

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 593

6 By: Thompson (Roger) of the  
7 Senate

8 and

9 Dobrinski of the House

10 COMMITTEE SUBSTITUTE

11 An Act relating to motor vehicle dealers; defining  
12 terms; authorizing dealer management system providers  
13 perform certain actions; prohibiting dealer  
14 management system providers from certain actions;  
15 making conflicting term or condition of contracts  
16 void and unenforceable; requiring certain actions of  
17 authorized integrators; allowing dealers to withdraw,  
18 revoke, or amend certain express written  
19 authorization under certain circumstances; requiring  
20 certain obligations to secure and prevent  
21 unauthorized access to certain information; stating  
22 certain parties not liable for certain actions;  
23 requiring indemnification for certain claims;  
24 confining certain judgments to operations of this act  
directly involved in the controversy in which  
judgment is rendered; requiring manufacturers to  
allow new motor vehicle dealers to make certain  
offers to consumers; making certain exceptions;  
amending 47 O.S. 2021, Section 562, which relates to  
definitions; modifying and adding definitions;  
amending 47 O.S. 2021, Section 564, which relates to  
licenses; disallowing certain authorization; making  
certain exception; amending 47 O.S. 2021, Section  
565, as amended by Section 3, Chapter 192, O.S.L.  
2022 (47 O.S. Supp. 2022, Section 565), which relates  
to denial, revocation, or suspension of license;  
modifying entity subject to license denial,  
revocation, suspension, or fine; modifying reasons  
for license denial, revocation, suspension, or

1 punishment by fine; prohibiting certain standards to  
2 measure performance; requiring certain vehicles be  
3 offered at same price; requiring certain  
4 reimbursement for rental cars; making certain  
5 exception; requiring new vehicles be distributed in  
6 certain manner; limiting dealers to one part or labor  
7 rate request per year; providing for certain  
8 calculation; providing for exclusions for certain  
9 rate calculation; modifying reasons for certain  
10 rebuttal; allowing certain written request; allowing  
11 certain adjustments; requiring certain written  
12 notice; prohibiting certain recovery of costs;  
13 prohibiting factory denial of certain claims and  
14 implementation of certain charge-backs; requiring  
15 certain documentation and written attestation;  
16 providing for certain compensation calculation;  
17 requiring certain method for used vehicle  
18 calculations; allowing factory to direct dealer in  
19 certain manner and method; requiring certain  
20 reimbursement claims be subject to certain  
21 limitations and requirements; placing certain limit  
22 on total compensation; disallowing certain remedy  
23 combinations; disallowing the use of certain  
24 agreements; making certain exception; providing for  
certain violation; allowing for certain construction  
or renovation; providing certain rebuttable  
presumption; prohibiting factories from changing  
certain plans or systems; limiting license for  
distribution; amending 47 O.S. 2021, Section 565.1,  
which relates to succession dealerships; defining  
term; clarifying language; requiring adherence to  
certain agreement; amending 47 O.S. 2021, Section  
565.2, which relates to termination, cancellation, or  
nonrenewal of franchise; requiring certain  
compensation; amending 47 O.S. 2021, Section 565.3,  
which relates to notice of proposed sale; requiring  
use of certain standards; requiring certain changes  
be in compliance with existing law; limiting certain  
evaluations; deleting certain protest right; amending  
47 O.S. 2021, Section 578.1, which relates to  
procedures for relocation or establishment; modifying  
definition; amending 47 O.S. 2021, Section 580.2,  
which relates to insurance coverage on loan vehicles;  
defining term; making certain liability policy  
coverage distinction; providing for codification; and  
providing an effective date.

1  
2 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

3 SECTION 1. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 564.3 of Title 47, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. As used in this section:

7 1. "Access fee" means a requirement to pay money for access to  
8 protected dealer data;

9 2. "Authorized integrator" means a person who a dealer has a  
10 contractual relationship with or the dealer otherwise gives express  
11 written authorization to have access to protected dealer data stored  
12 on a dealer data system or to write protected dealer data to the  
13 dealer data system for the purpose of performing a specific function  
14 for the dealer;

15 3. "Dealer data system" means software, hardware, or firmware  
16 that a dealer leases or rents from a dealer management system  
17 provider for the purpose of storing protected dealer data;

18 4. "Dealer management system provider" means a person who, for  
19 compensation, maintains and provides access to a dealer data system  
20 in which a dealer stores protected dealer data;

21 5. "Protected dealer data" means:

22 a. consumer data that a dealer generated or that the  
23 consumer provided to the dealer that is not otherwise  
24 publicly available and the consumer has not otherwise

1 provided consent or acknowledgment to share the  
2 information, and

- 3 b. any other dealer data in connection with the dealer's  
4 daily business operations in which a dealer has rights  
5 in a dealer data system; and

6 6. Authorized integrator and dealer management system provider  
7 do not include:

- 8 a. a manufacturer, distributor, importer, or any entity  
9 that is a subsidiary or affiliate of, or acts on  
10 behalf of, a manufacturer, distributor, or importer,  
11 or

- 12 b. a governmental body or other person that is acting in  
13 accordance with federal, state, or local law, or a  
14 valid court order.

15 B. A dealer management system provider may:

16 1. Condition access and ability of a dealer or authorized  
17 integrator to receive, share, copy, use, write, or transmit  
18 protected dealer data from or to a dealer data system on the  
19 dealer's or authorized integrator's compliance with security  
20 standards;

21 2. Require an authorized integrator to have express written  
22 authorization from a dealer before allowing the authorized  
23 integrator to gain access to, receive, share, copy, use, or transmit  
24 protected dealer data; and

1           3. Deny access to a dealer data system to a dealer if the  
2 dealer fails to pay an amount due to the dealer management system  
3 provider under a lease, contract, or other agreement concerning the  
4 dealer's access to or use of the dealer data system.

5           C. Except as provided in subsection B of this section, a dealer  
6 management system provider shall not take any action that would  
7 limit or prohibit the ability of a dealer or an authorized  
8 integrator to receive, protect, store, copy, share, or use protected  
9 dealer data using means that include, but are not limited to:

10           1. Imposing an access fee on a dealer or authorized integrator;  
11 and

12           2. Restricting a dealer or an authorized integrator from  
13 sharing protected dealer data or writing data or having access to a  
14 dealer data system. Prohibited restrictions pursuant to this  
15 paragraph include, but are not limited to:

16           a. limits on the scope or nature of protected dealer data  
17 to which a dealer or authorized integrator has access  
18 or may share or write to a dealer data system, and

19           b. a requirement for a dealer or authorized integrator to  
20 provide sensitive or confidential business information  
21 or information that a dealer or authorized integrator  
22 uses for competitive purposes in return for access to  
23 protected dealer data or an authorization to share or  
24 write protected dealer data to a dealer data system.

1 D. Except as otherwise provided in this section, any term or  
2 condition of a contract with a dealer management system provider  
3 that conflicts with the requirements set forth in subsection C of  
4 this section is void and unenforceable to the extent of the  
5 conflict.

6 E. An authorized integrator shall:

7 1. Obtain express written authorization from a dealer before  
8 gaining access to, receiving, sharing, copying, using, writing, or  
9 transmitting protected dealer data;

10 2. Comply with security standards in gaining access to,  
11 receiving, sharing, copying, using, writing, or transmitting  
12 protected dealer data; and

13 3. Allow a dealer to withdraw, revoke, or amend any express  
14 written authorization the dealer provides under paragraph 1 of this  
15 subsection:

16 a. at the sole discretion of the dealer, if the dealer  
17 gives a thirty-day prior notice to an authorized  
18 integrator, or

19 b. immediately, for good cause.

20 F. 1. This section does not prevent a dealer, a dealer  
21 management system provider, or an authorized integrator from  
22 discharging the obligations of a dealer, dealer management system  
23 provider, or of an authorized integrator under federal, state, or  
24 local law to secure and prevent unauthorized access to protected

1 dealer data, or from limiting the scope of the obligations, in  
2 accordance with federal, state, or local law.

3 2. A dealer management system provider is not liable for any  
4 action that a dealer takes directly with respect to securing or  
5 preventing unauthorized access to protected dealer data, or for  
6 actions that an authorized integrator takes in appropriately  
7 following the written instructions of the dealer for securing or  
8 preventing unauthorized access to protected dealer data, to the  
9 extent that the actions prevent the dealer management system  
10 provider from meeting a legal obligation to secure or prevent  
11 unauthorized access to protected dealer data.

12 3. A dealer is not liable for any action that an authorized  
13 integrator takes directly with respect to securing or preventing  
14 unauthorized access to protected dealer data, or for actions that  
15 the authorized integrator takes in appropriately following the  
16 written instructions of the dealer for securing or preventing  
17 unauthorized access to protected dealer data, to the extent that the  
18 actions prevent the dealer from meeting a legal obligation to secure  
19 or prevent unauthorized access to protected dealer data.

20 4. An authorized integrator is not liable for any action that a  
21 dealer takes directly with respect to securing or preventing  
22 unauthorized access to protected dealer data, or for actions that  
23 the dealer takes in appropriately following the authorized written  
24 instructions of the authorized integrator for securing or preventing

1 unauthorized access to protected dealer data, to the extent that the  
2 actions prevent the authorized integrator from meeting a legal  
3 obligation to secure or prevent unauthorized access to protected  
4 dealer data.

5 5. A manufacturer, distributor, importer, or any entity that is  
6 a subsidiary or affiliate of, or acts on behalf of, a manufacturer,  
7 distributor, or importer is not liable for any action that a dealer,  
8 dealer management system provider, authorized integrator, or other  
9 third party, except for a third party who the manufacturer has  
10 provided the data to as provided for in paragraph 7 of this  
11 subsection, takes directly with respect to securing or preventing  
12 unauthorized access to protected dealer data or for actions that an  
13 authorized integrator, dealer management system provider, or other  
14 third party takes in appropriately following the written  
15 instructions of the dealer for securing or preventing unauthorized  
16 access to protected dealer data.

17 6. Notwithstanding any other agreement, an authorized  
18 integrator shall indemnify and hold the new motor vehicle dealer  
19 harmless from any third-party claims asserted against or damages  
20 incurred by the new motor vehicle dealer to the extent caused by  
21 access to, use of, or disclosure of consumer data in violation of  
22 this section.

23 7. Notwithstanding any other agreement, a manufacturer,  
24 distributor, importer, or any entity that is a subsidiary or



1 affiliate of, or acts on behalf of, a manufacturer, distributor, or  
2 importer shall indemnify the dealer for any third-party claims  
3 asserted against or damages incurred by the dealer to the extent the  
4 claims or damages are caused by the access to and unlawful  
5 disclosure of protected dealer data resulting from a breach caused  
6 by the manufacturer or distributor or a third party to which the  
7 manufacturer or distributor has provided the protected dealer data  
8 in violation of this section, the written consent granted by the  
9 dealer, or other applicable state or federal law.

10 SECTION 2. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 565.4 of Title 47, unless there  
12 is created a duplication in numbering, reads as follows:

13 Any manufacturer or distributor who has new motor vehicle sales  
14 and service contracts with new motor vehicles dealers shall allow  
15 its new motor vehicle dealers to offer consumers any remote software  
16 upgrade or change to vehicle functions and features to a new motor  
17 vehicle which is of a line-make the new motor vehicle dealer holds  
18 an active sales and service contract for, as any offered to  
19 consumers by the manufacturer or distributor, and such upgrade or  
20 change shall be available for an authorized new motor vehicle dealer  
21 to offer to consumers at any time during the life cycle of the  
22 vehicle, provided the same continues to be made available and  
23 offered to consumers by the manufacturer or distributor. This  
24 section does not apply to remote software upgrades or changes

1 related solely to the safety, cybersecurity, or recall of the new  
2 motor vehicle.

3 SECTION 3. AMENDATORY 47 O.S. 2021, Section 562, is  
4 amended to read as follows:

5 Section 562. The following words, terms, and phrases, when used  
6 in Sections 561 through 567, 572, 578.1, 579, and 579.1 of this  
7 title, shall have the meanings respectively ascribed to them in this  
8 section, except where the context clearly indicates a different  
9 meaning:

10 1. "Motor vehicle" means any motor-driven vehicle required to  
11 be registered under the Oklahoma Vehicle License and Registration  
12 Act. The term ~~"motor vehicle"~~ motor vehicle does not include:

- 13 a. recreational vehicles, as defined in the Recreational  
14 Vehicle Franchise Act, or  
15 b. all-terrain vehicles, utility vehicles, and  
16 motorcycles used exclusively for off-road use which  
17 are sold by a retail implement dealer;

18 2. "New motor vehicle dealer" means any person, firm,  
19 association, corporation, or trust not excluded by this paragraph  
20 who sells, offers for sale, advertises to sell, leases, or displays  
21 new motor vehicles and holds a bona fide contract or franchise in  
22 effect with a manufacturer or distributor authorized by the  
23 manufacturer to make predelivery preparation of such vehicles sold  
24 to purchasers and to perform post-sale work pursuant to the

1 manufacturer's or distributor's warranty. As used herein,  
2 "authorized predelivery preparation" means the rendition by the  
3 dealer of services and safety adjustments on each new motor vehicle  
4 in accordance with the procedure and safety standards required by  
5 the manufacturer of the vehicle to be made before its delivery to  
6 the purchaser. "Performance of authorized post-sale work pursuant  
7 to the warranty", as used herein, means the rendition of services  
8 which are required by the terms of the warranty that stands extended  
9 to the vehicle at the time of its sale and are to be made in  
10 accordance with the safety standards prescribed by the manufacturer.  
11 The term includes premises or facilities at which a person engages  
12 only in the repair of motor vehicles if repairs are performed  
13 pursuant to the terms of a franchise and motor vehicle  
14 manufacturer's warranty. ~~However, the term shall not include~~  
15 ~~premises or facilities at which a new motor vehicle dealer or~~  
16 ~~dealers within the area of responsibility of such dealer or dealers~~  
17 ~~as defined in the manufacturer's franchise agreement of such dealer~~  
18 ~~or dealers performs motor vehicle repairs pursuant to the terms of a~~  
19 ~~franchise and motor vehicle manufacturer's warranty.~~ For the  
20 purpose of Sections 561 through 567, 572, 578.1, 579, and 579.1 of  
21 this title, the terms "~~new motor vehicle dealer~~" new motor vehicle  
22 dealer and "new motor vehicle dealership" shall be synonymous. The  
23 term "~~new motor vehicle dealer~~" new motor vehicle dealer does not  
24 include:

- 1 a. receivers, trustees, administrators, executors,  
2 guardians, or other persons appointed by or acting  
3 under judgment or order of any court,  
4 b. public officers while performing or in operation of  
5 their duties, ~~or~~  
6 c. employees of persons, corporations, or associations  
7 enumerated in subparagraph a of this paragraph when  
8 engaged in the specific performance of their duties as  
9 such employees, or  
10 d. a powersports vehicle dealer;

11 3. "Motor vehicle salesperson" means any person who, for gain  
12 or compensation of any kind, either directly or indirectly,  
13 regularly or occasionally, by any form of agreement or arrangement,  
14 sells or negotiates for the sale, lease, or conveyance or arranges  
15 the financing of any new motor vehicle as an employee for any new  
16 motor vehicle dealer to any one or more third parties;

17 4. "Commission" means the Oklahoma Motor Vehicle Commission;

18 5. "Manufacturer" means any person, firm, association,  
19 corporation, or trust, resident or nonresident, ~~who~~ that  
20 manufactures or assembles new and unused motor vehicles or ~~who~~ that  
21 engages in the fabrication or assembly of motorized vehicles of a  
22 type required to be registered in ~~the State of Oklahoma~~ this state;

23 6. "Distributor" means any person, firm, association,  
24 corporation, or trust, resident or nonresident, ~~who~~ that, being

1 authorized by the original manufacturer, in whole or in part sells  
2 or distributes new and unused motor vehicles to new motor vehicle  
3 dealers, or ~~who~~ that maintains distributor representatives;

4 7. "Factory branch" means any branch office maintained by a  
5 person, firm, association, corporation, or trust ~~who~~ that  
6 manufactures or assembles motor vehicles for the sale of motor  
7 vehicles to distributors, or for the sale of motor vehicles to new  
8 motor vehicle dealers, or for directing or supervising, in whole or  
9 in part, its representatives;

10 8. "Distributor branch" means any branch office similarly  
11 maintained by a distributor for the same purposes a factory branch  
12 is maintained;

13 9. "Factory representative" means any officer or agent engaged  
14 as a representative of a manufacturer of motor vehicles or by a  
15 factory branch, for the purpose of making or promoting the sale of  
16 its motor vehicles, or for supervising or contacting its dealers or  
17 prospective dealers;

18 10. "Distributor representative" means any person, firm,  
19 association, corporation, or trust and each officer and employee  
20 thereof engaged as a representative of a distributor or distributor  
21 branch of motor vehicles, for the purpose of making or promoting the  
22 sale of its motor vehicles, or for supervising or contacting its  
23 dealers or prospective dealers;

24

1 11. "Franchise" means any contract or agreement between a new  
2 motor vehicle dealer and a manufacturer of a new motor vehicle or  
3 its distributor or factory branch by which the new motor vehicle  
4 dealer is authorized to engage in the ~~business of selling any~~  
5 ~~specified make or makes of new motor vehicles~~ activities of a new  
6 motor vehicle dealer as defined by this section;

7 12. "New or unused motor vehicle" means a vehicle which is in  
8 the possession of the manufacturer or distributor or has been sold  
9 only to the holder of a valid ~~selling agreement,~~ franchise ~~or~~  
10 ~~contract,~~ granted by the manufacturer or distributor for the sale of  
11 that make of new vehicle so long as the manufacturer's statement of  
12 origin has not been assigned to anyone other than a licensed  
13 franchised new motor vehicle dealer of the same line-make;

14 13. "Area of responsibility" means the geographical area, as  
15 designated by the manufacturer, factory branch, factory  
16 representative, distributor, distributor branch, or distributor  
17 representative, in which the new motor vehicle dealer is held  
18 responsible for the promotion and development of sales and rendering  
19 of service for the make of motor vehicle for which the new motor  
20 vehicle dealer holds a franchise or selling agreement;

21 14. "Off premises" means at a location other than the address  
22 designated on the new motor vehicle dealer's license;

23 15. "Sponsoring entity" means any person, firm, association,  
24 corporation, or trust which has control, either permanently or

1 temporarily, over the real property upon which the ~~off-premise~~ off-  
2 premises sale or display is conducted;

3 16. "Product" means new motor vehicles and new motor vehicle  
4 parts;

5 17. "Service" means motor vehicle warranty repairs including  
6 both parts and labor;

7 18. "Lead" means a consumer contact in response to a factory  
8 program designed to generate interest in purchasing or leasing a new  
9 motor vehicle;

10 19. ~~"Sell or sale"~~ "Sell" or "sale" means to sell or lease;

11 20. "Factory" means a manufacturer, distributor, factory  
12 branch, distributor branch, factory representative, or distributor  
13 representative, which manufactures or distributes vehicle products;

14 21. "Powersports vehicle" means motorcycles, scooters, mopeds,  
15 all-terrain vehicles, and utility vehicles;

16 22. "Powersports vehicle dealer" means any person, firm, or  
17 corporation ~~who~~ that is in the business of selling any new  
18 powersports vehicles except for retail implement dealers; ~~and~~

19 23. "Retail implement dealer" means a business engaged  
20 primarily in the sale of farm tractors as defined in Section 1-118  
21 of this title or implements of husbandry as defined in Section 1-125  
22 of this title or a combination thereof;

23

24

1        24. "Consumer data" means nonpublic personal information as  
2 defined in 15 U.S.C., Section 6809(4) as it existed on January 1,  
3 2023, that is:

- 4            a. collected by a new motor vehicle dealer, and  
5            b. provided by the new motor vehicle dealer directly to a  
6            manufacturer or third party acting on behalf of a  
7            manufacturer.

8        The term shall not include the same or similar data obtained by  
9 a manufacturer from any source other than the new motor vehicle  
10 dealer or new motor vehicle dealer's data management system; and

11        25. "Fleet vehicle" means a new motor vehicle sold and titled  
12 or registered to a business and used for business purposes only.

13        SECTION 4.        AMENDATORY        47 O.S. 2021, Section 564, is  
14 amended to read as follows:

15        Section 564. A. It shall be unlawful for any person, firm,  
16 association, corporation, or trust to engage in business as, or  
17 serve in the capacity of, or act as a new motor vehicle dealer or  
18 manufacturer or distributor of new motor vehicles, or factory  
19 branch, distributor branch or factory representative or distributor  
20 representative, as ~~such~~ defined in Section 562 of this title, in  
21 this state without first obtaining a license therefor as provided  
22 for by law. Any person, firm, association, corporation, or trust  
23 engaging in more than one of such capacities or having more than one  
24 place where such business is carried on or conducted shall be



1 required to obtain and hold a current license for each thereof.  
2 Provided that, a new motor vehicle dealer's license shall authorize  
3 one person to sell in the event such person shall be the owner of a  
4 proprietorship, or the person designated as principal in the  
5 dealer's franchise or the managing officer or one partner if no  
6 principal person is named in the franchise. It is further provided  
7 that a factory or an entity affiliated by any ownership or control  
8 by the factory shall not be permitted to be licensed as a new motor  
9 vehicle dealer in this state, except as provided by subparagraph b  
10 of paragraph 12 of Section 565 of this title.

11 B. Applications for licenses required to be obtained under the  
12 provisions of Section 561 et seq. of this title shall be verified by  
13 the oath or affirmation of the applicant and shall be on forms  
14 prescribed by the Oklahoma Motor Vehicle Commission and furnished to  
15 ~~such~~ the applicants, and shall contain ~~such~~ information as the  
16 Commission deems necessary to enable it to fully determine the  
17 qualifications and eligibility of the several applicants to receive  
18 the license or licenses applied for. The Commission shall require  
19 in such application, or otherwise, information relating to the  
20 applicant's financial standing, the applicant's business integrity,  
21 whether the applicant has an established place of business and is  
22 primarily engaged in the pursuit, avocation, or business for which a  
23 license, or licenses, are applied for, and whether the applicant is  
24 able to properly conduct the business for which a license, or

1 licenses, are applied for, and such other pertinent information  
2 consistent with the safeguarding of the public interest and the  
3 public welfare. All ~~such~~ applications for license or licenses shall  
4 be accompanied by the appropriate fee or fees therefor in accordance  
5 with the schedule thereof hereinafter set out. In the event any  
6 ~~such~~ application is denied and the license applied for is not  
7 issued, the entire license fee shall be returned to the applicant.  
8 All licenses issued under the provisions of Section 561 et seq. of  
9 this title shall expire on June 30, following the date of issue and  
10 shall be nontransferable. All applications for renewal of a license  
11 for a new motor vehicle dealer, manufacturer, distributor, or  
12 manufacturer's or distributor's representative shall be submitted by  
13 June 1 of each year, and such license or licenses will be issued by  
14 July 1. If applications have not been made for renewal of licenses  
15 at the times described in this subsection, it shall be illegal for  
16 any person to represent himself or herself and act as a dealer,  
17 manufacturer, distributor, or manufacturer's or distributor's  
18 representative. Motor license agents will be notified not to accept  
19 such dealers' titles until such time as licenses have been issued by  
20 the Commission.

21 C. The schedule of license fees to be charged and received by  
22 the Commission for the licenses issued hereunder shall be as  
23 follows:  
24

1           1. For each factory branch or distributor branch, Four Hundred  
2 Dollars (\$400.00) initial fee with annual renewal fee of Three  
3 Hundred Dollars (\$300.00);

4           2. For each manufacturer or distributor of new motor vehicles,  
5 Four Hundred Dollars (\$400.00) initial fee with annual renewal fee  
6 of Three Hundred Dollars (\$300.00);

7           3. For each factory representative or distributor  
8 representative, One Hundred Dollars (\$100.00) annually;

9           4. For each new motor vehicle dealer, except powersports  
10 vehicle dealers, initial fee of Three Hundred Dollars (\$300.00) per  
11 franchise sold at each location licensed, with an annual renewal fee  
12 of One Hundred Dollars (\$100.00) per franchise sold at each location  
13 per year; and

14           5. For each powersports vehicle dealer, initial fee of Three  
15 Hundred Dollars (\$300.00) per manufacturer represented by the dealer  
16 at each location licensed, with an annual renewal fee of One Hundred  
17 Dollars (\$100.00) per manufacturer represented by the dealer at each  
18 location licensed per year.

19           D. The licenses issued to each new motor vehicle dealer,  
20 manufacturer, distributor, factory branch, distributor branch or  
21 representative, if a corporation, shall specify the location of the  
22 factory, office, or branch thereof. In case such location is  
23 changed, the Commission may endorse the change of location on the  
24 license without charge unless the change of address triggers a

1 relocation of a new motor vehicle dealer pursuant to the provisions  
2 of Section 578.1 of this title. The license of each new motor  
3 vehicle dealer shall be posted in a conspicuous place in the new  
4 motor vehicle dealer's place or places of business.

5 Every motor vehicle factory representative or distributor  
6 representative if an individual shall physically possess the license  
7 when engaged in business, and shall display ~~same~~ such upon request.  
8 The name of the employer of such factory representative or  
9 distributor representative shall be stated on the license and, in  
10 case of a change of employer, the holder of such license shall  
11 immediately mail ~~same~~ such to the Commission for its endorsement of  
12 such change ~~thereon~~. The Commission shall endorse each such change  
13 of employer on licenses for a fee of Ten Dollars (\$10.00).

14 E. The powersports dealer license shall only allow the sale of  
15 the specific types of powersports vehicles authorized by the  
16 manufacturer and agreed to by the powersports dealer.

17 SECTION 5. AMENDATORY 47 O.S. 2021, Section 565, as  
18 amended by Section 3, Chapter 192, O.S.L. 2022 (47 O.S. Supp. 2022,  
19 Section 565), is amended to read as follows:

20 Section 565. A. The Oklahoma Motor Vehicle Commission may deny  
21 an application for a license, ~~or~~ revoke or suspend a license, or  
22 impose a fine against any person or entity, not to exceed Ten  
23 Thousand Dollars (\$10,000.00) ~~against a manufacturer or distributor~~  
24 ~~or a fine not to exceed One Thousand Dollars (\$1,000.00) against a~~

1 ~~dealer~~ per occurrence, that violates any provision of Sections 561  
2 through 567, 572, 578.1, 579, and 579.1 of this title ~~is violated~~ or  
3 for any of the following reasons:

4 1. On satisfactory proof of unfitness of the applicant in any  
5 application for any license under the provisions of Section 561 et  
6 seq. of this title;

7 2. For any material misstatement made by an applicant in any  
8 application for any license under the provisions of Section 561 et  
9 seq. of this title;

10 3. For any failure to comply with any provision of Section 561  
11 et seq. of this title or any rule promulgated by the Commission  
12 under authority vested in it by Section 561 et seq. of this title;

13 4. A change of condition after license is granted resulting in  
14 failure to maintain the qualifications for license;

15 5. Being a new motor vehicle dealer who:

16 a. has required a purchaser of a new motor vehicle, as a  
17 condition of sale and delivery thereof, to also  
18 purchase special features, appliances, accessories, or  
19 equipment not desired or requested by the purchaser  
20 and installed by the new motor vehicle dealer,

21 b. uses any false or misleading advertising in connection  
22 with business as a new motor vehicle dealer,

23 c. has committed any unlawful act which resulted in the  
24 revocation of any similar license in another state,

- 1           d.    has failed or refused to perform any written agreement  
2                   with any retail buyer involving the sale of a motor  
3                   vehicle,  
4           e.    has been convicted of a felony crime that  
5                   substantially relates to the occupation of a new motor  
6                   vehicle dealer and poses a reasonable threat to public  
7                   safety,  
8           f.    has committed a fraudulent act in selling, purchasing,  
9                   or otherwise dealing in new motor vehicles or has  
10                  misrepresented the terms and conditions of a sale,  
11                  purchase or contract for sale or purchase of a new  
12                  motor vehicle or any interest therein including an  
13                  option to purchase such vehicle,  
14           g.    has failed to meet or maintain the conditions and  
15                  requirements necessary to qualify for the issuance of  
16                  a license, or  
17           h.    completes any sale or transaction of an extended  
18                  service contract, extended maintenance plan, or  
19                  similar product using contract forms that do not  
20                  conspicuously disclose the identity of the service  
21                  contract provider;

22           6.    Being a new motor vehicle salesperson who is not employed as  
23 such by a licensed new motor vehicle dealer;

24           7.    Being a new motor vehicle dealer who:

- 1 a. does not have an established place of business,
- 2 b. does not provide for a suitable repair shop separate
- 3 from the display room with ample space to repair or
- 4 recondition one or more vehicles at the same time, and
- 5 which is staffed with properly trained and qualified
- 6 repair technicians and is equipped with such parts,
- 7 tools, and equipment as may be requisite for the
- 8 servicing of motor vehicles in such a manner as to
- 9 make them comply with the safety laws of this state
- 10 and to properly fulfill the dealer's or manufacturer's
- 11 warranty obligation,
- 12 c. does not hold a franchise in effect with a
- 13 manufacturer or distributor of new or unused motor
- 14 vehicles for the sale of the same and is not
- 15 authorized by the manufacturer or distributor to
- 16 render predelivery preparation of such vehicles sold
- 17 to purchasers and to perform any authorized post-sale
- 18 work pursuant to the manufacturer's or distributor's
- 19 warranty,
- 20 d. employs a person without obtaining a certificate of
- 21 registration for the person, or utilizes the services
- 22 of used motor vehicle lots or dealers or other
- 23 unlicensed persons in connection with the sale of new
- 24 motor vehicles,

- 1 e. does not properly service a new motor vehicle before  
2 delivery of same to the original purchaser thereof, or  
3 f. fails to order and stock a reasonable number of new  
4 motor vehicles necessary to meet ~~customer~~ consumer  
5 demand for each of the new motor vehicles included in  
6 the new motor vehicle dealer's franchise agreement,  
7 unless the new motor vehicles are not readily  
8 available from the manufacturer or distributor due to  
9 limited production;

10 8. Being a factory that has:

- 11 a. either induced or attempted to induce by means of  
12 coercion or intimidation, any new motor vehicle  
13 dealer:

14 (1) to accept delivery of any motor vehicle or  
15 vehicles, parts, or accessories therefor, or any  
16 other commodities including advertising material  
17 which shall not have been ordered by the new  
18 motor vehicle dealer,

19 (2) to order or accept delivery of any motor vehicle  
20 with special features, appliances, accessories,  
21 or equipment not included in the list price of  
22 the motor vehicles as publicly advertised by the  
23 manufacturer thereof, or  
24



1 (3) to order or accept delivery of any parts,  
2 accessories, equipment, machinery, tools,  
3 appliances, or any commodity whatsoever, ~~or~~

4 b. induced under threat or discrimination by the  
5 withholding from delivery to a new motor vehicle  
6 dealer certain models of motor vehicles, changing or  
7 amending unilaterally the new motor vehicle dealer's  
8 allotment of motor vehicles, and/or withholding and  
9 delaying delivery of ~~such~~ the vehicles out of the  
10 ordinary course of business, in order to induce by  
11 such coercion any ~~such~~ new motor vehicle dealer to  
12 participate or contribute to any local or national  
13 advertising fund controlled directly or indirectly by  
14 the factory or for any other purposes such as contest,  
15 "~~give-aways~~" "giveaways", or other so-called sales  
16 promotional devices, and/or change of quotas in any  
17 sales contest; or has required new motor vehicle  
18 dealers, as a condition to receiving their vehicle  
19 allotment, to order a certain percentage of the  
20 vehicles with optional equipment not specified by the  
21 new motor vehicle dealer; however, nothing in this  
22 section shall prohibit a factory from supporting an  
23 advertising association which is open to all new motor  
24 vehicle dealers on the same basis,

- 1        c. used a performance standard, sales objective, or  
2        program for measuring dealer performance that may have  
3        a material effect on a right of the dealer to vehicle  
4        allocation; or payment under any incentive or  
5        reimbursement program that is unfair, unreasonable,  
6        inequitable, and not based on accurate information,
- 7        d. used a performance standard for measuring sales or  
8        service performance of any new motor vehicle dealer  
9        under the terms of the franchise agreement which:
- 10       (1) is unfair, unreasonable, arbitrary, or  
11       inequitable, and
- 12       (2) does not consider the relevant and material local  
13       and state or regional criteria, including  
14       prevailing economic conditions affecting the  
15       sales or service performance of a vehicle dealer  
16       or any relevant and material data and facts  
17       presented by the dealer in writing within thirty  
18       (30) days of the written notice of the  
19       manufacturer to the dealer of its intention to  
20       cancel, terminate, or not renew the dealer's  
21       franchise agreement,
- 22       e. failed or refused to sell, or offer for sale, new  
23       motor vehicles to all of its authorized same line-make  
24       franchised new motor vehicle dealers at the same price

1 for a comparably equipped motor vehicle, on the same  
2 terms, with no differential in functionally available  
3 discount, allowance, credit, or bonus, except as  
4 provided in subparagraph e of paragraph 9 of this  
5 subsection,

6 f. failed to provide reasonable compensation to a new  
7 motor vehicle dealer substantially equivalent to the  
8 actual cost of providing a manufacturer required  
9 loaner or rental vehicle to any consumer who is having  
10 a vehicle serviced at the dealership. For purposes of  
11 this paragraph, actual cost is the average cost in the  
12 new motor vehicle dealer's region for the rental of a  
13 substantially similar make and model as the vehicle  
14 being serviced, or

15 g. failed to make available to its new motor vehicle  
16 dealers a fair and proportional share of all new  
17 vehicles distributed to same line-make dealers in this  
18 state, subject to the same reasonable terms, including  
19 any vehicles distributed from a common new vehicle  
20 inventory pool outside of the factory's ordinary  
21 allocation process such as any vehicles the factory  
22 reserves to distribute on a discretionary basis;

23 9. Being a factory that:  
24

- 1 a. has attempted to coerce or has coerced any new motor  
2 vehicle dealer to enter into any agreement or to  
3 cancel any agreement, ~~or fails~~; has failed to act in  
4 good faith and in a fair, equitable, and  
5 nondiscriminatory manner; ~~or~~ has directly or  
6 indirectly coerced, intimidated, threatened, or  
7 restrained any new motor vehicle dealer; ~~or~~ has acted  
8 dishonestly; or has failed to act in accordance with  
9 the reasonable standards of fair dealing,
- 10 b. has failed to compensate its dealers for the work and  
11 services they are required to perform in connection  
12 with the dealer's delivery and preparation obligations  
13 according to the agreements on file with the  
14 Commission which must be found by the Commission to be  
15 reasonable, or ~~fail~~ has failed to adequately and  
16 fairly compensate its dealers for labor, parts, and  
17 other expenses incurred by ~~such~~ the dealer to perform  
18 under and comply with manufacturer's warranty  
19 agreements and recall repairs which shall include  
20 diagnostic work as applicable and assistance requested  
21 by a consumer whose vehicle was subjected to an over-  
22 the-air or remote change, repair, or update to any  
23 part, system, accessory, or function by the  
24 manufacturer and performed by the dealer in order to

1 satisfy the consumer. Time allowances for the  
2 diagnosis and performance of repair work shall be  
3 reasonable and adequate for the work to be performed.  
4 Adequate and fair compensation, which under this  
5 provision shall be no less than the rates customarily  
6 charged for retail consumer repairs as calculated  
7 herein, for parts and labor for warranty and recall  
8 repairs shall, at the option of the new motor vehicle  
9 dealer, be established by the new motor vehicle dealer  
10 submitting to the manufacturer or distributor one  
11 hundred sequential nonwarranty ~~customer-paid~~ consumer-  
12 paid service repair orders which contain warranty-like  
13 ~~parts repairs~~, or ninety (90) consecutive days of  
14 nonwarranty ~~customer-paid~~ consumer-paid service repair  
15 orders which contain warranty-like ~~parts repairs~~,  
16 whichever is less, covering repairs made no more than  
17 one hundred eighty (180) days before the submission  
18 and declaring the average percentage labor rate and/or  
19 markup rate. ~~Adequate and fair compensation for labor~~  
20 ~~shall be established by the dealer submitting to the~~  
21 ~~manufacturer or distributor one hundred sequential~~  
22 ~~customer-paid service repair orders which contain~~  
23 ~~labor charges, or ninety (90) consecutive days of~~  
24 ~~customer-paid service repair orders which contain~~

1 ~~labor charges, whichever is less.~~ A new motor vehicle  
2 dealer may not submit a request to establish its  
3 retail rates more than once in a twelve-month period.  
4 That request may establish a parts markup rate, labor  
5 rate, or both. The new motor vehicle dealer shall  
6 calculate its retail parts rate by determining the  
7 total charges for parts from the qualified repair  
8 orders submitted, dividing that amount by the new  
9 motor vehicle dealer's total cost of the purchase of  
10 those parts, subtracting one (1), and multiplying by  
11 one hundred (100) to produce a percentage. The new  
12 motor vehicle dealer shall calculate its retail labor  
13 rate by dividing the amount of the new motor vehicle  
14 dealer's total labor sales from the qualified repair  
15 orders by the total labor hours charged for those  
16 sales. When submitting repair orders to ~~calculate~~  
17 establish a retail parts and labor rate, a new motor  
18 vehicle dealer need not include ~~repair orders~~ repairs  
19 for:

20 (1) routine maintenance including but not limited to  
21 the replacement of bulbs, fluids, filters,  
22 batteries, and belts that are not provided in the  
23 course of and related to a repair,  
24

- 1           (2) factory special events, specials, or promotional
- 2           discounts for retail consumer repairs,
- 3           (3) parts sold or repairs performed at wholesale,
- 4           (4) factory-approved goodwill or policy repairs or
- 5           replacements,
- 6           (5) repairs with aftermarket parts, when calculating
- 7           the retail parts rate but not the retail labor
- 8           rate,
- 9           (6) repairs on aftermarket parts,
- 10          (7) replacement of or work on tires including front-
- 11          end alignments and wheel or tire rotations,
- 12          (8) repairs of motor vehicles owned by the new motor
- 13          vehicle dealer or employee thereof at the time of
- 14          the repair,
- 15          (9) vehicle reconditioning, or
- 16          (10) items that do not have individual part numbers
- 17          including, but not limited to, nuts, bolts, and
- 18          fasteners.

19           A manufacturer or distributor may, not later than  
20           thirty (30) days after submission, rebut that declared  
21           retail parts and labor rate in writing by reasonably  
22           substantiating that the rate is ~~inaccurate or~~  
23           ~~unreasonable in light of the practices of all other~~  
24           ~~franchised motor vehicle dealers in an economically~~

1 ~~similar part of the state offering the same line make~~  
2 vehicles not accurate or is incomplete pursuant to the  
3 provisions of this section. If the manufacturer or  
4 distributor determines the set of repair orders  
5 submitted by the new motor vehicle dealer pursuant to  
6 this section for a retail labor rate or retail parts  
7 markup rate is substantially higher than the new motor  
8 vehicle dealer's current warranty rates, the  
9 manufacturer or distributor may request, in writing,  
10 within thirty (30) days after the manufacturer's or  
11 distributor's receipt of the new motor vehicle  
12 dealer's initial submission, all repair orders closed  
13 within the period of thirty (30) days immediately  
14 preceding, or thirty (30) days immediately following,  
15 the set of repair orders initially submitted by the  
16 new motor vehicle dealer. All time periods under this  
17 section shall be suspended until the supplemental  
18 repair orders are provided. If the manufacturer or  
19 distributor requests supplemental repair orders, the  
20 manufacturer or distributor may, within thirty (30)  
21 days after receiving the supplemental repair orders  
22 and in accordance with the formula described in this  
23 subsection, calculate a proposed adjusted retail labor  
24 rate or retail parts markup rate, as applicable, based



1 upon any set of the qualified repair orders submitted  
2 by the franchisee and following the formula set forth  
3 herein to establish the rate. The retail ~~rate~~ labor  
4 and parts rates shall go into effect thirty (30) days  
5 following the approval by the manufacturer, ~~subject to~~  
6 ~~audit of the submitted repair orders by the franchisor~~  
7 ~~and a rebuttal of the declared rate as described above~~  
8 or distributor. If the declared rate is rebutted, the  
9 manufacturer or distributor shall provide written  
10 notice stating the reasons for the rebuttal, an  
11 explanation of the reasons for the rebuttal, and a  
12 copy of all calculations used by the franchisor in  
13 determining the manufacturer or distributor's position  
14 and propose an adjustment in writing of the average  
15 percentage markup or labor rate based on that rebuttal  
16 not later than thirty (30) days after submission. If  
17 the new motor vehicle dealer does not agree with the  
18 proposed average percentage markup or labor rate, the  
19 new motor vehicle dealer may file a protest with the  
20 Commission not later than thirty (30) days after  
21 receipt of that proposal by the manufacturer or  
22 distributor. In the event a protest is filed, the  
23 manufacturer or distributor shall have the burden of  
24 proof to establish the new motor vehicle dealer's

1 submitted parts markup rate or labor rate was  
2 inaccurate or ~~unreasonable in light of the practices~~  
3 ~~of all other franchised motor vehicle dealers in an~~  
4 ~~economically similar part of the state~~ not complete  
5 pursuant to the provisions of this section. A  
6 manufacturer or distributor may not retaliate against  
7 any new motor vehicle dealer seeking to exercise its  
8 rights under this ~~provision~~ section. A manufacturer  
9 or distributor may require a dealer to submit repair  
10 orders in accordance with this section in order to  
11 validate the reasonableness of a dealer's retail rate  
12 for parts or labor not more often than once every  
13 twelve (12) months. A manufacturer or distributor may  
14 not otherwise recover its costs from new motor vehicle  
15 dealers within this state including a surcharge  
16 imposed on a new motor vehicle dealer solely intended  
17 to recover the cost of reimbursing a new motor vehicle  
18 dealer for parts and labor pursuant to this section;  
19 provided, a manufacturer or distributor shall not be  
20 prohibited from increasing prices for vehicles or  
21 parts in the normal course of business. All claims  
22 made by dealers for compensation for delivery,  
23 preparation, ~~and~~ warranty, or recall repair work shall  
24 be paid within thirty (30) days after approval and

1 shall be approved or disapproved within thirty (30)  
2 days after receipt. When any claim is disapproved,  
3 the dealer shall be notified in writing of the grounds  
4 for disapproval. The dealer's delivery, preparation,  
5 and warranty obligations as filed with the Commission  
6 shall constitute the dealer's sole responsibility for  
7 product liability as between the dealer and  
8 manufacturer. A factory may reasonably and  
9 periodically audit a new motor vehicle dealer to  
10 determine the validity of paid claims for new motor  
11 vehicle dealer compensation or any charge-backs for  
12 warranty parts or service compensation. Except in  
13 cases of suspected fraud, audits of warranty payments  
14 shall only be for the one-year period immediately  
15 following the date of the payment. A manufacturer  
16 shall reserve the right to reasonable, periodic audits  
17 to determine the validity of paid claims for dealer  
18 compensation or any charge-backs for consumer or  
19 dealer incentives. Except in cases of suspected  
20 fraud, audits of incentive payments shall only be for  
21 a one-year period immediately following the date of  
22 the payment. A factory shall not deny a claim or  
23 charge a new motor vehicle dealer back subsequent to  
24 the payment of the claim unless the factory can show

1 that the claim was false or fraudulent or that the new  
2 motor vehicle dealer failed to reasonably substantiate  
3 the claim by the written reasonable procedures of the  
4 factory. A factory shall not deny a claim or  
5 implement a charge-back against a new motor vehicle  
6 dealer after payment of a claim in the event a  
7 purchaser of a new vehicle that is the subject of a  
8 claim fails to comply with titling or registration  
9 laws of this state and is not prevented from  
10 compliance by any action of the new motor vehicle  
11 dealer; provided, that the factory may require the new  
12 motor vehicle dealer to provide, within thirty (30)  
13 days of notice of charge-back, withholding of payment,  
14 or denial of claim, the documentation to demonstrate  
15 the vehicle sale and delivery as reported, including  
16 consumer name and address and written attestation  
17 signed by the dealer operator or general manager  
18 stating the consumer was not on the export control  
19 list and the dealer did not know or have reason to  
20 know the vehicle was being exported or resold.

21 The factory shall provide written notice to a dealer  
22 of a proposed charge-back that is the result of an  
23 audit along with the specific audit results and  
24 proposed charge-back amount. A dealer that receives

1 notice of a proposed charge-back pursuant to a  
2 factory's audit has the right to file a protest with  
3 the Commission within thirty (30) days after receipt  
4 of the notice of the charge-back or audit results,  
5 whichever is later. The factory is prohibited from  
6 implementing the charge-back or debiting the dealer's  
7 account until either the time frame for filing a  
8 protest has passed or a final adjudication is rendered  
9 by the Commission, whichever is later, unless the  
10 dealer has agreed to the charge-back or charge-backs,  
11 c. fails to compensate the new motor vehicle dealer for a  
12 used motor vehicle:

13 (1) that is of the same make and model manufactured,  
14 imported, or distributed by the factory and is a  
15 line-make that the new motor vehicle dealer is  
16 franchised to sell or on which the new motor  
17 vehicle dealer is authorized to perform recall  
18 repairs,

19 (2) that is subject to a stop-sale or do-not-drive  
20 order issued by the factory or an authorized  
21 governmental agency,

22 (3) that is held by the new motor vehicle dealer in  
23 the dealer's inventory at the time the stop-sale  
24 or do-not-drive order is issued or that is taken

1 by the new motor vehicle dealer into the dealer's  
2 inventory after the recall notice as a result of  
3 a retail consumer trade-in or a lease return to  
4 the dealer inventory in accordance with an  
5 applicable lease contract,

6 (4) that cannot be repaired due to the  
7 unavailability, within thirty (30) days after  
8 issuance of the stop-sale or do-not-drive order,  
9 of a remedy or parts necessary for the new motor  
10 vehicle dealer to make the recall repair, and

11 (5) that is not at least in the prorated amount of  
12 one percent (1.00%) of the value of the vehicle  
13 per month beginning on the date that is thirty  
14 (30) days after the date on which the stop-sale  
15 order was provided to the new motor vehicle  
16 dealer until the earlier of either of the  
17 following:

18 (a) the date the recall remedy or parts are made  
19 available, or

20 (b) the date the new motor vehicle dealer sells,  
21 trades, or otherwise disposes of the  
22 affected used motor vehicle.

23 For the purposes of division (5) of this subparagraph,  
24 the value of a used vehicle shall be the average Black

1 Book value for the year, make, and model of the  
2 recalled vehicle. A factory may direct the manner and  
3 method in which a new motor vehicle dealer must  
4 demonstrate the inventory status of an affected used  
5 motor vehicle to determine eligibility under this  
6 subparagraph; provided, that the manner and method may  
7 not be unduly burdensome and may not require  
8 information that is unduly burdensome to provide. All  
9 reimbursement claims made by new motor vehicle dealers  
10 pursuant to this section for recall remedies or  
11 repairs, or for compensation where no part or repair  
12 is reasonably available and the vehicle is subject to  
13 a stop-sale or do-not-drive order, shall be subject to  
14 the same limitations and requirements as a warranty  
15 reimbursement claim made under subparagraph b of this  
16 paragraph. In the alternative, a manufacturer may  
17 compensate its franchised new motor vehicle dealers  
18 under a national recall compensation program;  
19 provided, the compensation under the program is equal  
20 to or greater than that provided under division (5) of  
21 this subparagraph, or as the manufacturer and new  
22 motor vehicle dealer otherwise agree. Nothing in this  
23 section shall require a factory to provide total  
24 compensation to a new motor vehicle dealer which would

1 exceed the total average Black Book value of the  
2 affected used motor vehicle as originally determined  
3 under division (5) of this subparagraph. Any remedy  
4 provided to a new motor vehicle dealer under this  
5 subparagraph is exclusive and may not be combined with  
6 any other state or federal compensation remedy,

7 d. unreasonably fails or refuses to offer to its same  
8 line-make franchised dealers a reasonable supply and  
9 mix of all models manufactured for that line-make, or  
10 unreasonably requires a dealer to pay any extra fee,  
11 purchase unreasonable advertising displays or other  
12 materials, or enter into a separate agreement which  
13 adversely alters the rights or obligations contained  
14 within the new motor vehicle dealer's existing  
15 franchise agreement or which waives any right of the  
16 new motor vehicle dealer as protected by Section 561  
17 et seq. of this title, or remodel, renovate, or  
18 recondition the new motor vehicle dealer's existing  
19 facilities as a prerequisite to receiving a model or  
20 series of vehicles, except as may be necessary to sell  
21 or service the model or series of vehicles as provided  
22 by subparagraph e of this paragraph. It shall be a  
23 violation of this section for new vehicle allocation  
24 to be withheld subject to any requirement to purchase



1           or sell any number of used or off-lease vehicles. The  
2 failure to deliver any such new motor vehicle shall  
3 not be considered a violation of the section if the  
4 failure is not arbitrary or is due to lack of  
5 manufacturing capacity or to a strike or labor  
6 difficulty, a shortage of materials, a freight  
7 embargo, or other cause over which the manufacturer  
8 has no control. However, this subparagraph shall not  
9 apply to recreational vehicles, ~~or~~ limited production  
10 model vehicles, or a vehicle not advertised by the  
11 factory for sale in this state,

12 ~~d.~~ e. except as necessary to comply with a health or safety  
13 law, or to comply with a technology requirement which  
14 is necessary to sell or service a motor vehicle that  
15 the franchised new motor vehicle dealer is authorized  
16 or licensed by the franchisor to sell or service,  
17 requires a new motor vehicle dealer to construct a new  
18 facility or substantially renovate the new motor  
19 vehicle dealer's existing facility unless the facility  
20 construction or renovation is justified by the  
21 economic conditions existing at the time, as well as  
22 the reasonably foreseeable projections, in the new  
23 motor vehicle dealer's market and in the automotive  
24 industry. However, this subparagraph shall not apply

1 if the ~~factory provides~~ new motor vehicle dealer  
2 voluntarily agrees to facility construction or  
3 renovation in exchange for money, credit, allowance,  
4 reimbursement, or additional vehicle allocation to a  
5 new motor vehicle dealer from the factory to  
6 compensate the new motor vehicle dealer for the cost  
7 of, or a portion of the cost of, the facility  
8 construction or renovation. Except as necessary to  
9 comply with a health or safety law, or to comply with  
10 a technology or safety requirement which is necessary  
11 to sell or service a motor vehicle that the franchised  
12 new motor vehicle dealer is authorized or licensed by  
13 the franchisor to sell or service, a new motor vehicle  
14 dealer which completes a facility construction or  
15 renovation pursuant to factory requirements shall not  
16 be required to construct a new facility or renovate  
17 the existing facility if the same area of the facility  
18 or premises has been constructed or substantially  
19 altered within the last ten (10) years and the  
20 construction or alteration was approved by the  
21 manufacturer as a part of a facility upgrade program,  
22 standard, or policy. For purposes of this  
23 subparagraph, "substantially altered" means to perform  
24 an alteration that substantially impacts the

1 architectural features, characteristics, or integrity  
2 of a structure or lot. The term shall not include  
3 routine maintenance reasonably necessary to maintain a  
4 dealership in attractive condition. If a facility  
5 upgrade program, standard, or policy under which the  
6 dealer completed a facility construction or  
7 substantial alteration does not contain a specific  
8 time period during which the manufacturer or  
9 distributor shall provide payments or benefits to a  
10 participating dealer, or the time frame specified  
11 under the program is reduced or canceled prematurely  
12 in the unilateral discretion of the manufacturer or  
13 distributor, the manufacturer or distributor shall not  
14 deny the participating dealer any payment or benefit  
15 under the terms of the program, standard, or policy as  
16 it existed when the dealer began to perform under the  
17 program, standard, or policy for the balance of the  
18 ten-year period, regardless of whether the  
19 manufacturer's or distributor's program, standard, or  
20 policy has been changed or canceled, unless the  
21 manufacturer and dealer agree, in writing, to the  
22 change in payment or benefit,

23 e. f. requires a new motor vehicle dealer to establish an  
24 exclusive facility, unless supported by reasonable

1 business, market, and economic considerations;  
2 provided, that this ~~provision~~ section shall not  
3 restrict the terms of any agreement for such exclusive  
4 facility voluntarily entered into and supported by  
5 valuable consideration separate from the new motor  
6 vehicle dealer's right to sell and service motor  
7 vehicles for the franchisor,

8 ~~f.~~ g. requires a new motor vehicle dealer to enter into a  
9 site-control agreement covering any or all of the new  
10 motor vehicle dealer's facilities or premises;  
11 provided, that this ~~provision~~ section shall not  
12 restrict the terms of any site-control agreement  
13 voluntarily entered into and supported by valuable  
14 consideration separate from the new motor vehicle  
15 dealer's right to sell and service motor vehicles for  
16 the franchisor. Notwithstanding the foregoing or the  
17 terms of any site-control agreement, a site-control  
18 agreement automatically extinguishes if all of the  
19 factory's franchises that operated from the location  
20 that are the subject of the site-control agreement are  
21 terminated by the factory as part of the  
22 discontinuance of a product line, ~~or~~

23 ~~g.~~ h. refuses to pay, or claims reimbursement from, a new  
24 motor vehicle dealer for sales, incentives, or other

1 payments related to a motor vehicle sold by the new  
2 motor vehicle dealer because the purchaser of the  
3 motor vehicle exported or resold the motor vehicle in  
4 violation of the policy of the factory unless the  
5 factory can show that, at the time of the sale, the  
6 new motor vehicle dealer knew or reasonably should  
7 have known of the purchaser's intention to export or  
8 resell the motor vehicle. There is a rebuttable  
9 presumption that the new motor vehicle dealer did not  
10 know or could not have known that the vehicle would be  
11 exported if the vehicle is titled and registered in  
12 any state of the United States, or

13 i. requires a new motor vehicle dealer to purchase goods  
14 or services for the construction, renovation, or  
15 improvement of the new motor vehicle dealer's facility  
16 from a vendor chosen by the factory if goods or  
17 services available from other sources are of  
18 substantially similar quality and design and comply  
19 with all applicable laws; provided, however, that such  
20 goods are not subject to the factory's intellectual  
21 property or trademark rights and the new motor vehicle  
22 dealer has received the factory's approval, which  
23 approval may not be unreasonably withheld. Nothing in  
24 this subparagraph may be construed to allow a new

1 motor vehicle dealer to impair or eliminate a  
2 factory's intellectual property, trademark rights, or  
3 trade dress usage guidelines. Nothing in this section  
4 prohibits the enforcement of a voluntary agreement  
5 between the factory and the new motor vehicle dealer  
6 where separate and valuable consideration has been  
7 offered and accepted;

8 10. Being a factory that:

- 9 a. establishes a system of motor vehicle allocation or  
10 distribution which is unfair, inequitable, or  
11 unreasonably discriminatory. Upon the request of any  
12 new motor vehicle dealer franchised by it, a factory  
13 shall disclose in writing to the new motor vehicle  
14 dealer the basis upon which new motor vehicles are  
15 allocated, scheduled, and delivered among the new  
16 motor vehicle dealers of the same line-make for that  
17 factory, or
- 18 b. changes an established plan or system of motor vehicle  
19 distribution. A new motor vehicle dealer franchise  
20 agreement shall continue in full force and operation  
21 notwithstanding a change, in whole or in part, of an  
22 established plan or system of distribution of the  
23 motor vehicles offered or previously offered for sale  
24 under the franchise agreement. The appointment of a

1 new importer or distributor for motor vehicles offered  
2 for sale under the franchise agreement shall be deemed  
3 to be a change of an established plan or system of  
4 distribution. The discontinuation of a line-make  
5 shall not be deemed to be a change of an established  
6 plan or system of motor vehicle distribution. The  
7 creation of a line-make shall not be deemed to be a  
8 change of an established plan or system of motor  
9 vehicle distribution as long as the new line-make is  
10 not selling the same, or substantially the same  
11 vehicle or vehicles previously sold through another  
12 line-make by new motor vehicle dealers with an active  
13 franchise agreement for the other line-make in the  
14 state if such new motor vehicle dealers are no longer  
15 authorized to sell the comparable vehicle previously  
16 sold through their line-make. Changing a vehicle's  
17 powertrain is not sufficient to show it is  
18 substantially different. Upon the occurrence of such  
19 change, the manufacturer or distributor shall be  
20 prohibited from obtaining a license to distribute  
21 vehicles under the new plan or system of distribution  
22 unless the manufacturer or distributor offers to each  
23 new motor vehicle dealer who is a party to the  
24 franchise agreement a new franchise agreement

1           containing substantially the same provisions which  
2           were contained in the previous franchise agreement;

3           11. Being a factory that sells directly or indirectly new motor  
4 vehicles to any retail consumer in the state except through a new  
5 motor vehicle dealer holding a franchise for the line-make that  
6 includes the new motor vehicle. This paragraph does not apply to  
7 factory sales of new motor vehicles to its employees, family members  
8 of employees, retirees and family members of retirees, not-for-  
9 profit organizations, or the federal, state, or local governments.  
10 The provisions of this paragraph shall not preclude a factory from  
11 providing information to a consumer for the purpose of marketing or  
12 facilitating a sale of a new motor vehicle or from establishing a  
13 program to sell or offer to sell new motor vehicles through  
14 participating dealers subject to the limitations provided in  
15 paragraph 2 of Section 562 of this title;

16           12. a. Being a factory which directly or indirectly:

- 17                   (1) owns any ownership interest or has any financial  
18                   interest in a new motor vehicle dealer or any  
19                   person who sells products or services pursuant to  
20                   the ~~public~~ terms of the franchise agreement,  
21                   (2) operates or controls a new motor vehicle dealer,  
22                   or  
23                   (3) acts in the capacity of a new motor vehicle  
24                   dealer.



1           b.    (1) This paragraph does not prohibit a factory from  
2                   owning or controlling a new motor vehicle dealer  
3                   while in a bona fide relationship with a dealer  
4                   development candidate who has made a substantial  
5                   initial investment in the franchise and whose  
6                   initial investment is subject to potential loss.  
7                   The dealer development candidate can reasonably  
8                   expect to acquire full ownership of a new motor  
9                   vehicle dealer within a reasonable period of time  
10                  not to exceed ten (10) years and on reasonable  
11                  terms and conditions. The ten-year acquisition  
12                  period may be expanded for good cause shown.

13           (2) This paragraph does not prohibit a factory from  
14                  owning, operating, controlling, or acting in the  
15                  capacity of a new motor vehicle dealer for a  
16                  period not to exceed twelve (12) months during  
17                  the transition from one independent dealer to  
18                  another independent dealer if the dealership is  
19                  for sale at a reasonable price and on reasonable  
20                  terms and conditions to an independent qualified  
21                  buyer. On showing by a factory of good cause,  
22                  the Oklahoma Motor Vehicle Commission may extend  
23                  the time limit set forth above; extensions may be  
24

1 granted for periods not to exceed twelve (12)  
2 months.

3 (3) This paragraph does not prohibit a factory from  
4 owning, operating, or controlling or acting in  
5 the capacity of a new motor vehicle dealer which  
6 was in operation prior to January 1, 2000.

7 (4) This paragraph does not prohibit a factory from  
8 owning, directly or indirectly, a minority  
9 interest in an entity that owns, operates, or  
10 controls motor vehicle dealerships of the same  
11 line-make franchised by the manufacturer,  
12 provided that each of the following conditions  
13 are met:

14 (a) all of the new motor vehicle dealerships  
15 selling the motor vehicles of that  
16 manufacturer in this state trade exclusively  
17 in the line-make of that manufacturer,

18 (b) all of the franchise agreements of the  
19 manufacturer confer rights on the dealer of  
20 the line-make to develop and operate, within  
21 a defined geographic territory or area, as  
22 many dealership facilities as the dealer and  
23 manufacturer shall agree are appropriate,  
24

1 (c) at the time the manufacturer first acquires  
2 an ownership interest or assumes operation,  
3 the distance between any dealership thus  
4 owned or operated and the nearest  
5 unaffiliated new motor vehicle dealership  
6 trading in the same line-make is not less  
7 than seventy (70) miles,

8 (d) during any period in which the manufacturer  
9 has such an ownership interest, the  
10 manufacturer has no more than three  
11 franchise agreements with new motor vehicle  
12 dealers licensed by the Oklahoma Motor  
13 Vehicle Commission to do business within the  
14 state, and

15 (e) prior to January 1, 2000, the factory shall  
16 have furnished or made available to  
17 prospective new motor vehicle dealers an  
18 ~~offering circular~~ offering circular in  
19 accordance with the Trade Regulation Rule on  
20 Franchising of the Federal Trade Commission,  
21 and any guidelines and exemptions issued  
22 thereunder, which disclose the possibility  
23 that the factory may from time to time seek  
24

1 to own or acquire, directly or indirectly,  
2 ownership interests in retail dealerships;

3 13. Being a factory which directly or indirectly makes  
4 available for public disclosure any proprietary information provided  
5 to the factory by a new motor vehicle dealer, other than in  
6 composite form to new motor vehicle dealers in the same line-make or  
7 in response to a subpoena or order of the Commission or a court.  
8 Proprietary information includes, but is not limited to,  
9 information:

- 10 a. derived from monthly financial statements provided to  
11 the factory, and
- 12 b. regarding any aspect of the profitability of a  
13 particular new motor vehicle dealer;

14 14. Being a factory which does not provide or direct leads in a  
15 fair, equitable, and timely manner. Nothing in this paragraph shall  
16 be construed to require a factory to disregard the preference of a  
17 consumer in providing or directing a lead;

18 15. Being a factory which used the ~~customer~~ consumer list of a  
19 new motor vehicle dealer for the purpose of unfairly competing with  
20 dealers;

21 16. Being a factory which prohibits a new motor vehicle dealer  
22 from relocating after a written request by such new motor vehicle  
23 dealer if:  
24

1 a. the facility and the proposed new location satisfies  
2 or meets the written reasonable guidelines of the  
3 factory. Reasonable guidelines do not include  
4 exclusivity or site control unless agreed to as set  
5 forth in subparagraphs e f and f g of paragraph 9 of  
6 this subsection,

7 b. the proposed new location is within the area of  
8 responsibility of the new motor vehicle dealer  
9 pursuant to Section 578.1 of this title, and

10 c. the factory has sixty (60) days from receipt of the  
11 new motor vehicle dealer's relocation request to  
12 approve or deny the request. The failure to approve  
13 or deny the request within the sixty-day time frame  
14 shall constitute approval of the request;

15 17. Being a factory which prohibits a new motor vehicle dealer  
16 from adding additional line-makes to its existing facility, if,  
17 after adding the additional line-makes, the facility satisfies the  
18 written reasonable capitalization standards and facility guidelines  
19 of each factory. Reasonable facility guidelines do not include a  
20 requirement to maintain exclusivity or site control unless agreed to  
21 by the dealer as set forth in subparagraphs e f and f g of paragraph  
22 9 of this subsection;

23 18. Being a factory that increases prices of new motor vehicles  
24 which the new motor vehicle dealer had ordered for retail consumers

1 and notified the factory prior to the new motor vehicle dealer's  
2 receipt of the written official price increase notification. A  
3 sales contract signed by a retail consumer accompanied with proof of  
4 order submission to the factory shall constitute evidence of each  
5 such order, provided that the vehicle is in fact delivered to the  
6 ~~customer~~ consumer. Price differences applicable to new models or  
7 series motor vehicles at the time of the introduction of new models  
8 or series shall not be considered a price increase for purposes of  
9 this paragraph. Price changes caused by any of the following shall  
10 not be subject to the provisions of this paragraph:

- 11 a. the addition to a motor vehicle of required or
- 12 optional equipment pursuant to state or federal law,
- 13 b. revaluation of the United States dollar in the case of
- 14 foreign-made vehicles or components, or
- 15 c. an increase in transportation charges due to increased
- 16 rates imposed by common or contract carriers;

17 19. Being a factory that requires a new motor vehicle dealer to  
18 participate monetarily in an advertising campaign or contest, or  
19 purchase any promotional materials, showroom, or other display  
20 decoration or materials at the expense of the new motor vehicle  
21 dealer without consent of the new motor vehicle dealer, which  
22 consent shall not be unreasonably withheld;

23 20. Being a factory that denies any new motor vehicle dealer  
24 the right of free association with any other new motor vehicle

1 dealer for any lawful purpose, unless otherwise permitted by this  
2 chapter; or

3 21. Being a factory that requires a new motor vehicle dealer to  
4 sell, offer to sell, or sell exclusively an extended service  
5 contract, extended maintenance plan, or similar product, such as gap  
6 products offered, endorsed, or sponsored by the factory by the  
7 following means:

8 a. by an act or statement from the factory that will in  
9 any manner adversely impact the new motor vehicle  
10 dealer, or

11 b. by measuring the new motor vehicle dealer's  
12 performance under the franchise based on the sale of  
13 extended service contracts, extended maintenance  
14 plans, or similar products offered, endorsed, or  
15 sponsored by the manufacturer or distributor.

16 B. Notwithstanding the terms of any franchise agreement, in the  
17 event of a proposed sale or transfer of a dealership, the  
18 manufacturer or distributor shall be permitted to exercise a right  
19 of first refusal to acquire the assets or ownership interest of the  
20 dealer of the new motor vehicle dealership, if such sale or transfer  
21 is conditioned upon the manufacturer or dealer entering into a  
22 dealer agreement with the proposed new owner or transferee, only if  
23 all the following requirements are met:

24

1           1. To exercise its right of first refusal, the factory must  
2 notify the new motor vehicle dealer in writing within sixty (60)  
3 days of receipt of the completed proposal for the proposed sale  
4 transfer;

5           2. The exercise of the right of first refusal will result in  
6 the new motor vehicle dealer and the owner of the dealership  
7 receiving the same or greater consideration as they have contracted  
8 to receive in connection with the proposed change of ownership or  
9 transfer;

10          3. The proposed sale or transfer ~~of the assets~~ of the  
11 dealership does not involve the transfer or sale to a member or  
12 members of the family of one or more dealer owners, or to a  
13 qualified manager or a partnership or corporation controlled by such  
14 persons; and

15          4. The factory agrees to pay the reasonable expenses, including  
16 attorney fees which do not exceed the usual, customary, and  
17 reasonable fees charged for similar work done for other clients  
18 incurred by the proposed new owner and transferee prior to the  
19 exercise by the factory of its right of first refusal in negotiating  
20 and implementing the contract for the proposed sale or transfer of  
21 the dealership or dealership assets. Notwithstanding the foregoing,  
22 no payment of expenses and attorney fees shall be required if the  
23 proposed new dealer or transferee has not submitted or caused to be  
24 submitted an accounting of those expenses within thirty (30) days of



1 receipt of the written request of the factory for such an  
2 accounting. The accounting may be requested by a factory before  
3 exercising its right of first refusal.

4 C. Nothing in this section shall prohibit, limit, restrict, or  
5 impose conditions on:

6 1. Business activities, including without limitation the  
7 dealings with motor vehicle manufacturers and the representatives  
8 and affiliates of motor vehicle manufacturers, of any person that is  
9 primarily engaged in the business of short-term, not to exceed  
10 twelve (12) months, rental of motor vehicles and industrial and  
11 construction equipment and activities incidental to that business,  
12 provided that:

13 a. any motor vehicle sold by that person is limited to  
14 used motor vehicles that have been previously used  
15 exclusively and regularly by that person in the  
16 conduct of business and used motor vehicles traded in  
17 on motor vehicles sold by that person,

18 b. warranty repairs performed by that person on motor  
19 vehicles are limited to those motor vehicles that ~~it~~  
20 the person owns, previously owned, or takes in trade,  
21 and

22 c. motor vehicle financing provided by that person to  
23 retail consumers for motor vehicles is limited to used  
24

1 vehicles sold by that person in the conduct of  
2 business; or

3 2. The direct or indirect ownership, affiliation, or control of  
4 a person described in paragraph 1 of this subsection.

5 D. As used in this section:

6 1. "Substantially relates" means the nature of criminal conduct  
7 for which the person was convicted has a direct bearing on the  
8 fitness or ability to perform one or more of the duties or  
9 responsibilities necessarily related to the occupation; and

10 2. "Poses a reasonable threat" means the nature of criminal  
11 conduct for which the person was convicted involved an act or threat  
12 of harm against another and has a bearing on the fitness or ability  
13 to serve the public or work with others in the occupation.

14 SECTION 6. AMENDATORY 47 O.S. 2021, Section 565.1, is  
15 amended to read as follows:

16 Section 565.1. A. For the purposes of this section,  
17 "designated successor" means a person who the new motor vehicle  
18 dealer has designated to take over operation of the dealership or a  
19 legal heir or devisee under the will of a new motor vehicle dealer  
20 or under the laws of descent and distribution of this state.

21 B. Notwithstanding the terms of any franchise agreement, and  
22 subject to the following conditions contained in paragraphs 1  
23 through 5 of this ~~section~~ subsection, any manufacturer or  
24 distributor who prevents or refuses to honor the succession to the

1 ~~operation of a dealership by any legal heir or devisee under the~~  
2 ~~will of a new motor vehicle dealer or under the laws of descent and~~  
3 ~~distribution of this state~~ a designated successor without good cause  
4 or good faith, as defined in this section, shall be subject to the  
5 following procedure:

6 1. Within one hundred twenty (120) days after the death or  
7 departure of the new motor vehicle dealer, the manufacturer shall  
8 receive a written notice from ~~any legal heir or devisee~~ the  
9 dealership of the designated successor who intends to ~~establish a~~  
10 become the successor dealership operator. If timely notice is not  
11 ~~so~~ received, ~~then~~ this paragraph shall not apply, and any succession  
12 shall be governed solely by the terms of the franchise;

13 2. Within thirty (30) days of receipt of the ~~legal heir's or~~  
14 ~~devisee's~~ dealership's timely written notice, the manufacturer may  
15 request, and the ~~legal heir or devisee~~ designated successor shall,  
16 within a reasonable time, provide any information which is  
17 reasonably necessary for the manufacturer to evaluate the ~~proposed~~  
18 designated successor dealer and dealership, including, ~~but not~~  
19 ~~limited to,~~ applications, ~~proposals for facilities and financing;~~

20 3. Within sixty (60) days of receipt of such information, the  
21 manufacturer shall approve or disapprove the ~~proposed~~ designated  
22 successor ~~dealership~~ dealer, and in case of disapproval shall  
23 communicate in writing such disapproval and grounds for disapproval  
24 to the ~~legal heir or devisee~~ dealership;

1 4. Failure of the manufacturer to act in a timely manner with  
2 respect to any time period described above shall constitute a waiver  
3 of the manufacturer's right to disapprove the proposed succession;  
4 and

5 5. Within ten (10) days of ~~its~~ the dealership's receipt of the  
6 manufacturer's notice of disapproval, the ~~legal heir or devisee~~  
7 dealership may file a protest of the manufacturer's decision with  
8 the Oklahoma Motor Vehicle Commission and request a hearing. Such  
9 hearing shall be heard in a substantially similar manner as provided  
10 by Section 566 of this title, except that the Commission shall  
11 render a final decision within sixty (60) days of the filing of the  
12 protest. The manufacturer shall have the burden of proof to show  
13 that its disapproval was for a good cause and in good faith. A  
14 denial shall not be for good cause and in good faith unless the  
15 factory establishes that the ~~legal heir or devisee, or the legal~~  
16 ~~heir or devisee's controlling executive management,~~ designated  
17 successor is not of good moral character or fails to meet the  
18 written, reasonable, and uniformly applied requirements of the  
19 manufacturer or distributor relating to financial qualifications,  
20 general business experience, and other requirements relating to  
21 prospective franchisees. However, a ~~legal heir that~~ a designated  
22 successor who is a family member and who is of good moral character  
23 in accordance with ~~the factory's~~ reasonable factory qualifications  
24 and meets the factory's financial qualifications may rely on

1 controlling executive management that is of good moral character and  
2 meets the factory's qualifications for general business experience  
3 ~~and other requirements relating to prospective franchises.~~ Any  
4 denial of the designated successor based upon a failure to agree to  
5 terms other than those contained in the existing franchise  
6 agreement, related addendums and agreements, and any written notice  
7 provided to the existing dealer prior to the manufacturer's or  
8 distributor's receipt of any written notice from the existing dealer  
9 of the proposed transfer shall not be considered good cause for such  
10 denial. However, any proposed change to the franchise pursuant to  
11 written notice from the manufacturer or distributor, to be valid,  
12 must be in compliance with existing law. The disapproval by the  
13 manufacturer shall be final if the ~~legal heir or devisee~~ dealership  
14 fails to file a timely protest of ~~such~~ the disapproval. In the  
15 event that the Commission finds that the manufacturer's disapproval  
16 was not made for good cause, then it shall issue a final order  
17 requiring the manufacturer to honor the successor designated in the  
18 notice sent by the ~~legal heir or devisee~~ dealership.  
19 Notwithstanding anything to the contrary in this section, a new  
20 motor vehicle dealer may designate any person as successor by filing  
21 a written instrument pursuant to the franchise with the manufacturer  
22 during the new motor vehicle dealer's lifetime. In such a case, the  
23 written instrument and franchise shall govern the dealership  
24 succession.

1 The suspension, revocation, or refusal to issue or renew a  
2 license or the imposition of any other penalty by the Commission  
3 shall be in addition to any penalty which might be imposed upon any  
4 licensee upon judgment or conviction in a court of competent  
5 jurisdiction for any violation of the provisions of Sections 561  
6 through 567, 572, 578.1, 579, and 579.1 of this title.

7 SECTION 7. AMENDATORY 47 O.S. 2021, Section 565.2, is  
8 amended to read as follows:

9 Section 565.2. A. Irrespective of the terms, provisions, or  
10 conditions of any franchise, or the terms or provisions of any  
11 waiver, no manufacturer shall terminate, cancel, or fail to renew  
12 any franchise with a licensed new motor vehicle dealer unless the  
13 manufacturer has satisfied the notice requirements as provided in  
14 this section and has good cause for cancellation, termination, or  
15 nonrenewal. The manufacturer shall not attempt to cancel or fail to  
16 renew the franchise agreement of a new motor vehicle dealer in this  
17 state unfairly and without just provocation or without due regard to  
18 the equities of the dealer or without good faith as defined herein.  
19 As used herein, "good faith" means the duty of each party to any  
20 franchise agreement to act in a fair and equitable manner toward  
21 each other, with freedom from coercion or intimidation or threats  
22 thereof from each other.

23 B. Irrespective of the terms, provisions, or conditions of any  
24 franchise, or the terms or provisions of any waiver, good cause

1 shall exist for the purpose of a termination, cancellation, or  
2 nonrenewal when:

3 1. The new motor vehicle dealer has failed to comply with a  
4 provision of the franchise, which provision is both reasonable and  
5 of material significance to the franchise relationship, or the new  
6 motor vehicle dealer has failed to comply with reasonable  
7 performance criteria for sales or service established by the  
8 manufacturer, and the new motor vehicle dealer has been notified by  
9 written notice from the manufacturer; and

10 2. The new motor vehicle dealer has received written  
11 notification of failure to comply with the manufacturer's reasonable  
12 sales performance standards, capitalization requirements, facility  
13 commitments, ~~business-related~~ business-related equipment  
14 acquisitions, or other such remediable failings exclusive of those  
15 reasons enumerated in paragraph 1 of subsection C of this section,  
16 and the new motor vehicle dealer has been afforded a reasonable  
17 opportunity of not less than six (6) months to comply with such a  
18 provision or criteria.

19 C. Irrespective of the terms, provisions, or conditions of any  
20 franchise agreement prior to the termination, cancellation, or  
21 nonrenewal of any franchise, the manufacturer shall furnish  
22 notification of such termination, cancellation, or nonrenewal to the  
23 new motor vehicle dealer and the Oklahoma Motor Vehicle Commission  
24 as follows:

1 1. Not less than ninety (90) days prior to the effective date  
2 of ~~such~~ the termination, cancellation, or nonrenewal unless for a  
3 cause described in paragraph 2 of this subsection;

4 2. Not less than fifteen (15) days prior to the effective date  
5 of ~~such~~ the termination, cancellation, or nonrenewal with respect to  
6 any of the following:

7 a. insolvency of the new motor vehicle dealer, or the  
8 filing of any petition by or against the new motor  
9 vehicle dealer under any bankruptcy or receivership  
10 law,

11 b. failure of the new motor vehicle dealer to conduct its  
12 customary sales and service operations during its  
13 customary business hours for seven (7) consecutive  
14 business days, provided that such failure to conduct  
15 business shall not be due to an act of God or  
16 circumstances beyond the direct control of the new  
17 motor vehicle dealer, or

18 c. conviction of the new motor vehicle dealer of any  
19 felony which is punishable by imprisonment or a  
20 violation of the Federal Odometer Act; and

21 3. Not less than one hundred eighty (180) days prior to the  
22 effective date of ~~such~~ the termination or cancellation where the  
23 manufacturer or distributor is discontinuing the sale of the product  
24 line.



1 The notification required by this subsection shall be by  
2 certified mail, return receipt requested, and shall contain a  
3 statement of intent to terminate, to cancel, or to not renew the  
4 franchise, a statement of the reasons for the termination,  
5 cancellation, or nonrenewal and the date the termination shall take  
6 effect.

7 D. Upon the affected new motor vehicle dealer's receipt of the  
8 aforementioned notice of termination, cancellation, or nonrenewal,  
9 the new motor vehicle dealer shall have the right to file a protest  
10 of such threatened termination, cancellation, or nonrenewal with the  
11 Commission within thirty (30) days and request a hearing. Such  
12 hearing shall be held in accordance with the provisions of the  
13 Administrative Procedures Act, Sections ~~301~~ 250 through ~~326~~ 323 of  
14 Title 75 of the Oklahoma Statutes, to determine if the threatened  
15 cancellation, termination, or nonrenewal of the franchise has been  
16 for good cause and if the factory has complied with its obligations  
17 pursuant to subsections A, B, and C of this section and the factory  
18 shall have the burden of proof. If the Commission finds that the  
19 threatened cancellation, termination, or nonrenewal of the franchise  
20 has not been for good cause or violates subsection A, B, or C of  
21 this section, then it shall issue a final order stating that the  
22 threatened termination is wrongful. A factory shall have the right  
23 to appeal such order. During the pendency of the hearing and after  
24 the decision, the franchise shall remain in full force and effect,

1 including the right to transfer the franchise. If the Commission  
2 finds that the threatened cancellation, termination, or nonrenewal  
3 is for good cause and does not violate subsection A, B, or C of this  
4 section, the new motor vehicle dealer shall have the right to an  
5 appeal. During the pendency of the action, including the final  
6 decision or appeal, the franchise shall remain in full force and  
7 effect, including the right to transfer the franchise. If the new  
8 motor vehicle dealer prevails in the threatened termination action,  
9 the Commission shall award to the new motor vehicle dealer the  
10 attorney fees and costs incurred to defend the action.

11 E. If the factory prevails in an action to terminate, cancel,  
12 or not renew any franchise, the new motor vehicle dealer shall be  
13 allowed fair and reasonable compensation by the manufacturer for:

14 1. New, current, and previous model year vehicle inventory  
15 which has been acquired from the manufacturer, and which is unused  
16 and has not been damaged or altered while in the new motor vehicle  
17 dealer's possession;

18 2. Supplies and parts which have been acquired from the  
19 manufacturer, for the purpose of this section, limited to any and  
20 all supplies and parts that are listed on the current parts price  
21 sheet available to the new motor vehicle dealer;

22 3. Equipment and furnishings, provided the new motor vehicle  
23 dealer purchased them from the manufacturer or its approved sources;  
24 and

1       4. Special tools, with such fair and reasonable compensation to  
2 be paid by the manufacturer within ninety (90) days of the effective  
3 date of the termination, cancellation, or nonrenewal, provided the  
4 new motor vehicle dealer has clear title to the inventory and other  
5 items and is in a position to convey that title to the manufacturer.

6           a. For the purposes of paragraph 1 of this subsection,  
7           fair and reasonable compensation shall be no less than  
8           the net acquisition price of the vehicle paid by the  
9           new motor vehicle dealer.

10          b. For the purposes of paragraphs 2, 3, and 4 of this  
11          subsection, fair and reasonable compensation shall be  
12          the net acquisition price paid by the new motor  
13          vehicle dealer less a twenty-percent (20%) straight-  
14          line depreciation for each year following the dealer's  
15          acquisition of the supplies, parts, equipment,  
16          furnishings, and/or special tools.

17       F. If a factory prevails in an action to terminate, cancel, or  
18 not renew any franchise and the new motor vehicle dealer is leasing  
19 the dealership facilities, the manufacturer shall pay a reasonable  
20 rent to the lessor in accordance with and subject to the provisions  
21 of subsection G of this section. Nothing in this section shall be  
22 construed to relieve a new motor vehicle dealer of its duty to  
23 mitigate damages.

1 G. 1. Such reasonable rental value shall be paid only to the  
2 extent the dealership premises are recognized in the franchise and  
3 only if they are:

4 a. used solely for performance in accordance with the  
5 franchise. If the facility is used for the operation  
6 of more than one franchise, the reasonable rent shall  
7 be paid based upon the portion of the facility  
8 utilized by the franchise being terminated, canceled,  
9 or nonrenewed, and

10 b. not substantially in excess of facilities recommended  
11 by the manufacturer.

12 2. If the facilities are owned by the new motor vehicle dealer,  
13 within ninety (90) days following the effective date of the  
14 termination, cancellation, or nonrenewal, the manufacturer will  
15 either:

16 a. locate a qualified purchaser who will offer to  
17 purchase the dealership facilities at a reasonable  
18 price,

19 b. locate a qualified lessee who will offer to lease the  
20 premises for the remaining lease term at the rent set  
21 forth in the lease, or

22 c. failing the foregoing, lease the dealership facilities  
23 at a reasonable rental value for the portion of the  
24

1 facility that is recognized in the franchise agreement  
2 for one (1) year.

3 3. If the facilities are leased by the new motor vehicle  
4 dealer, within ninety (90) days following the effective date of the  
5 termination, cancellation, or nonrenewal the manufacturer will  
6 either:

- 7 a. locate a tenant or tenants satisfactory to the lessor,  
8 who will sublet or assume the balance of the lease,
- 9 b. arrange with the lessor for the cancellation of the  
10 lease without penalty to the new motor vehicle dealer,  
11 or
- 12 c. failing the foregoing, lease the dealership facilities  
13 at a reasonable rent for the portion of the facility  
14 that is recognized in the franchise agreement for one  
15 (1) year.

16 4. The manufacturer shall not be obligated to provide  
17 assistance under this section if the new motor vehicle dealer:

- 18 a. fails to accept a bona fide offer from a prospective  
19 purchaser, ~~subleases~~ sublessee, or assignee,
- 20 b. refuses to execute a settlement agreement with the  
21 lessor if such agreement with the lessor would be  
22 without cost to the new motor vehicle dealer, or
- 23 c. fails to make written request for assistance under  
24 this section within ninety (90) days after the

1           effective date of the termination, cancellation, or  
2           nonrenewal.

3           5. The manufacturer shall be entitled to occupy and use any  
4 space for which it pays rent required by this section.

5           H. In addition to the repurchase requirements set forth in  
6 subsections E and G of this section, in the event the termination or  
7 cancellation is the result of a discontinuance of a product line,  
8 the manufacturer or distributor shall compensate the new motor  
9 vehicle dealer in an amount equivalent to the fair market value of  
10 the terminated franchise as of the date ~~of~~ immediately preceding the  
11 manufacturer's or distributor's announcement or provide the new  
12 motor vehicle dealer with a replacement franchise on substantially  
13 similar terms and conditions as those offered to other same line-  
14 make dealers. The new motor vehicle dealer may immediately request  
15 payment under this ~~provision~~ section following the announcement in  
16 exchange for ~~cancelling~~ canceling any further franchise rights,  
17 except payments owed to the new motor vehicle dealer in the ordinary  
18 course of business, or may request payment under this ~~provision~~  
19 section upon the final termination, cancellation, or nonrenewal of  
20 the franchise. In either case, payment under this ~~provision~~ section  
21 shall be made not later than ninety (90) days after the fair market  
22 value is determined. If the factory and new motor vehicle dealer  
23 cannot agree on the fair market value of the terminated franchise or  
24 agree to a process to determine the fair market value, then the

1 factory and new motor vehicle dealer shall utilize a neutral ~~third~~  
2 ~~party~~ third-party mediator to resolve the disagreement.

3 SECTION 8. AMENDATORY 47 O.S. 2021, Section 565.3, is  
4 amended to read as follows:

5 Section 565.3. A. A franchised vehicle dealer proposing a  
6 sale, transfer, or assignment of a franchise agreement or the  
7 business and assets of a dealership or an interest in a dealership  
8 to another person, hereinafter transferee, shall notify the  
9 manufacturer or distributor whose vehicles the dealer is franchised  
10 to sell of the proposed action of the dealer. The manufacturer or  
11 distributor may make written request to the proposed transferee to  
12 submit completed application forms and related information generally  
13 utilized by a manufacturer to evaluate such a proposal and a copy of  
14 all agreements related to the proposed sale, transfer, or  
15 assignment.

16 B. The approval by the manufacturer or distributor of the sale,  
17 transfer, or assignment shall not be unreasonably withheld unless  
18 the proposed transferee is not of good moral character or fails to  
19 meet the written, reasonable, and uniformly applied requirements of  
20 the manufacturer or distributor relating to prospective franchisees.  
21 Approval of the transfer shall not be made contingent upon the  
22 transferee meeting unreasonable facility requirements or performance  
23 standards, ~~but may be made contingent upon the transferee meeting~~  
24 ~~reasonable written requirements~~ different than those contained in

1 the transferor's franchise agreement and related addendum and  
2 agreements, and any written notices provided to the existing dealer  
3 prior to the manufacturer's or distributor's receipt of any written  
4 notice from the existing dealer of the proposed transfer. However,  
5 to be valid, any proposed change to the franchise pursuant to  
6 written notice from the manufacturer or distributor shall be in  
7 compliance with existing law. The burden of proof shall be upon the  
8 manufacturer or distributor to show good cause existed to withhold  
9 approval. The manufacturer or distributor that has made such a  
10 determination shall send a letter by certified mail to the dealer  
11 and the applicant of its refusal to approve the proposal, which  
12 shall include a statement of the specific grounds for refusal,  
13 within sixty (60) days after the later of:

14 1. Receipt by the manufacturer or distributor of the notice of  
15 the proposed sale, transfer, or assignment; or

16 2. Receipt by the manufacturer or distributor of the  
17 information requested from the proposed transferee pursuant to  
18 subsection A of this section if the manufacturer or distributor has  
19 requested such information within fifteen (15) days of receipt of  
20 written notice of the proposed sale, transfer, or assignment.

21 C. Failure of the manufacturer or distributor to send its  
22 notice of refusal pursuant to subsection B of this section shall  
23 mean that the application for the proposed sale, transfer, or  
24 assignment is approved.



1       D. If the proposed sale, transfer, or assignment is to an  
2 existing owner's family member or other existing owner, the  
3 manufacturer or distributor's evaluation of the proposal is limited  
4 to the written, reasonable, and uniformly applied requirements of  
5 the manufacturer or distributor relating to good moral character and  
6 financial qualifications. Notwithstanding the foregoing, a change  
7 in dealer operator shall be addressed pursuant to the provisions of  
8 section 565.1 of this title.

9       E. A dealer dealership or dealership owner receiving notice of  
10 refusal of the sale, transfer, or assignment shall have the right to  
11 file a protest with the Oklahoma Motor Vehicle Commission within  
12 thirty (30) days of receipt of the refusal. ~~A dealer receiving~~  
13 ~~notice that the sale, transfer or assignment is contingent upon the~~  
14 ~~transferee meeting facility and/or performance standards shall have~~  
15 ~~the right to file a protest with the Commission within thirty (30)~~  
16 ~~days of receipt of the notice.~~ In the event a protest is filed, the  
17 manufacturer or distributor shall have the burden of proof to  
18 establish the proposed transferee or the proposed transferee's  
19 controlling executive management is not of good moral character or  
20 fails to meet the written reasonable and uniformly applied  
21 requirements of the manufacturer or distributor relating to  
22 prospective franchisees or that the facility requirements are not  
23 ~~reasonable based on the reasons set forth in subparagraph d of~~

1 paragraph 9 of Section 565 of this title different than those  
2 contained in the transferor's franchise agreement.

3 SECTION 9. AMENDATORY 47 O.S. 2021, Section 578.1, is  
4 amended to read as follows:

5 Section 578.1. A. Notwithstanding the terms of a franchise and  
6 notwithstanding the terms of a waiver, if a factory intends or  
7 proposes to enter into a franchise to establish an additional new  
8 motor vehicle dealer or to relocate an existing new motor vehicle  
9 dealer within or into a relevant market area in which the same line-  
10 make of motor vehicle is currently represented, the factory shall  
11 provide at least sixty (60) days advance written notice to the  
12 Commission and to each new motor vehicle dealer of the same line-  
13 make in the relevant market area, of the intention of the factory to  
14 establish an additional new motor vehicle dealer or to relocate an  
15 existing new motor vehicle dealer within or into the relevant market  
16 area. For purposes of this section, the "relevant market area"  
17 means the area within a radius of fifteen (15) miles ~~of~~ around the  
18 site of the proposed new motor vehicle dealership measured from the  
19 property boundary of primary dealership property. The notice shall  
20 be sent by certified mail to each party and shall include the  
21 following information:

- 22 1. The specific location at which the additional or relocated  
23 new motor vehicle dealer will be established;

24

1           2. The date on or after which the additional or relocated new  
2 motor vehicle dealer intends to commence business at the proposed  
3 location;

4           3. The identity of all new motor vehicle dealers who are  
5 franchised to sell the same line-make vehicles as the proposed new  
6 motor vehicle dealer and who have licensed locations within the  
7 relevant market area;

8           4. The names and addresses of the person intended to be  
9 franchised as the proposed additional or relocated new motor vehicle  
10 dealership, the principal investors in the proposed additional or  
11 relocated new motor vehicle dealership, and the proposed dealer  
12 operator of the proposed additional or relocated new motor vehicle  
13 dealership; and

14           5. The specific grounds or reasons for the proposed  
15 establishment of an additional new motor vehicle dealer or  
16 relocation of an existing new motor vehicle dealer.

17           B. This section does not apply:

18           1. To the relocation of an existing new motor vehicle dealer  
19 within the relevant market area of that dealer; provided, that the  
20 relocation not be at a site within ten (10) miles of a licensed new  
21 motor vehicle dealer for the same line-make of motor vehicle;

22           2. To a proposed additional new motor vehicle dealer which is  
23 to be established at or within two (2) miles of a location at which  
24 a former licensed new motor vehicle dealer for the same line-make of

1 new motor vehicle had ceased operating within the previous two (2)  
2 years;

3 3. To the relocation of an existing new motor vehicle dealer  
4 within two (2) miles of the existing site of the new motor vehicle  
5 dealership; or

6 4. To the relocation of an existing new motor vehicle dealer if  
7 the proposed site of the relocated new motor vehicle dealership is  
8 farther away from all other new motor vehicle dealers of the same  
9 line-make in that relevant market area.

10 C. Within thirty (30) days after receipt of the notice, or  
11 within thirty (30) days after the end of an appeal procedure  
12 provided by the factory, whichever is greater, a new motor vehicle  
13 dealer so notified or entitled to notice may file a petition with  
14 the Commission protesting the proposed establishment or relocation.  
15 The petition shall contain a short statement setting forth the  
16 reasons for the objection of the new motor vehicle dealer to the  
17 proposed establishment or relocation. Upon filing of a protest, the  
18 Commission shall promptly notify the factory that a timely protest  
19 has been filed and shall schedule a hearing, which shall be held  
20 within one hundred twenty (120) days of the filing of a timely  
21 protest. The factory shall not establish or relocate the new motor  
22 vehicle dealer until the Commission has held a hearing and has  
23 determined that there is good cause for permitting the proposed  
24 establishment or relocation. When more than one protest is filed

1 against the establishment or relocation of the same dealer, the  
2 Commission shall consolidate the hearings to expedite disposition of  
3 the matter.

4 D. The burden of proof to establish that good cause exists for  
5 permitting the proposed establishment of a new motor vehicle dealer  
6 or relocating an existing new motor vehicle dealership shall be on  
7 the applicant who seeks to establish a new motor vehicle dealership  
8 or the relocation of an existing new motor vehicle dealership.

9 SECTION 10. AMENDATORY 47 O.S. 2021, Section 580.2, is  
10 amended to read as follows:

11 Section 580.2. During the time a person is operating a motor  
12 vehicle with the express or implied permission of ~~an authorized~~ a  
13 new motor vehicle dealer, as defined in Section 562 of this title,  
14 such person's motor vehicle liability policy shall have primary  
15 coverage with the motor vehicle liability policy of the new motor  
16 vehicle dealer having secondary coverage until the vehicle is  
17 returned. As used herein, "motor vehicle liability policy" means  
18 motor vehicle insurance against legal liability for the death,  
19 injury, or disability of any human being, or for damage to real or  
20 personal property. The motor vehicle liability policy of any person  
21 who has been loaned a vehicle by a new motor vehicle dealer pursuant  
22 to the terms of this section shall provide primary coverage for any  
23 death or injury of any human being or for any real or personal  
24 property damage, including damage to the loaned vehicle, with the

1 motor vehicle insurance policy of the new motor vehicle dealer  
2 having secondary coverage for any death or injury of any human being  
3 or for any real or personal property damage, including damage to the  
4 loaned vehicle. The change in financial responsibility shall be  
5 evidenced by a release signed by the person operating the vehicle  
6 with the express or implied permission of the new motor vehicle  
7 dealer with the release to be returned to the person upon the return  
8 of the motor vehicle to the new motor vehicle dealer. The motor  
9 vehicle liability policy of such person shall meet the minimum  
10 financial responsibility requirements found in Section 7-324 of this  
11 title.

12 This section shall apply only to the loan of a motor vehicle by  
13 ~~an authorized~~ a new motor vehicle dealer which ~~loan~~ occurs without  
14 financial remuneration in the form of a fee or lease charge.

15 SECTION 11. This act shall become effective November 1, 2023.

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