or

30 “(b) The manufacturer and franchisee or dealer agree to different com-

1 pensation.

2 “(5)(a) A manufacturer may not reduce compensation that the manufac-
3 turer owes to a franchisee by means of a chargeback, reducing the amount
4 the manufacturer owes a franchisee under or removing a franchisee from an
5 incentive program or any other means solely because the franchisee submit-
6 ted a claim for or received compensation under this section.

7 “(b) This subsection does not prohibit a manufacturer from modifying or
8 discontinuing an incentive program or other program prospectively or from
9 making ordinary business decisions.

10 “(c) A franchisee may contest the amount of compensation a manufacturer
11 provides under this section in accordance with the procedures set forth in
12 ORS 650.158.

13 “(6) A remedy that a dealer obtains under this section is exclusive and
14 may not be combined with other compensation or remedies that are available
15 under state or federal law or state or federal compensation programs.

16 “**SECTION 7.** ORS 650.162 is amended to read:

17 “650.162. (1) To transfer, assign or sell the ownership or management, or
18 any interest in the ownership or management, of a dealer, dealership or
19 franchise, the dealer shall notify the franchisor of the decision to transfer,
20 assign or sell. The notice [*shall*] **must** include completed application forms
21 and related information [*generally used by*] the manufacturer, distributor or
22 importer **generally uses** to conduct a review of transfers, assignments or
23 sales and **must include** a copy of all agreements regarding the transfer, as-
24 signment or sale.

25 “(2) Within 60 days [*of*] **after** receiving notice sent under subsection (1)
26 of this section, a franchisor shall send a notice by certified mail to the
27 dealer. The notice sent under this subsection [*shall*] **must** specify approval
28 or disapproval of the transfer, assignment or sale. If the transfer, assignment
29 or sale is disapproved, the notice [*shall*] **must** set forth material reasons for
30 the disapproval.

1 “(3) A manufacturer, distributor or importer may not unreasonably with-
2 hold approval of a transfer, assignment or sale. [*It is unreasonable for*] A
3 manufacturer, distributor or importer [*to reject*] **unreasonably withholds**
4 **approval for a transfer, assignment or sale if the manufacturer, dis-**
5 **tributor or importer rejects** a prospective transferee, assignee or buyer
6 who is of good moral character and who otherwise meets the manufacturer’s,
7 distributor’s or importer’s written and reasonable standards or qualifications
8 relating to the prospective transferee’s, assignee’s or buyer’s:

9 “(a) Business experience and performance; and

10 “(b) Financial qualifications.

11 “(4) If the manufacturer, distributor or importer does not respond within
12 60 days [*of*] **after** receiving a notice sent under subsection (1) of this section,
13 the transfer, assignment or sale [*shall be considered approved and shall take*
14 *effect*] **is approved and takes effect.**

15 “(5) A manufacturer, distributor or importer may exercise a right of first
16 refusal if the right is included in the franchise agreement, the transfer, as-
17 signment or sale consists of more than 50 percent of the dealer’s ownership
18 of the franchise and all of the following requirements are met:

19 “(a) The manufacturer, distributor or importer sends a notice by certified
20 mail to the dealer within 60 days [*of*] **after** receiving a notice under sub-
21 section (1) of this section specifying that the franchisor is exercising a right
22 of first refusal.

23 “(b) The exercise of the right of first refusal will result in the dealer and
24 any owner of the dealer receiving consideration, terms and conditions that
25 are either the same as or better than [*those contracted to*] **the consideration,**
26 **terms and conditions the dealer and owner would** receive under the
27 transfer, assignment or sale.

28 “(c) The transferee, assignee or buyer is not any of the following:

29 “(A) Any of the following family members of any owner of the dealer:

30 “(i) A spouse;

1 “(ii) A child or stepchild;
2 “(iii) A grandchild or stepgrandchild;
3 “(iv) The spouse of a child, stepchild, grandchild or stepgrandchild;
4 “(v) A brother or sister or a stepbrother or stepsister; or
5 “(vi) A parent or stepparent;
6 “(B) A manager employed by the dealer who is otherwise qualified to be
7 a dealer;

8 “(C) A partnership or corporation controlled by any of the family mem-
9 bers listed in paragraph (c)(A) of this subsection; or

10 “(D) A trust established or to be established:

11 “(i) For the purposes of allowing the transferee, assignee or buyer to
12 continue to qualify as such under the manufacturer’s, distributor’s or
13 importer’s standards; or

14 “(ii) To provide for the succession of the franchise to qualified designated
15 family members or a qualified manager in the event of the death or inca-
16 pacity of the dealer.

17 “(d) The manufacturer, distributor or importer pays the reasonable ex-
18 penses, including attorney fees, that are incurred by the transferee, assignee
19 or buyer before the manufacturer, distributor or importer exercises a right
20 of first refusal. A manufacturer, distributor or importer may require the
21 transferee, assignee or buyer to provide an accounting of expenses incurred
22 prior to issuing payment.

23 **“(6) A manufacturer, distributor or importer may not exercise or**
24 **threaten to exercise a right of first refusal in bad faith.**

25 **“SECTION 8. Section 9 of this 2025 Act is added to and made a part**
26 **of ORS 650.120 to 650.170.**

27 **“SECTION 9. A franchisor shall indemnify a franchisee or former**
28 **franchisee or a successor in interest to the franchisee or former**
29 **franchisee for damages, attorney fees, court expenses and related ex-**
30 **penses that the franchisee or former franchisee reasonably incurs for**

1 a claim:

2 “(1) That results from a defect in the condition, a characteristic or
3 the design of a motor vehicle, or in a tool or process the franchisor
4 used in manufacturing or assembling a motor vehicle, or in a compo-
5 nent, part, accessory or equipment the franchisor assembled into or
6 installed in or on a motor vehicle;

7 “(2) For injury or damages from a service system, procedure or
8 method that the franchisor requires or required the franchisee or for-
9 mer franchisee to use, if the franchisee or former franchisee used the
10 system, procedure or method properly and in accordance with the
11 franchisor’s training or instructions;

12 “(3) For injury or damages from a franchisor’s disclosure or im-
13 proper use of protected dealer data, as defined in ORS 650.123;

14 “(4) For which the franchisee or former franchisee would have a
15 right of indemnity or contribution against the franchisor under appli-
16 cable law or under a franchise, even if the franchise expired or was
17 terminated; or

18 “(5) For injury or damages as a result of the franchisee’s or former
19 franchisee’s use of an electronic system for managing protected dealer
20 data, as defined in ORS 650.123, that the franchisor requires or re-
21 quired the franchisee or former franchisee to use and the use violated
22 a federal law or a law of this state, unless the franchisee or former
23 franchisee, or an agent or employee of the franchisee or former
24 franchisee willfully or intentionally used the system in violation of
25 federal law or a law of this state.

26 **“SECTION 10.** Section 9 of this 2025 Act and the amendments to
27 ORS 650.120, 650.130, 650.132, 650.133, 650.158, 650.161 and 650.162 by
28 sections 1 to 7 of this 2025 Act apply to franchises that a franchisor
29 and franchisee enter into or renew on or after the effective date of this
30 2025 Act.”.

