

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1984, section 123.32, subdivision 4, is amended to read:

Subd. 4. At the annual election board members shall be elected to fill vacancies on the board caused by expiration of term on July 1 next following the election. Any person eligible to hold office in the district desiring to be a candidate for a district office at the election shall file with the clerk of the district a written application to be placed on the ballot for the office, or any five voters of the district may file such written application for or on behalf of any qualified voter person eligible to hold office in the district that they desire shall be such candidate. The application shall be filed not more than 43 nor less than 28 days before the election.

Approved April 29, 1985

CHAPTER 34 — H.F.No. 241

An act relating to commerce; modifying certain motor vehicle sale and distribution regulations; amending Minnesota Statutes 1984, sections 80E.04, subdivision 4; 80E.06, subdivision 1; 80E.10, subdivision 5; 80E.12; and 80E.14, subdivision 1; repealing Minnesota Statutes 1984, section 80E.03, subdivision 11.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1984, section 80E.04, subdivision 4, is amended to read:

Subd. 4. **PAYMENT OF CLAIMS.** All claims made by new motor vehicle dealers pursuant to this section for labor and parts shall be paid within 30 days of their approval. Claims shall be either approved or disapproved within 30 days after they are submitted to the manufacturer in the manner and on the forms it prescribes, and any claims not specifically disapproved in writing within 30 days after the manufacturer receives them shall be construed to be approved and payment must follow within 30 days; provided, however, that the manufacturer retains the right to audit the claims for a period of ~~two years~~ one year and to charge back any amounts paid on unsubstantiated claims not reasonably substantiated or fraudulent claims. The audit and charge back provisions of this subdivision also apply to all other incentive and reimbursement programs that are subject to audit by the manufacturer.

Sec. 2. Minnesota Statutes 1984, section 80E.06, subdivision 1, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **REQUIREMENTS.** Notwithstanding the terms of any franchise agreement or waiver to the contrary, no manufacturer shall cancel or terminate any franchise relationship with a licensed new motor vehicle dealer unless the manufacturer has:

- (a) Satisfied the notice requirement of section 80E.08;
- (b) Acted in good faith as defined in section 80E.03, subdivision 9; and
- (c) Good cause for the cancellation or termination.

For the purposes of sections 80E.06 to 80E.09, a manufacturer includes a distributor. Any action by a manufacturer terminating a contractual relationship with a distributor is not effective to terminate existing valid franchises running from the distributor to new motor vehicle dealers unless the manufacturer follows the provisions of sections 80E.06 to 80E.09.

Sec. 3. Minnesota Statutes 1984, section 80E.10, subdivision 5, is amended to read:

Subd. 5. **CERTAIN FRANCHISES ONLY.** This section applies only when the franchise agreement has a term of at least five years. In all other instances, nonrenewal must be treated as a termination or cancellation under the provisions of sections 80E.06 to 80E.09. However, nothing in this section shall prohibit a manufacturer from offering or agreeing before expiration of the current franchise term to extend the term of the franchise for a limited period in order to satisfy the time of notice or nonrenewal requirement contained herein.

Sec. 4. Minnesota Statutes 1984, section 80E.12, is amended to read:

80E.12 UNLAWFUL ACTS BY MANUFACTURERS, DISTRIBUTORS, OR FACTORY BRANCHES.

It shall be unlawful for any manufacturer, distributor, or factory branch to require a new motor vehicle dealer to do any of the following:

- (a) Order or accept delivery of any new motor vehicle, part or accessory thereof, equipment, or any other commodity not required by law which has not been voluntarily ordered by the new motor vehicle dealer;
- (b) Order or accept delivery of any new motor vehicle, part or accessory thereof, equipment, or any other commodity not required by law in order for the dealer to obtain delivery of any other motor vehicle ordered by the dealer or to qualify for or participate in any rebate, refund, or similar program offered by the manufacturer;
- (c) Order or accept delivery of any new motor vehicle with special features, accessories, or equipment not included in the list price of the motor vehicles as publicly advertised by the manufacturer or distributor;

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(d) Participate monetarily in an advertising campaign or contest, or to purchase any promotional materials, showroom, or other display decorations or materials at the expense of the new motor vehicle dealer;

(e) Enter into any agreement with the manufacturer or to do any other act prejudicial to the new motor vehicle dealer by threatening to cancel a franchise or any contractual agreement existing between the dealer and the manufacturer. Notice in good faith to any dealer of the dealer's violation of any terms of the franchise agreement shall not constitute a violation of sections 80E.01 to 80E.17;

(f) Change the capital structure of the new motor vehicle dealer or the means by or through which the dealer finances the operation of the dealership; provided, that the new motor vehicle dealer at all times meets any reasonable capital standards agreed to by the dealer; and also provided, that no change in the capital structure shall cause a change in the principal management or have the effect of a sale of the franchise without the consent of the manufacturer or distributor as provided in section 80E.13, paragraph (j);

(g) Prevent or attempt to prevent, by contract or otherwise, any motor vehicle dealer from changing the executive management control of the new motor vehicle dealer unless the franchisor proves that the change of executive management will result in executive management control by a person who is not of good moral character or who does not meet the franchisor's existing reasonable capital standards and, with consideration given to the volume of sales and services of the new motor vehicle dealer, uniformly applied minimum business experience standards in the market area; provided, that where the manufacturer, distributor, or factory branch rejects a proposed change in executive management control, the manufacturer, distributor, or factory branch shall give written notice of its reasons to the dealer;

(h) Refrain from participation in the management of, investment in, or the acquisition of, any other line of new motor vehicle or related products; provided, however, that this clause does not apply unless the new motor vehicle dealer maintains a reasonable line of credit for each make or line of new motor vehicle, and that the new motor vehicle dealer remains in substantial compliance with the terms and conditions of the franchise and with any reasonable facilities requirements of the manufacturer;

(i) During the course of the agreement, change the location of the new motor vehicle dealership or make any substantial alterations to the dealership premises during the course of the agreement, when to do so would be unreasonable; or

(j) Prospectively assent to a release, assignment, novation, waiver, or estoppel whereby a dealer relinquishes any rights under sections 80E.01 to 80E.17, or which would relieve any person from liability imposed by sections 80E.01 to 80E.17 or to require any controversy between a new motor vehicle

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dealer and a manufacturer, distributor, or factory branch to be referred to any person or tribunal other than the duly constituted courts of this state or the United States, if the referral would be binding upon the new motor vehicle dealer.

Sec. 5. Minnesota Statutes 1984, section 80E.14, subdivision 1, is amended to read:

Subdivision 1. **NOTIFICATION; PROTEST; HEARING.** In the event that a manufacturer seeks to enter into a franchise establishing an additional new motor vehicle dealership or relocating an existing new motor vehicle dealership within or into a relevant market area where the line make is then represented, the manufacturer shall, in writing, first notify each new motor vehicle dealer in this line make in the relevant market area of the intention to establish an additional dealership or to relocate an existing dealership within or into that market area. The relevant market area is a radius of ten miles around an existing dealership. Within 15 days of receiving the notice or within 15 days after the end of any appeal procedure provided by the manufacturer, the new motor vehicle dealership may commence a civil action in a court of competent jurisdiction pursuant to section 80E.17 challenging the establishing or relocating of the new motor vehicle dealership. An action brought under this section shall be placed on the calendar ahead of other civil actions to be heard and determined as expeditiously as possible. Thereafter the manufacturer shall not establish or relocate the proposed new motor vehicle dealership unless the court has determined that there is good cause for permitting the establishment or relocation of the motor vehicle dealership.

For the purposes of this section, the reopening in a relevant market area of a new motor vehicle dealership within two miles of a location at which a former dealership of the same line make had been in operation within the previous two years shall not be deemed the establishment of a new motor vehicle dealership if the reopening is carried out in good faith and does not violate the provisions of section 80E.13, paragraph (i).

The relocation of an existing dealer within its area of responsibility as defined in the franchise agreement shall not be subject to this section, if the proposed relocation site is not within five miles of an existing dealer of the same line make.

Sec. 6. **REPEALER.**

Minnesota Statutes 1984, section 80E.03, subdivision 11, is repealed.

Approved April 29, 1985

CHAPTER 35 — H.F.No. 221

An act relating to highways; designating the George Mann Memorial Highway; amending Minnesota Statutes 1984, section 161.14, by adding a subdivision.

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