

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

POLICY COMMITTEE
RECOMMENDATION

FOR

HOUSE BILL NO. 2160

By: Dobrinski

POLICY COMMITTEE RECOMMENDATION

An Act relating to motor vehicles; 47 O.S. 2021, Section 561, as amended by Section 1, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 561), which relates to necessity for regulation; modifying legislative intent and findings; amending 47 O.S. 2021, Section 562, as last amended by Section 2, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 562), which relates to definitions; modifying definitions; amending 47 O.S. 2021, Section 563, as last amended by Section 3, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 563), which relates to the Oklahoma New Motor Vehicle Commission; requiring Commission approve certain form; amending 47 O.S. 2021, Section 564, as last amended by Section 4, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 564), which relates to licenses; requiring certain licensure for certain persons and entities; modifying requirements for certain applications; modifying certain schedule of license fees; requiring certain entities specify location of facilities; requiring certain posting of license; requiring physical possession of certain license; amending 47 O.S. 2021, Section 564.2, as last amended by Section 6, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 564.2), which relates to certificates of registration; modifying list of salesperson to obtain certificate of registration; amending 47 O.S. 2021, Section 565, as last amended by Section 7, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 565), which relates to denial, revocation, suspension of license; requiring salespersons be employed by licensed

dealers; modifying requirements for certain right of first refusal; requiring certain notice; outlining details and requirements for certain purchase; amending 47 O.S. 2021, Section 565.2, as last amended by Section 9, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 565.2), which relates to terminating, cancelling, or failing to renew franchise; modifying types of entities subject to certain termination or cancellation requirements; modifying description of when good cause shall be required for certain termination, cancellation, or nonrenewal; modifying certain notice requirements; authorizing filing of protest under certain circumstances; modifying certain hearing provisions; modifying entities entitled to certain fair and reasonable compensation; modifying entities entitled to certain reasonable rent; modifying entities entitled to certain fair market value payment; amending 47 O.S. 2021, Section 566, as last amended by Section 12, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 566), which relates to denial, suspension, or revocation of license; authorizing the denial, suspension, revocation, or imposition of fine for certain registration; detailing certain procedures; amending 47 O.S. 2021, Section 578.1, as last amended by Section 15, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 578.1), which relates to procedures for establishing or relocating new vehicle dealers; requiring certain measurement from nearest property boundary; and providing an effective date.

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

SECTION 1. AMENDATORY 47 O.S. 2021, Section 561, as amended by Section 1, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section 561), is amended to read as follows:

Section 561. The Legislature finds and declares that the distribution and sale of new motor vehicles and powersport vehicles

1 in the State of Oklahoma vitally affects the general economy of the
2 state and the public interest and the public welfare, and that in
3 order to promote the public interest and the public welfare, and in
4 the exercise of its police powers, it is necessary to regulate and
5 to license motor vehicle manufacturers, factories, distributors, and
6 their respective representatives, new motor vehicle dealers, and
7 powersport vehicle dealers, and to register salespersons of new
8 motor vehicles and powersport vehicles doing business in Oklahoma,
9 in order to prevent frauds, impositions and other abuses upon its
10 citizens and to protect and preserve the investments and properties
11 of the citizens of this state, and in order to avoid undue control
12 of the independent new motor vehicle dealer or powersport vehicle
13 dealer by the motor vehicle or powersport vehicle manufacturing and
14 distributing organizations, and in order to foster and keep alive
15 vigorous and healthy competition by prohibiting unfair practices by
16 which fair and honest competition is destroyed or prevented, and to
17 protect the public against the creation or perpetuation of
18 monopolies and practices detrimental to the public welfare, to
19 prevent the practice of requiring the buying of special features,
20 appliances and equipment not desired or requested by the purchaser,
21 to prevent false and misleading advertising, to prevent unfair
22 practices by new motor vehicle dealers, ~~or~~ powersports vehicle
23 dealers, manufacturers, factories, and distributing organizations,
24 to promote the public safety and prevent disruption of the franchise

1 or dealership system of distribution of motor vehicles ~~or~~ and
2 powersports vehicles to the public and prevent deterioration of
3 facilities for servicing new motor vehicles or powersport vehicles
4 and keeping the same safe and properly functioning, and prevent
5 bankrupting of new motor vehicle dealers and powersport dealers, who
6 might otherwise be caused to fail because of such unfair practices.

7 SECTION 2. AMENDATORY 47 O.S. 2021, Section 562, as last
8 amended by Section 2, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
9 Section 562), is amended to read as follows:

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

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

- 18 a. recreational vehicles, as defined in the Recreational
19 Vehicle Franchise Act, or
- 20 b. powersport vehicles;

21 2. "New motor vehicle dealer" means any person, firm,
22 association, corporation, or trust not excluded by this paragraph
23 who sells, offers for sale, advertises to sell, leases, or displays
24 new motor vehicles and holds a bona fide contract or franchise in

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

1 b. public officers while performing or in operation of
2 their duties,

3 c. employees of persons, corporations, or associations
4 enumerated in subparagraph a of this paragraph when
5 engaged in the specific performance of their duties as
6 such employees, or

7 d. a powersports vehicle dealer;

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

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

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

23 6. "Distributor" means any person, firm, association,
24 corporation, or trust, resident or nonresident, 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 new and unused powersport vehicles to powersport vehicle
4 dealers, or that maintains distributor representatives;

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

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

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

21 10. "Distributor representative" means any person, ~~firm,~~
22 ~~association, corporation, or trust and each~~ officer, agent and or
23 employee ~~thereof~~ engaged as a representative of a distributor or
24 distributor branch of motor vehicles or powersport vehicles, for the

1 purpose of making or promoting the sale of its motor vehicles or
2 powersport vehicles, or for supervising or contacting its dealers or
3 prospective dealers;

4 11. "Franchise" means any contract or agreement between a new
5 motor vehicle dealer or a powersports vehicle dealer and a
6 manufacturer of a new motor vehicle or powersports vehicle or its
7 distributor or factory branch by which the new motor vehicle dealer
8 or new powersports vehicle dealer is authorized to engage in the
9 activities of a new motor vehicle dealer or new powersports vehicle
10 dealer as defined by this section;

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

18 13. "Area of responsibility" means the geographical area, as
19 designated by the manufacturer, factory branch, factory
20 representative, distributor, distributor branch, or distributor
21 representative, in which the new motor vehicle dealer or powersports
22 dealer is held responsible for the promotion and development of
23 sales and rendering of service for the make of motor vehicle or
24

1 powersports vehicle for which the new motor vehicle dealer or new
2 powersports vehicle dealer holds a franchise or selling agreement;

3 14. "Off premises" means at a location other than the address
4 designated on the new motor vehicle dealer's or new powersports
5 vehicle dealer's license;

6 15. "Sponsoring entity" means any person, firm, association,
7 corporation, or trust which has control, either permanently or
8 temporarily, over the real property upon which the off-premises sale
9 or display is conducted;

10 16. "Product" means new motor vehicles and new motor vehicle
11 parts or new powersports vehicle and new powersports vehicle parts;

12 17. "Service" means motor vehicle or powersports vehicle
13 warranty repairs including both parts and labor;

14 18. "Lead" means a consumer contact in response to a factory
15 program designed to generate interest in purchasing or leasing a new
16 motor vehicle or new powersports vehicle;

17 19. "Sell" or "sale" means to sell or lease;

18 20. "Factory" means a manufacturer, distributor, factory
19 branch, distributor branch, factory representative, or distributor
20 representative, which manufactures or distributes vehicle products,
21 motor vehicles or powersports vehicles, or that maintains factory
22 representatives;

23 21. "Powersports vehicle" means any new or unused motorcycles,
24 scooters, mopeds, all-terrain vehicles, and utility vehicles

1 required to be registered under the Oklahoma Vehicle License and
2 Registration Act, with the exception of all-terrain vehicles,
3 utility vehicles, and motorcycles used exclusively for off-road use
4 which are sold by a retail implement dealer;

5 22. "Powersports vehicle dealer" means any person, firm, or
6 corporation, resident or nonresident, that is in the business of
7 selling any new powersports vehicles except for retail implement
8 dealers;

9 23. "Retail implement dealer" means a business engaged
10 primarily in the sale of farm tractors as defined in Section 1-118
11 of this title or implements of husbandry as defined in Section 1-125
12 of this title or a combination thereof and is exempt from licensing
13 by the Commission for the sale of all-terrain vehicles, utility
14 vehicles, and motorcycles used exclusively for off-road use;

15 24. "Consumer data" means nonpublic personal information as
16 defined in 15 U.S.C., Section 6809(4) as it existed on January 1,
17 2023, that is:

- 18 a. collected by a new motor vehicle dealer, and
- 19 b. provided by the new motor vehicle dealer directly to a
20 manufacturer or third party acting on behalf of a
21 manufacturer.

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

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

3 SECTION 3. AMENDATORY 47 O.S. 2021, Section 563, as last
4 amended by Section 3, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
5 Section 563), is amended to read as follows:

6 Section 563. Oklahoma New Motor Vehicle Commission.

7 A. There is hereby created the Oklahoma New Motor Vehicle
8 Commission, to be composed of nine (9) members. Seven of the
9 members shall have been engaged in the manufacture, distribution, or
10 sale of new motor vehicles and two members shall be lay members, all
11 to be appointed by the Governor of the State of Oklahoma, with the
12 advice and consent of the Senate. Appointments shall be made within
13 thirty (30) days after November 1, 1985. Each of the Commissioners
14 thus appointed shall, at the time of the appointment, be a resident
15 in good faith of this state, shall be of good moral character, and
16 each of the industry related Commissioners shall have been actually
17 engaged in the manufacture, distribution, or sale of new motor
18 vehicles, new powersport vehicles or new recreational vehicles for
19 not less than ten (10) years preceding the appointment. The members
20 of the Commission shall serve at the pleasure of the Governor.

21 B. 1. The Commissioners shall elect a chair from amongst them
22 whose term shall be for one (1) year with the right to succeed
23 himself or herself.

2. There shall be three at large members of the Commission.

Six members of the Commission shall be appointed from the following geographical areas with at least one member from each area:

a. four areas of the state shall be the northwest, northeast, southwest, and southeast sections designated by Interstate 35 dividing the state east and west and Interstate 40 dividing the state north and south, excluding Oklahoma County and Tulsa County, and

b. two additional areas shall be Oklahoma County and Tulsa County.

There shall not be more than two members of the Commission from any one area.

C. The terms of office of the members first appointed to the Commission shall be as follows:

1. The members appointed from the northwest, northeast, and southwest areas shall serve until June 30, 1987;

2. The members appointed from the southeast area and Oklahoma County and Tulsa County shall serve until June 30, 1989; and

3. The members appointed at large shall serve until June 30, 1991.

Each member shall serve until a successor is appointed and qualifies. Thereafter, the term of office of each member of the Commission shall be for six (6) years. The term of office of any

1 member will automatically expire if the member moves out of the
2 geographical area from which the member was appointed. In event of
3 death, resignation, removal, or term automatically expiring of any
4 person serving on the Commission, the vacancy shall be filled by
5 appointment as provided for the unexpired portion of the term. The
6 Commission shall meet at Oklahoma City and complete its organization
7 immediately after the membership has been appointed and has
8 qualified. The chair and each member of the Commission shall take
9 and subscribe to the oath of office required of public officers.

10 D. The members of the Commission shall receive reimbursement
11 for subsistence and traveling expenses necessarily incurred in the
12 performance of their duties as provided by the State Travel
13 Reimbursement Act.

14 E. The Commission shall appoint a qualified person to serve as
15 Executive Director thereof, which person shall have had not less
16 than ten (10) years of experience in the motor vehicle industry.
17 The Executive Director shall be appointed for a term of six (6)
18 years, and shall not be subject to dismissal or removal without
19 cause. The Commission shall fix the salary and prescribe the duties
20 of the Executive Director. The Executive Director shall devote such
21 time as necessary to fulfill the duties thereof, and before entering
22 upon such duties shall take and subscribe to the oath of office.
23 The Executive Director may employ such clerical, technical, and
24 other help and legal services and incur such expenses as may be

1 necessary for the proper discharge of the duties of the Executive
2 Director under Section 561 et seq. of this title. The Commission
3 shall maintain its office and transact its business in Oklahoma
4 City, and it is authorized to adopt and use a seal. The Executive
5 Director is hereby authorized to hire, retain, or otherwise acquire
6 the services of an attorney to represent the Commission in any and
7 all state and federal courts, and assist the Commission in any and
8 all business or legal matters that may come before it. The attorney
9 so representing the Commission shall discharge the duties under the
10 direction of the Executive Director.

11 F. The Commission is hereby vested with the powers necessary to
12 enable it to fully and effectively carry out the provisions and
13 objects of Section 561 et seq. of this title, and is hereby
14 authorized and empowered to make and enforce all reasonable rules
15 and to adopt and prescribe all forms necessary to accomplish such
16 purpose. All forms used by a new motor vehicle dealer or
17 powersports vehicle dealer to facilitate the delivery of a vehicle
18 pending approval of financing shall be approved by the Commission.
19 Spot delivery agreement forms shall be required for all new motor
20 vehicle or powersport vehicle deliveries subject to dealers finding
21 lending institutions to purchase the retail or lease installment
22 contracts executed by the purchasing and selling parties.

23 G. All fees, charges and fines collected under the provisions
24 of Section 561 et seq. of this title shall be deposited by the

1 Executive Director in the State Treasury in accordance with the
2 depository laws of this state in a special fund to be known as the
3 "Oklahoma New Motor Vehicle Commission Fund", which is hereby
4 created, and except as hereinafter provided the monies in the fund
5 shall be used by the Commission for the purpose of carrying out and
6 enforcing the provisions of Section 561 et seq. of this title.
7 Expenditures from the fund shall be made upon vouchers approved by
8 the Commission or its authorized officers.

9 At the close of each fiscal year, the Commission shall file with
10 the Governor and the State Auditor and Inspector a true and correct
11 report of all fees, fines and charges collected and received by it
12 during the preceding fiscal year and shall at the same time pay into
13 the General Revenue Fund of the state a sum equal to ten percent
14 (10%) of the fees, fines, and charges collected and received.

15 All expenses incurred by the Commission in carrying out the
16 provisions of Section 561 et seq. of this title, including but not
17 limited to per diem, wages, salaries, rent, postage, advertising,
18 supplies, bond premiums, travel, and subsistence for the
19 Commissioners, the Executive Director, employees, and legal counsel,
20 and printing and utilities, shall be a proper charge against such
21 fund, exclusive of the portion thereof to be paid into the General
22 Revenue Fund as above set out. In no event shall liability ever
23 accrue hereunder against this state in any sum whatsoever, or
24 against the Oklahoma New Motor Vehicle Commission Fund, in excess of

1 the ninety percent (90%) of the fees, fines, and charges deposited
2 therein.

3 SECTION 4. AMENDATORY 47 O.S. 2021, Section 564, as last
4 amended by Section 4, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
5 Section 564), is amended to read as follows:

6 Section 564. A. It shall be unlawful for any person, firm,
7 association, corporation, or trust to engage in business as, or
8 serve in the capacity of, or act as a new motor vehicle dealer,
9 powersports vehicle dealer, or new motor vehicle manufacturer, or
10 distributor, ~~of new motor vehicles or powersports vehicles, or~~
11 factory branch, distributor branch, ~~or~~ factory representative, or
12 distributor representative, as defined in Section 562 of this title,
13 in this state without first obtaining a license therefor as provided
14 for by law. Any person, firm, association, corporation, or trust
15 engaging in more than one of such capacities or having more than one
16 place where such business is carried on or conducted in this state,
17 shall be required to obtain and hold a current license for each
18 thereof. Provided that, a new motor vehicle dealer's or powersports
19 vehicle dealer's license shall authorize one person to sell ~~in the~~
20 ~~event~~ without the necessity of registering as a salesperson, so long
21 as such person ~~shall be the~~ is an owner of ~~a proprietorship the~~
22 dealership, or the person designated as principal in the dealer's
23 franchise or the managing officer or one partner if no principal
24 person is named in the franchise. It is further provided that a

1 factory or an entity affiliated by any ownership or control by the
2 factory shall not be permitted to be licensed as a new motor vehicle
3 dealer in this state, except as provided by subparagraph b of
4 paragraph 12 of Section 565 of this title.

5 B. Applications for licenses required to be obtained under the
6 provisions of Section 561 et seq. of this title shall be verified by
7 the oath or affirmation of the applicant and shall be on forms
8 prescribed by the Oklahoma New Motor Vehicle Commission and
9 furnished to the applicants, and shall contain information as the
10 Commission deems necessary to enable it to fully determine the
11 qualifications and eligibility of the several applicants to receive
12 the license or licenses applied for. The Commission shall require
13 in such application, or otherwise, information relating to the
14 applicant's current financial standing, the applicant's business
15 integrity, the applicant's criminal convictions or criminal or civil
16 court proceedings history, whether the applicant has an established
17 place of business and is primarily engaged in the pursuit,
18 avocation, or business for which a license, or licenses, are applied
19 for, and whether the applicant is able to properly conduct the
20 business for which a license, or licenses, are applied for, and such
21 other pertinent information consistent with the safeguarding of the
22 public interest and the public welfare. All applications for
23 license or licenses shall be accompanied by the appropriate fee or
24 fees therefor in accordance with the schedule thereof hereinafter

1 set out. In the event any application is denied and the license
2 applied for is not issued, the entire license fee shall be returned
3 to the applicant. All licenses issued under the provisions of
4 Section 561 et seq. of this title shall expire on June 30, following
5 the date of issue and shall be nontransferable. All applications
6 for renewal of a license for a new motor vehicle dealer, powersports
7 vehicle dealer, manufacturer, distributor, factory branch,
8 distributor branch, or manufacturer's or distributor's
9 representative shall be submitted by June 1 of each year, and such
10 license or licenses will be issued by July 1. If applications have
11 not been made for renewal of licenses at the times described in this
12 subsection, it shall be illegal for any person to represent himself
13 or herself and act as a dealer, manufacturer, distributor, or
14 manufacturer's or distributor's representative. Service Oklahoma
15 and licensed operators will be notified not to accept ~~such dealers'~~
16 ~~titles~~ manufacturer's statements or certificates of origin for
17 unlicensed dealers until such time as their licenses have been
18 issued by the Commission.

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

22 1. For each manufacturer, distributor, factory branch, or
23 distributor branch of new motor vehicles or powersports vehicles,
24

1 Four Hundred Dollars (\$400.00) initial fee with annual renewal fee
2 of Three Hundred Dollars (\$300.00);

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

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

8 ~~4.~~ 3. For each new motor vehicle dealer, ~~except powersports~~
9 ~~vehicle dealers,~~ initial fee of Three Hundred Dollars (\$300.00) per
10 franchise sold at each location licensed, with an annual renewal fee
11 of One Hundred Dollars (\$100.00) per franchise sold at each location
12 licensed per year; and

13 ~~5.~~ 4. For each powersports vehicle dealer, initial fee of Three
14 Hundred Dollars (\$300.00) per manufacturer represented by the dealer
15 at each location licensed, with an annual renewal fee of One Hundred
16 Dollars (\$100.00) per manufacturer represented by the dealer at each
17 location licensed per year.

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

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

5 Every ~~motor vehicle~~ representative of a factory representative
6 or distributor ~~representative~~ shall physically possess the license
7 when engaged in business and shall display such upon request. The
8 name of the employer ~~of such factory representative or distributor~~
9 ~~representative~~ shall be stated on the representative's license.

10 E. The new powersports vehicle dealer license shall only allow
11 the sale of the specific types of powersports vehicles authorized by
12 the manufacturer and agreed to by the powersports dealer.

13 SECTION 5. AMENDATORY 47 O.S. 2021, Section 564.2, as
14 last amended by Section 6, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
15 2024, Section 564.2), is amended to read as follows:

16 Section 564.2. It shall be punishable by an administrative fine
17 not to exceed Five Hundred Dollars (\$500.00) for any person,
18 resident, or nonresident to engage in business as, or serve in the
19 capacity of, a new motor vehicle salesperson or powersports vehicle
20 salesperson in this state without first obtaining a certificate of
21 registration with the Oklahoma New Motor Vehicle Commission. The
22 cost of registration for each new salesperson shall be set at
23 Twenty-five Dollars (\$25.00) to be renewed annually. The cost of
24 registration and any administrative fine is to be borne by the

1 salesperson's employing entity ~~of the new salesperson~~. The
2 Commission shall promulgate rules and procedures necessary for the
3 implementation and creation of the registry and the issuance of
4 certificates of registration.

5 SECTION 6. AMENDATORY 47 O.S. 2021, Section 565, as last
6 amended by Section 7, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
7 Section 565), is amended to read as follows:

8 Section 565. A. The Oklahoma New Motor Vehicle Commission may
9 deny an application for a license, revoke or suspend a license, or
10 impose a fine against any person or entity, not to exceed Ten
11 Thousand Dollars (\$10,000.00) per occurrence, that violates any
12 provision of Sections 561 through 567, 572, 578.1, 579, and 579.1 of
13 this title or for any of the following reasons:

14 1. On satisfactory proof of unfitness of the applicant in any
15 application for any license under the provisions of Section 561 et
16 seq. of this title;

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

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

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

1 5. Being a new motor vehicle dealer or new powersports vehicle
2 dealer who:

- 3 a. has required a purchaser of a new motor vehicle or new
4 powersports vehicle, as a condition of sale and
5 delivery thereof, to also purchase special features,
6 appliances, accessories, or equipment not desired or
7 requested by the purchaser and installed by the new
8 motor vehicle dealer or new powersports vehicle
9 dealer,
- 10 b. uses any false or misleading advertising in connection
11 with business as a new motor vehicle dealer or new
12 powersports vehicle dealer,
- 13 c. has committed any unlawful act which resulted in the
14 revocation of any similar license in another state,
- 15 d. has failed or refused to perform any written agreement
16 with any retail buyer involving the sale of a motor
17 vehicle or powersports vehicle,
- 18 e. has been convicted of a felony crime that
19 substantially relates to the occupation of a new motor
20 vehicle dealer or new powersports vehicle dealer and
21 poses a reasonable threat to public safety,
- 22 f. has committed a fraudulent act in selling, purchasing,
23 or otherwise dealing in new motor vehicles or new
24 powersports vehicles or has misrepresented the terms

1 and conditions of a sale, purchase or contract for
2 sale or purchase of a new motor vehicle or new
3 powersports vehicle or any interest therein including
4 an option to purchase such vehicle,

5 g. has failed to meet or maintain the conditions and
6 requirements necessary to qualify for the issuance of
7 a license, or

8 h. completes any sale or transaction of an extended
9 service contract, extended maintenance plan, or
10 similar product using contract forms that do not
11 conspicuously disclose the identity of the service
12 contract provider;

13 6. Being a ~~new motor~~ vehicle salesperson who is not employed as
14 such by a licensed new motor vehicle dealer or powersports vehicle
15 dealer;

16 7. Being a new motor vehicle dealer or new powersports vehicle
17 dealer who:

18 a. does not have an established place of business,

19 b. does not provide for a suitable repair shop separate
20 from the display room with ample space to repair or
21 recondition one or more vehicles at the same time, and
22 which is staffed with properly trained and qualified
23 repair technicians and is equipped with such parts,
24 tools, and equipment as may be requisite for the

1 servicing of motor vehicles in such a manner as to
2 make them comply with the safety laws of this state
3 and to properly fulfill the dealer's or manufacturer's
4 warranty obligation,

5 c. does not hold a franchise in effect with a
6 manufacturer or distributor of new or unused vehicles
7 for the sale of the same and is not authorized by the
8 manufacturer or distributor to render predelivery
9 preparation of such vehicles sold to purchasers and to
10 perform any authorized post-sale work pursuant to the
11 manufacturer's or distributor's warranty,

12 d. employs or utilizes the services of used motor vehicle
13 lots or dealers or other unlicensed persons or
14 unregistered persons in connection with the sale of
15 new vehicles,

16 e. does not properly service a new motor vehicle or new
17 powersports vehicle before delivery of same to the
18 original purchaser thereof, or

19 f. fails to order and stock a reasonable number of new
20 motor vehicles necessary to meet consumer demand for
21 each of the new motor vehicles included in the new
22 motor vehicle dealer's franchise agreement, unless the
23 new motor vehicles are not readily available from the
24 manufacturer or distributor due to limited production;

1 8. Being a factory that has:

2 a. either induced or attempted to induce by means of
3 coercion or intimidation, any new motor vehicle dealer
4 or powersports vehicle dealer:

5 (1) to accept delivery of any vehicle or vehicles,
6 parts, or accessories therefor, or any other
7 commodities including advertising material which
8 shall not have been ordered by the new motor
9 vehicle dealer,

10 (2) to order or accept delivery of any motor vehicle
11 or powersports vehicle with special features,
12 appliances, accessories, or equipment not
13 included in the list price of the vehicles as
14 publicly advertised by the manufacturer thereof,
15 or

16 (3) to order or accept delivery of any parts,
17 accessories, equipment, machinery, tools,
18 appliances, or any commodity whatsoever,

19 b. induced under threat or discrimination by the
20 withholding from delivery to a new motor vehicle
21 dealer or new powersports vehicle dealer certain
22 models of motor vehicles, changing or amending
23 unilaterally the new motor vehicle dealer's allotment
24 of motor vehicles, and/or withholding and delaying

1 delivery of the vehicles out of the ordinary course of
2 business, in order to induce by such coercion any new
3 motor vehicle dealer or new powersports vehicle dealer
4 to participate or contribute to any local or national
5 advertising fund controlled directly or indirectly by
6 the factory or for any other purposes such as contest,
7 "giveaways", or other so-called sales promotional
8 devices, and/or change of quotas in any sales contest;
9 or has required new motor vehicle dealers, as a
10 condition to receiving their vehicle allotment, to
11 order a certain percentage of the vehicles with
12 optional equipment not specified by the dealer;
13 however, nothing in this section shall prohibit a
14 factory from supporting an advertising association
15 which is open to all new motor vehicle dealers or new
16 powersports vehicle dealers on the same basis,
17 c. used a performance standard, sales objective, or
18 program for measuring dealer performance that may have
19 a material effect on a right of the dealer to vehicle
20 allocation; or payment under any incentive or
21 reimbursement program that is unfair, unreasonable,
22 inequitable, and not based on accurate information,
23 d. used a performance standard for measuring sales or
24 service performance of any new motor vehicle dealer or

1 new powersports vehicle dealer under the terms of the
2 franchise agreement which:

3 (1) is unfair, unreasonable, arbitrary, or
4 inequitable, and

5 (2) does not consider the relevant and material local
6 and state or regional criteria, including
7 prevailing economic conditions affecting the
8 sales or service performance of a vehicle dealer
9 or any relevant and material data and facts
10 presented by the dealer in writing within thirty
11 (30) days of the written notice of the
12 manufacturer to the dealer of its intention to
13 cancel, terminate, or not renew the dealer's
14 franchise agreement,

15 e. failed or refused to sell, or offer for sale, new
16 motor vehicles to all of its authorized same line-make
17 franchised new motor vehicle dealers or new
18 powersports vehicle dealers at the same price for a
19 comparably equipped motor vehicle, on the same terms,
20 with no differential in functionally available
21 discount, allowance, credit, or bonus, except as
22 provided in subparagraph e of paragraph 9 of this
23 subsection,
24

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

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

18 9. Being a factory that:

19 a. has attempted to coerce or has coerced any new motor
20 vehicle dealer or new powersports vehicle dealer to
21 enter into any agreement or to cancel any agreement;
22 has failed to act in good faith and in a fair,
23 equitable, and nondiscriminatory manner; has directly
24 or indirectly coerced, intimidated, threatened, or

1 restrained any new motor vehicle dealer; has acted
2 dishonestly; or has failed to act in accordance with
3 the reasonable standards of fair dealing,

4 b. has failed to compensate its dealers for the work and
5 services they are required to perform in connection
6 with the dealer's delivery and preparation obligations
7 according to the agreements on file with the
8 Commission which must be found by the Commission to be
9 reasonable, or has failed to adequately and fairly
10 compensate its dealers for labor, parts, and other
11 expenses incurred by the dealer to perform under and
12 comply with manufacturer's warranty agreements and
13 recall repairs which shall include diagnostic work as
14 applicable and assistance requested by a consumer
15 whose vehicle was subjected to an over-the-air or
16 remote change, repair, or update to any part, system,
17 accessory, or function by the manufacturer and
18 performed by the dealer in order to satisfy the
19 consumer. Time allowances for the diagnosis and
20 performance of repair work shall be reasonable and
21 adequate for the work to be performed. Adequate and
22 fair compensation, which under this provision shall be
23 no less than the rates customarily charged for retail
24 consumer repairs as calculated herein, for parts and

1 labor for warranty and recall repairs shall, at the
2 option of the new motor vehicle dealer, be established
3 by the new motor vehicle dealer submitting to the
4 manufacturer or distributor one hundred sequential
5 nonwarranty consumer-paid service repair orders which
6 contain warranty-like repairs, or ninety (90)
7 consecutive days of nonwarranty consumer-paid service
8 repair orders which contain warranty-like repairs,
9 whichever is less, covering repairs made no more than
10 one hundred eighty (180) days before the submission
11 and declaring the average percentage labor rate and/or
12 markup rate. A motor vehicle dealer may not submit a
13 request to establish its retail rates more than once
14 in a twelve-month period. That request may establish
15 a parts markup rate, labor rate, or both. The new
16 motor vehicle dealer or new powersports vehicle dealer
17 shall calculate its retail parts rate by determining
18 the total charges for parts from the qualified repair
19 orders submitted, dividing that amount by the new
20 motor vehicle dealer's total cost of the purchase of
21 those parts, subtracting one (1), and multiplying by
22 one hundred (100) to produce a percentage. The new
23 motor vehicle dealer or new powersports vehicle dealer
24 shall calculate its retail labor rate by dividing the

1 amount of the new vehicle dealer's total labor sales
2 from the qualified repair orders by the total labor
3 hours charged for those sales. When submitting repair
4 orders to establish a retail parts and labor rate, a
5 new motor vehicle dealer or new powersports vehicle
6 dealer need not include repairs for:

- 7 (1) routine maintenance including but not limited to
8 the replacement of bulbs, fluids, filters,
9 batteries, and belts that are not provided in the
10 course of and related to a repair,
- 11 (2) factory special events, specials, or promotional
12 discounts for retail consumer repairs,
- 13 (3) parts sold or repairs performed at wholesale,
- 14 (4) factory-approved goodwill or policy repairs or
15 replacements,
- 16 (5) repairs with aftermarket parts, when calculating
17 the retail parts rate but not the retail labor
18 rate,
- 19 (6) repairs on aftermarket parts,
- 20 (7) replacement of or work on tires including front-
21 end alignments and wheel or tire rotations,
- 22 (8) repairs of vehicles owned by the new motor
23 vehicle dealer or new powersports vehicle dealer
24 or employee thereof at the time of the repair,

1 (9) vehicle reconditioning, or

2 (10) items that do not have individual part numbers
3 including, but not limited to, nuts, bolts, and
4 fasteners.

5 A manufacturer or distributor may, not later than
6 forty-five (45) days after submission, rebut that
7 declared retail parts and labor rate in writing by
8 reasonably substantiating that the rate is not
9 accurate or is incomplete pursuant to the provisions
10 of this section. If the manufacturer or distributor
11 determines the set of repair orders submitted by the
12 new motor vehicle dealer or new powersports vehicle
13 dealer pursuant to this section for a retail labor
14 rate or retail parts markup rate is substantially
15 higher than the new vehicle dealer's current warranty
16 rates, the manufacturer or distributor may request, in
17 writing, within forty-five (45) days after the
18 manufacturer's or distributor's receipt of the new
19 vehicle dealer's initial submission, all repair orders
20 closed within the period of thirty (30) days
21 immediately preceding, or thirty (30) days immediately
22 following, the set of repair orders initially
23 submitted by the new motor vehicle dealer. All time
24 periods under this section shall be suspended until

1 the supplemental repair orders are provided. If the
2 manufacturer or distributor requests supplemental
3 repair orders, the manufacturer or distributor may,
4 within thirty (30) days after receiving the
5 supplemental repair orders and in accordance with the
6 formula described in this subsection, calculate a
7 proposed adjusted retail labor rate or retail parts
8 markup rate, as applicable, based upon any set of the
9 qualified repair orders submitted by the franchisee
10 and following the formula set forth herein to
11 establish the rate. The retail labor and parts rates
12 shall go into effect thirty (30) days following the
13 approval by the manufacturer or distributor. If the
14 declared rate is rebutted, the manufacturer or
15 distributor shall provide written notice stating the
16 reasons for the rebuttal, an explanation of the
17 reasons for the rebuttal, and a copy of all
18 calculations used by the franchisor in determining the
19 manufacturer or distributor's position and propose an
20 adjustment in writing of the average percentage markup
21 or labor rate based on that rebuttal not later than
22 forty-five (45) days after submission. If the new
23 motor vehicle dealer or new powersports vehicle dealer
24 does not agree with the proposed average percentage

1 markup or labor rate, the new vehicle dealer may file
2 a protest with the Commission not later than thirty
3 (30) days after receipt of that proposal by the
4 manufacturer or distributor. In the event a protest
5 is filed, the manufacturer or distributor shall have
6 the burden of proof to establish the new vehicle
7 dealer's submitted parts markup rate or labor rate was
8 inaccurate or not complete pursuant to the provisions
9 of this section. A manufacturer or distributor may
10 not retaliate against any new motor vehicle dealer or
11 new powersports vehicle dealer seeking to exercise its
12 rights under this section. A manufacturer or
13 distributor may require a dealer to submit repair
14 orders in accordance with this section in order to
15 validate the reasonableness of a dealer's retail rate
16 for parts or labor not more often than once every
17 twelve (12) months. A manufacturer or distributor may
18 not otherwise recover its costs from new vehicle
19 dealers within this state including a surcharge
20 imposed on a new motor vehicle dealer solely intended
21 to recover the cost of reimbursing a dealer for parts
22 and labor pursuant to this section; provided, a
23 manufacturer or distributor shall not be prohibited
24 from increasing prices for vehicles or parts in the

1 normal course of business or from auditing and
2 charging back claims in accordance with this section.
3 All claims made by dealers for compensation for
4 delivery, preparation, warranty, or recall repair work
5 shall be paid within thirty (30) days after approval
6 and shall be approved or disapproved within thirty
7 (30) days after receipt. When any claim is
8 disapproved, the dealer shall be notified in writing
9 of the grounds for disapproval. The dealer's
10 delivery, preparation, and warranty obligations as
11 filed with the Commission shall constitute the
12 dealer's sole responsibility for product liability as
13 between the dealer and manufacturer. A factory may
14 reasonably and periodically audit a new motor vehicle
15 dealer or new powersports vehicle dealer to determine
16 the validity of paid claims for dealer compensation or
17 any charge-backs for warranty parts or service
18 compensation. Except in cases of suspected fraud,
19 audits of warranty payments shall only be for the one-
20 year period immediately following the date of the
21 payment. A manufacturer shall reserve the right to
22 reasonable, periodic audits to determine the validity
23 of paid claims for dealer compensation or any charge-
24 backs for consumer or dealer incentives. Except in

1 cases of suspected fraud, audits of incentive payments
2 shall only be for a one-year period immediately
3 following the date of the payment. A factory shall
4 not deny a claim or charge a new motor vehicle dealer
5 back subsequent to the payment of the claim unless the
6 factory can show that the claim was false or
7 fraudulent or that the new motor vehicle dealer or new
8 powersports vehicle dealer failed to reasonably
9 substantiate the claim by the written reasonable
10 procedures of the factory. A factory shall not deny a
11 claim or implement a charge-back against a new vehicle
12 dealer after payment of a claim in the event a
13 purchaser of a new vehicle that is the subject of a
14 claim fails to comply with titling or registration
15 laws of this state and is not prevented from
16 compliance by any action of the dealer; provided, that
17 the factory may require the dealer to provide, within
18 thirty (30) days of notice of charge-back, withholding
19 of payment, or denial of claim, the documentation to
20 demonstrate the vehicle sale, delivery, and customer
21 qualification for an incentive as reported, including
22 consumer name and address and written attestation
23 signed by the dealer operator or general manager
24 stating the consumer was not on the export control

list and the dealer did not know or have reason to know the vehicle was being exported or resold. The factory shall provide written notice to a dealer of a proposed charge-back that is the result of an audit along with the specific audit results and proposed charge-back amount. A dealer that receives notice of a proposed charge-back pursuant to a factory's audit has the right to file a protest with the Commission within thirty (30) days after receipt of the notice of the charge-back or audit results, whichever is later. The factory is prohibited from implementing the charge-back or debiting the dealer's account until either the time frame for filing a protest has passed or a final adjudication is rendered by the Commission, whichever is later, unless the dealer has agreed to the charge-back or charge-backs,

c. fails to compensate the new motor vehicle dealer for a used motor vehicle:

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

- 1 (2) that is subject to a stop-sale or do-not-drive
2 order issued by the factory or an authorized
3 governmental agency,
- 4 (3) that is held by the new motor vehicle dealer in
5 the dealer's inventory at the time the stop-sale
6 or do-not-drive order is issued or that is taken
7 by the new motor vehicle dealer into the dealer's
8 inventory after the recall notice as a result of
9 a retail consumer trade-in or a lease return to
10 the dealer inventory in accordance with an
11 applicable lease contract,
- 12 (4) that cannot be repaired due to the
13 unavailability, within thirty (30) days after
14 issuance of the stop-sale or do-not-drive order,
15 of a remedy or parts necessary for the new motor
16 vehicle dealer to make the recall repair, and
- 17 (5) that is not at least in the prorated amount of
18 one percent (1.00%) of the value of the vehicle
19 per month beginning on the date that is thirty
20 (30) days after the date on which the stop-sale
21 order was provided to the new motor vehicle
22 dealer until the earlier of either of the
23 following:
24

1 (a) the date the recall remedy or parts are made
2 available, or

3 (b) the date the new motor vehicle dealer sells,
4 trades, or otherwise disposes of the
5 affected used motor vehicle.

6 For the purposes of division (5) of this subparagraph,
7 the value of a used vehicle shall be the average Black
8 Book value for the year, make, and model of the
9 recalled vehicle. A factory may direct the manner and
10 method in which a new motor vehicle dealer must
11 demonstrate the inventory status of an affected used
12 motor vehicle to determine eligibility under this
13 subparagraph; provided, that the manner and method may
14 not be unduly burdensome and may not require
15 information that is unduly burdensome to provide. All
16 reimbursement claims made by new motor vehicle dealers
17 pursuant to this section for recall remedies or
18 repairs, or for compensation where no part or repair
19 is reasonably available and the vehicle is subject to
20 a stop-sale or do-not-drive order, shall be subject to
21 the same limitations and requirements as a warranty
22 reimbursement claim made under subparagraph b of this
23 paragraph. In the alternative, a manufacturer may
24 compensate its franchised new motor vehicle dealers

1 under a national recall compensation program;
2 provided, the compensation under the program is equal
3 to or greater than that provided under division (5) of
4 this subparagraph, or as the manufacturer and new
5 motor vehicle dealer otherwise agree. Nothing in this
6 section shall require a factory to provide total
7 compensation to a new motor vehicle dealer which would
8 exceed the total average Black Book value of the
9 affected used motor vehicle as originally determined
10 under division (5) of this subparagraph. Any remedy
11 provided to a new motor vehicle dealer under this
12 subparagraph is exclusive and may not be combined with
13 any other state or federal compensation remedy,

14 d. unreasonably fails or refuses to offer to its same
15 line-make franchised dealers a reasonable supply and
16 mix of all models manufactured for that line-make, or
17 unreasonably requires a dealer to pay any extra fee,
18 purchase unreasonable advertising displays or other
19 materials, or enter into a separate agreement which
20 adversely alters the rights or obligations contained
21 within the dealer's existing franchise agreement or
22 which waives any right of the new motor vehicle dealer
23 or new powersports vehicle dealer as protected by
24 Section 561 et seq. of this title, or remodel,

renovate, or recondition the dealer's existing facilities as a prerequisite to receiving a model or series of vehicles, except as may be necessary to sell or service the model or series of vehicles as provided by subparagraph e of this paragraph. It shall be a violation of this section for new vehicle allocation to be withheld subject to any requirement to purchase or sell any number of used or off-lease vehicles. The failure to deliver any such new motor vehicle shall not be considered a violation of the section if the failure is not arbitrary or is due to lack of manufacturing capacity or to a strike or labor difficulty, a shortage of materials, a freight embargo, or other cause over which the manufacturer has no control. However, this subparagraph shall not apply to limited production model vehicles, a vehicle not advertised by the factory for sale in this state, vehicles that are subject to allocation affected by federal environmental laws or environmental laws of this state, or vehicles allocated in response to an unforeseen event or circumstance,

e. except as necessary to comply with a health or safety law, or to comply with a technology requirement which is necessary to sell or service a vehicle that the

1 franchised new motor vehicle dealer or new powersports
2 vehicle dealer is authorized or licensed by the
3 franchisor to sell or service, requires a dealer to
4 construct a new facility or substantially renovate the
5 dealer's existing facility unless the facility
6 construction or renovation is justified by the
7 economic conditions existing at the time, as well as
8 the reasonably foreseeable projections, in the new
9 motor vehicle dealer's market and in the automotive
10 industry. However, this subparagraph shall not apply
11 if the new motor vehicle dealer or new powersports
12 vehicle dealer voluntarily agrees to facility
13 construction or renovation in exchange for money,
14 credit, allowance, reimbursement, or additional
15 vehicle allocation to a dealer from the factory to
16 compensate the dealer for the cost of, or a portion of
17 the cost of, the facility construction or renovation.
18 Except as necessary to comply with a health or safety
19 law, or to comply with a technology or safety
20 requirement which is necessary to sell or service a
21 motor vehicle or powersports vehicle that the
22 franchised dealer is authorized or licensed by the
23 franchisor to sell or service, a new vehicle dealer
24 which completes a facility construction or renovation

pursuant to factory requirements shall not be required to construct a new facility or renovate the existing facility if the same area of the facility or premises has been constructed or substantially altered within the last ten (10) years and the construction or alteration was approved by the manufacturer as a part of a facility upgrade program, standard, or policy. For purposes of this subparagraph, "substantially altered" means to perform an alteration that substantially impacts the architectural features, characteristics, or integrity of a structure or lot. The term shall not include routine maintenance reasonably necessary to maintain a dealership in attractive condition. If a facility upgrade program, standard, or policy under which the dealer completed a facility construction or substantial alteration does not contain a specific time period during which the manufacturer or distributor shall provide payments or benefits to a participating dealer, or the time frame specified under the program is reduced or canceled prematurely in the unilateral discretion of the manufacturer or distributor, the manufacturer or distributor shall not deny the participating dealer any payment or benefit under the terms of the program,

1 standard, or policy as it existed when the dealer
2 began to perform under the program, standard, or
3 policy for the balance of the ten-year period,
4 regardless of whether the manufacturer's or
5 distributor's program, standard, or policy has been
6 changed or canceled, unless the manufacturer and
7 dealer agree, in writing, to the change in payment or
8 benefit,

9 f. requires a new motor vehicle dealer or new powersports
10 vehicle dealer to establish an exclusive facility,
11 unless supported by reasonable business, market, and
12 economic considerations; provided, that this section
13 shall not restrict the terms of any agreement for such
14 exclusive facility voluntarily entered into and
15 supported by valuable consideration separate from the
16 new motor vehicle dealer's right to sell and service
17 motor vehicles for the franchisor,

18 g. requires a new motor vehicle dealer or new powersports
19 vehicle dealer to enter into a site-control agreement
20 covering any or all of the new motor vehicle dealer's
21 facilities or premises; provided, that this section
22 shall not restrict the terms of any site-control
23 agreement voluntarily entered into and supported by
24 valuable consideration separate from the new motor

1 vehicle dealer's right to sell and service motor
2 vehicles for the franchisor. Notwithstanding the
3 foregoing or the terms of any site-control agreement,
4 a site-control agreement automatically extinguishes if
5 all of the factory's franchises that operated from the
6 location that are the subject of the site-control
7 agreement are terminated by the factory as part of the
8 discontinuance of a product line,

- 9 h. refuses to pay, or claims reimbursement from, a new
10 motor vehicle dealer or new powersports vehicle dealer
11 for sales, incentives, or other payments related to a
12 vehicle sold by the dealer because the purchaser of
13 the new vehicle exported or resold the vehicle in
14 violation of the policy of the factory unless the
15 factory can show that, at the time of the sale, the
16 new vehicle dealer knew or reasonably should have
17 known of the purchaser's intention to export or resell
18 the vehicle. There is a rebuttable presumption that
19 the new vehicle dealer did not know or could not have
20 known that the vehicle would be exported if the
21 vehicle is titled and registered in any state of the
22 United States, or
- 23 i. requires a new motor vehicle dealer or new powersports
24 vehicle dealer to purchase goods or services for the

1 construction, renovation, or improvement of the new
2 dealer's facility from a vendor chosen by the factory
3 if goods or services available from other sources are
4 of substantially similar quality and design and comply
5 with all applicable laws; provided, however, that such
6 goods are not subject to the factory's intellectual
7 property or trademark rights and the new vehicle
8 dealer has received the factory's approval, which
9 approval may not be unreasonably withheld. Nothing in
10 this subparagraph may be construed to allow a new
11 motor vehicle dealer or new powersports vehicle dealer
12 to impair or eliminate a factory's intellectual
13 property, trademark rights, or trade dress usage
14 guidelines. Nothing in this section prohibits the
15 enforcement of a voluntary agreement between the
16 factory and the new vehicle dealer where separate and
17 valuable consideration has been offered and accepted;

18 10. Being a factory that:

- 19 a. establishes a system of motor vehicle allocation or
20 distribution which is unfair, inequitable, or
21 unreasonably discriminatory. Upon the request of any
22 new motor vehicle dealer or new powersports vehicle
23 dealer franchised by it, a factory shall disclose in
24 writing to the dealer the basis upon which new

1 vehicles are allocated, scheduled, and delivered among
2 the new motor vehicle dealers of the same line-make
3 for that factory, or

- 4 b. changes an established plan or system of new motor
5 vehicle or new powersports vehicle distribution. A
6 new motor vehicle dealer or new powersports vehicle
7 dealer franchise agreement shall continue in full
8 force and operation notwithstanding a change, in whole
9 or in part, of an established plan or system of
10 distribution of the motor vehicles or new powersports
11 vehicles offered or previously offered for sale under
12 the franchise agreement. The appointment of a new
13 importer or distributor for motor vehicles or new
14 powersports vehicle offered for sale under the
15 franchise agreement shall be deemed to be a change of
16 an established plan or system of distribution. The
17 discontinuation of a line-make shall not be deemed to
18 be a change of an established plan or system of motor
19 vehicle or new powersports vehicle distribution. The
20 creation of a line-make shall not be deemed to be a
21 change of an established plan or system of motor
22 vehicle distribution as long as the new line-make is
23 not selling the same, or substantially the same
24 vehicle or vehicles previously sold through another

1 line-make by new motor vehicle dealers or new
2 powersports vehicle dealers with an active franchise
3 agreement for the other line-make in the state if such
4 dealers are no longer authorized to sell the
5 comparable vehicle previously sold through their line-
6 make. Changing a vehicle's powertrain is not
7 sufficient to show it is substantially different.
8 Upon the occurrence of such change, the manufacturer
9 or distributor shall be prohibited from obtaining a
10 license to distribute vehicles under the new plan or
11 system of distribution unless the manufacturer or
12 distributor offers to each vehicle dealer who is a
13 party to the franchise agreement a new franchise
14 agreement containing substantially the same provisions
15 which were contained in the previous franchise
16 agreement;

17 11. Being a factory that sells directly or indirectly new motor
18 vehicles or new powersports vehicles to any retail consumer in the
19 state except through a new motor vehicle dealer or new powersports
20 vehicle dealer holding a franchise for the line-make that includes
21 the new motor vehicle or new powersports vehicle. This paragraph
22 does not apply to factory sales of new vehicles to its employees,
23 family members of employees, retirees and family members of
24 retirees, not-for-profit organizations, or the federal, state, or

1 local governments. The provisions of this paragraph shall not
2 preclude a factory from providing information to a consumer for the
3 purpose of marketing or facilitating a sale of a new vehicle or from
4 establishing a program to sell or offer to sell new motor vehicles
5 or new powersports vehicle through participating dealers subject to
6 the limitations provided in paragraph 2 of Section 562 of this
7 title;

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

- 9 (1) owns any ownership interest or has any financial
10 interest in a new motor vehicle dealer or new
11 powersports vehicle dealer or any person who
12 sells products or services pursuant to the terms
13 of the franchise agreement,
14 (2) operates or controls a new motor vehicle dealer
15 or new powersports vehicle dealer, or
16 (3) acts in the capacity of a new motor vehicle
17 dealer or new powersports vehicle dealer.

18 b. (1) This paragraph does not prohibit a factory from
19 owning or controlling a new motor vehicle dealer
20 or new powersports vehicle dealer while in a bona
21 fide relationship with a dealer development
22 candidate who has made a substantial initial
23 investment in the franchise and whose initial
24 investment is subject to potential loss. The

1 dealer development candidate can reasonably
2 expect to acquire full ownership of a new vehicle
3 dealer within a reasonable period of time not to
4 exceed ten (10) years and on reasonable terms and
5 conditions. The ten-year acquisition period may
6 be expanded for good cause shown.

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

20 (3) This paragraph does not prohibit a factory from
21 owning, operating, or controlling or acting in
22 the capacity of a new motor vehicle dealer or new
23 powersports vehicle dealer which was in operation
24 prior to January 1, 2000.

1 (4) This paragraph does not prohibit a factory from
2 owning, directly or indirectly, a minority
3 interest in an entity that owns, operates, or
4 controls motor vehicle dealerships or powersports
5 vehicle dealerships of the same line-make
6 franchised by the manufacturer, provided that
7 each of the following conditions are met:

8 (a) all of the new motor vehicle or new
9 powersports vehicle dealerships selling the
10 vehicles of that manufacturer in this state
11 trade exclusively in the line-make of that
12 manufacturer,

13 (b) all of the franchise agreements of the
14 manufacturer confer rights on the dealer of
15 the line-make to develop and operate, within
16 a defined geographic territory or area, as
17 many dealership facilities as the dealer and
18 manufacturer shall agree are appropriate,

19 (c) at the time the manufacturer first acquires
20 an ownership interest or assumes operation,
21 the distance between any dealership thus
22 owned or operated and the nearest
23 unaffiliated new motor vehicle or new
24 powersports vehicle dealership trading in

1 the same line-make is not less than seventy
2 (70) miles,

3 (d) during any period in which the manufacturer
4 has such an ownership interest, the
5 manufacturer has no more than three
6 franchise agreements with new motor vehicle
7 dealers or new powersports vehicle dealers
8 licensed by the Oklahoma New Motor Vehicle
9 Commission to do business within the state,
10 and

11 (e) prior to January 1, 2000, the factory shall
12 have furnished or made available to
13 prospective new vehicle dealers an offering
14 circular in accordance with the Trade
15 Regulation Rule on Franchising of the
16 Federal Trade Commission, and any guidelines
17 and exemptions issued thereunder, which
18 disclose the possibility that the factory
19 may from time to time seek to own or
20 acquire, directly or indirectly, ownership
21 interests in retail dealerships;

22 13. Being a factory which directly or indirectly makes
23 available for public disclosure any proprietary information provided
24 to the factory by a new motor vehicle dealer or new powersports

1 vehicle dealer, other than in composite form to new vehicle dealers
2 in the same line-make or in response to a subpoena or order of the
3 Commission or a court. Proprietary information includes, but is not
4 limited to, information:

5 a. derived from monthly financial statements provided to
6 the factory, and

7 b. regarding any aspect of the profitability of a
8 particular new motor vehicle dealer or new powersports
9 vehicle dealer;

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

14 15. Being a factory which used the consumer list of a new motor
15 vehicle dealer or new powersports vehicle dealer for the purpose of
16 unfairly competing with dealers;

17 16. Being a factory which prohibits a new motor vehicle dealer
18 or new powersports vehicle dealer from relocating after a written
19 request by such dealer if:

20 a. the facility and the proposed new location satisfies
21 or meets the written reasonable guidelines of the
22 factory. Reasonable guidelines do not include
23 exclusivity or site control unless agreed to as set
24

1 forth in subparagraphs f and g of paragraph 9 of this
2 subsection,

3 b. the proposed new location is within the area of
4 responsibility of the new motor vehicle dealer or new
5 powersports vehicle dealer pursuant to Section 578.1
6 of this title, and

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

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

20 18. Being a factory that increases prices of new motor vehicles
21 or new powersports vehicles which the dealer had ordered for retail
22 consumers and notified the factory prior to the dealer's receipt of
23 the written official price increase notification. A sales contract
24 signed by a retail consumer accompanied with proof of order

1 submission to the factory shall constitute evidence of each such
2 order, provided that the vehicle is in fact delivered to the
3 consumer. Price differences applicable to new models or series
4 motor vehicles at the time of the introduction of new models or
5 series shall not be considered a price increase for purposes of this
6 paragraph. Price changes caused by any of the following shall not
7 be subject to the provisions of this paragraph:

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

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

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

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

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

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

b. by measuring dealer's performance under the franchise based on the sale of extended service contracts, extended maintenance plans, or similar products offered, endorsed, or sponsored by the manufacturer or distributor.

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

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

5 2. The exercise of the right of first refusal will result in
6 the new motor vehicle dealer ~~or new powersports vehicle dealer~~ and
7 the owner of the dealership receiving the same or greater
8 consideration as they have contracted to receive in connection with
9 the proposed change of ownership or transfer. If the proposed new
10 motor vehicle dealership sale or transfer includes the sale,
11 transfer, or lease of the real property and improvements thereon,
12 then the right of first refusal shall include the same terms for the
13 purchase or lease of the real property and all improvements thereon
14 for the same or greater consideration as the new motor vehicle
15 dealer has contracted to receive in connection with the proposed
16 sale or transfer;

17 3. The proposed sale or transfer of the dealership does not
18 involve the transfer or sale to a member or members of the family of
19 one or more dealer owners, or to a qualified manager or a
20 partnership or corporation controlled by such persons; and

21 4. The factory agrees to pay the reasonable expenses, including
22 attorney fees which do not exceed the usual, customary, and
23 reasonable fees charged for similar work done for other clients
24 incurred by the proposed new owner and transferee prior to the

1 exercise by the factory of its right of first refusal in negotiating
2 and implementing the contract for the proposed sale or transfer of
3 the dealership or dealership assets. Notwithstanding the foregoing,
4 no payment of expenses and attorney fees shall be required if the
5 proposed new dealer or transferee has not submitted or caused to be
6 submitted an accounting of those expenses within thirty (30) days of
7 receipt of the written request of the factory for such an
8 accounting. The accounting may be requested by a factory before
9 exercising its right of first refusal; and

- 10 5. a. If a proposed sale or transfer (the transaction) by a
11 new motor vehicle dealer (selling dealer) of a new
12 motor vehicle dealership owned in whole or in part by
13 a selling dealer, is part of a sale or transfer of
14 more than one new motor vehicle dealership owned in
15 whole or in part by a selling dealer, then any right
16 of first refusal of any manufacturer or distributor
17 (factory) shall not be exercised or otherwise enforced
18 unless the purchaser (purchasing dealer) of a selling
19 dealer's dealerships agrees in writing to proceed with
20 the purchase of the dealerships that are the subject
21 of the transaction without the dealerships subject to
22 the right of first refusal.
- 23 b. In order for any selling dealer to seek enforcement of
24 the provisions of this paragraph 5, the selling dealer

1 shall follow the notice provisions of this section.

2 The selling dealer shall notify the purchasing dealer
3 within seven (7) days of the selling dealer's receipt
4 in writing of any factory's intent to exercise any
5 right of first refusal with regard to any new motor
6 vehicle dealership or dealerships that is part of the
7 transaction.

8 c. Within thirty (30) days of the purchasing dealer's
9 receipt from the selling dealer of notice of the
10 factory's written notification to the selling dealer
11 of a factory's intent to exercise its right of first
12 refusal, the purchasing dealer shall notify the
13 selling dealer in writing of the purchasing dealer's
14 intent to continue or not continue with the
15 transaction without the new motor vehicle dealership
16 or dealerships which are subject to the factory's
17 right of first refusal. If purchasing dealer fails to
18 provide a written response within said thirty-day
19 timeframe, it shall be presumed that the purchasing
20 dealer is not willing to proceed with the transaction
21 subject to the factory's right of first refusal. The
22 selling dealer shall notify factory of the purchasing
23 dealer's written response or failure to respond within
24 three (3) business days of receipt of the purchasing

1 dealer's written response or of the purchasing
2 dealer's failure to respond in writing within the
3 thirty-day timeframe.

4 d. If the purchasing dealer agrees to proceed with the
5 transaction subject to the factory exercising its
6 right of first refusal on the dealership or
7 dealerships subject to said right of first refusal,
8 the factory's right to exercise its right of first
9 refusal shall not be valid, exercised, or enforced
10 until such time as the transaction between the selling
11 dealer and the purchasing dealer has been closed or
12 finalized. If the transaction is not closed or
13 finalized for any reason or the purchasing dealer does
14 not agree to proceed with the transaction subject to
15 the factory's right of first refusal, then the selling
16 dealer shall not be bound to the factory's right of
17 first refusal, the factory shall not have any right to
18 enforce any right of first refusal, and the selling
19 dealer shall not proceed with the transaction so long
20 as it includes the dealership or dealerships subject
21 to the factory's right of first refusal without the
22 written consent of the factory.

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

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

- 8 a. any motor vehicle or powersports vehicle sold by that
9 person is limited to used motor vehicles or
10 powersports vehicles that have been previously used
11 exclusively and regularly by that person in the
12 conduct of business and used motor vehicles or used
13 powersports vehicles traded in on motor vehicles or
14 powersports vehicles sold by that person,
- 15 b. warranty repairs performed by that person on motor
16 vehicles or powersports vehicles are limited to those
17 vehicles that the person owns, previously owned, or
18 takes in trade, and
- 19 c. motor vehicle or powersports vehicle financing
20 provided by that person to retail consumers for motor
21 vehicles or powersports vehicles is limited to used
22 vehicles sold by that person in the conduct of
23 business; or
24

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

3 D. As used in this section:

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

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

12 E. Nothing in this section shall prohibit a manufacturer or
13 distributor from requiring a dealer to be in compliance with the
14 franchise agreement and authorized to sell a make and model based on
15 applicable reasonable standards and requirements that include but
16 are not limited to any facility, technology, or training
17 requirements necessary to sell or service a vehicle, in order to be
18 eligible for delivery or allotment of a make or model of a new motor
19 vehicle or new powersports vehicle or an incentive.

20 SECTION 7. AMENDATORY 47 O.S. 2021, Section 565.2, as
21 last amended by Section 9, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
22 2024, Section 565.2), is amended to read as follows:

23 Section 565.2. Termination, cancellation or nonrenewal of new
24 motor vehicle or new powersports vehicle dealer franchise.

1 A. Irrespective of the terms, provisions, or conditions of any
2 franchise, or the terms or provisions of any waiver, no manufacturer
3 or distributor shall terminate, cancel, or fail to renew any
4 franchise with a licensed new motor vehicle dealer or new
5 powersports vehicle dealer (hereafter, in this section only,
6 referred to jointly as "dealer"), unless the manufacturer or
7 distributor has satisfied the notice and procedural requirements as
8 provided in this section and has good cause for cancellation,
9 termination, or nonrenewal. The manufacturer, or distributor, shall
10 not attempt to cancel or fail to renew the franchise or dealer
11 agreement of a ~~new motor vehicle~~ dealer in this state unfairly and
12 without just provocation or without due regard to the equities of
13 the dealer or without good faith as defined herein. As used herein,
14 "good faith" means the duty of each party to any franchise or dealer
15 agreement to act in a fair and equitable manner toward each other,
16 with freedom from coercion or intimidation or threats thereof from
17 each other.

18 B. Irrespective of the terms, provisions, or conditions of any
19 franchise, or the terms or provisions of any waiver, good cause
20 shall exist for the purpose of a termination, cancellation, or
21 nonrenewal when:

22 1. The ~~new motor vehicle dealer or new powersports vehicle~~
23 dealer has failed to comply with a provision of the franchise or
24 dealer agreement, which provision is both reasonable and of material

1 significance to the franchise or dealer relationship, or the ~~new~~
2 ~~motor vehicle dealer or new powersports vehicle~~ dealer has failed to
3 comply with reasonable performance criteria ~~for sales or service~~
4 ~~established by the manufacturer, and the new motor vehicle dealer or~~
5 ~~new powersports vehicle dealer has been notified by written notice~~
6 ~~from the manufacturer~~ or distributor sales or service performance
7 standards, capitalization requirements, facility commitments,
8 business-related equipment acquisitions, or other similar reasonable
9 performance criteria; and

10 2. The ~~new motor vehicle dealer or new powersports vehicle~~
11 ~~dealer has received written notification of failure to comply with~~
12 ~~the manufacturer's reasonable sales performance standards,~~
13 ~~capitalization requirements, facility commitments, business-related~~
14 ~~equipment acquisitions, or other such remediable failings exclusive~~
15 ~~of those reasons enumerated in paragraph 1 of subsection C of this~~
16 ~~section, and the new motor vehicle dealer or new powersports vehicle~~
17 ~~dealer has been afforded a reasonable opportunity of not less than~~
18 ~~six (6) months to comply with such a provision or criteria.~~
19 manufacturer or distributor has provided the dealer written
20 notification of the potential termination, cancellation, or
21 nonrenewal of their franchise or dealer agreement (hereafter, in
22 this section only, referred to as "deficiency notice"). This
23 deficiency notice shall be sent by certified mail, return receipt
24 requested, to the dealer at its current business address and to the

Commission, and shall contain a statement the manufacturer or distributor may seek to terminate, cancel, or not renew the dealer's franchise or dealer agreement, a detailed statement of the specific reasons for the potential termination, cancellation, or nonrenewal, and the beginning and ending dates of the compliance period. The dealer shall be afforded a reasonable opportunity of not less than one hundred eighty (180) days, starting the day after the dealer's receipt of the deficiency notice, to cure all specific reasons stated by the manufacturer or distributor for the potential termination, cancellation, or nonrenewal in the deficiency notice (hereafter, in this section only, referred to as "compliance period"); or

3. The reason for the termination, cancellation, or nonrenewal is for any of the reasons set forth in subparagraphs a, b, and c of paragraph 3 of subsection C of this section or the circumstances described in paragraph 4 of subsection C of this section. No deficiency notice or compliance period is required if the termination, cancellation, or nonrenewal is premised on the grounds set forth in subparagraphs a, b, and c of paragraph 3 of subsection C of this section or the circumstances described in paragraph 4 of subsection C of this section.

C. Irrespective of the terms, provisions, or conditions of any franchise or dealer agreement and prior to the termination, cancellation, or nonrenewal of any franchise or dealer agreement,

1 the manufacturer or distributor shall furnish notification of ~~such~~
2 ~~termination, cancellation, or nonrenewal~~ their intent to terminate,
3 cancel, or not renew the franchise or dealer agreement (hereafter,
4 in this section only, referred to as "notification") to the ~~new~~
5 ~~motor vehicle dealer or new powersports vehicle dealer~~ and the
6 ~~Oklahoma New Motor Vehicle Commission~~ as follows:

7 1. ~~Not less than ninety (90) days prior to the effective date~~
8 ~~of the termination, cancellation, or nonrenewal unless for a cause~~
9 ~~described in paragraph 2 of this subsection~~ The notification
10 required by this subsection shall be in writing via certified mail,
11 return receipt requested, to the dealer at the dealer's current
12 business address, and to the Commission, and shall contain a
13 statement of the manufacturer's or distributor's intent to
14 terminate, to cancel, or to not renew the franchise or dealer
15 agreement, a detailed statement of the specific reasons for the
16 termination, cancellation, or nonrenewal, and the date the
17 termination, cancellation, or nonrenewal shall take effect
18 (hereafter, in this section only, referred to as the "effective
19 date");

20 2. ~~Not less than fifteen (15) days prior to the effective date~~
21 ~~of the termination, cancellation, or nonrenewal with respect to any~~
22 ~~of the following:~~ If the termination, cancellation, or nonrenewal is
23 based upon any reason stated under paragraph 1 of subsection B of
24 this section, the manufacturer or distributor shall provide the

1 notification to the dealer and the Commission within twenty (20)
2 days following the last day of the compliance period and the
3 effective date shall not be less than thirty-one (31) days following
4 the dealer's receipt of the notification;

5 3. If the termination, cancellation, or nonrenewal is based
6 upon any of the reasons described in subparagraphs a, b, and c of
7 this paragraph (hereafter, in this section only, referred to as
8 "triggering events"), the manufacturer or distributor shall provide
9 the notification to the dealer and the Commission within fifteen
10 (15) days of the manufacturer's or distributor's receipt of written
11 notice from the dealer, any government agency, any state or federal
12 courts, including bankruptcy courts, or the Commission, of the
13 occurrence of any of the triggering events and the effective date
14 shall not be less than fifteen (15) days following the dealer's
15 receipt of said notification. As used herein, triggering events
16 are:

- 17 a. insolvency of the ~~new motor vehicle dealer or new~~
18 ~~powersports vehicle~~ dealer, or the filing of any
19 petition by or against the ~~new motor vehicle dealer or~~
20 ~~new powersports vehicle~~ dealer under any bankruptcy or
21 receivership law, or
22 b. failure of the ~~new motor vehicle dealer or new~~
23 ~~powersports vehicle~~ dealer to conduct its customary
24 sales and service operations during its customary

1 business hours for seven (7) consecutive business
2 days, provided that such failure to conduct business
3 shall not be due to an act of God or circumstances
4 beyond the direct control of the ~~new vehicle~~ dealer,
5 or

6 c. conviction of the ~~new vehicle dealer or new~~
7 ~~powersports vehicle~~ dealer of any felony which is
8 punishable by imprisonment or a violation of the
9 Federal Odometer Act; and

10 ~~3. Not less than one hundred eighty (180) days prior to the~~
11 ~~effective date of the termination or cancellation where the~~
12 ~~manufacturer or distributor is discontinuing the sale of the product~~
13 ~~line~~

14 4. If the reason for the termination, cancellation, or
15 nonrenewal is because the manufacturer or distributor, is
16 discontinuing the sale of the product line sold by the dealer,
17 notification shall be provided at least one hundred eighty (180)
18 days before the effective date.

19 ~~The notification required by this subsection shall be by~~
20 ~~certified mail, return receipt requested, and shall contain a~~
21 ~~statement of intent to terminate, to cancel, or to not renew the~~
22 ~~franchise, a statement of the reasons for the termination,~~
23 ~~cancellation, or nonrenewal and the date the termination shall take~~
24 ~~effect.~~

1 D. ~~Upon the affected new motor vehicle or new powersports~~
2 ~~vehicle dealer's receipt of the aforementioned notice of~~
3 ~~termination, cancellation, or nonrenewal, the new motor vehicle~~
4 ~~dealer shall have the right to file a protest of such threatened~~
5 ~~termination, cancellation, or nonrenewal with the Commission within~~
6 ~~thirty (30) days and request a hearing. Upon the affected dealer's~~
7 receipt of the aforementioned notification, the dealer shall have
8 the right to file a protest of such threatened termination,
9 cancellation or nonrenewal with the Commission and request a hearing
10 under the following circumstances:

11 1. If the dealer has received a deficiency notice, has been
12 provided a compliance period, and has received a notification that
13 is based on any reason stated under paragraph 1 of subsection B of
14 this section or the dealer has received a notification based upon
15 the circumstances stated in paragraph 4 of subsection C of this
16 section, the dealer shall file a protest within thirty (30) days of
17 receipt of the notification; or

18 2. If the dealer has received notification that is based on any
19 of the triggering events set forth in subparagraphs a, b, and c, of
20 paragraph 3 of subsection C of this section, the dealer shall file a
21 protest within fourteen (14) days of their receipt of said
22 notification.

23 E. The hearing on any protest held pursuant to this section
24 shall be held within one hundred eighty (180) days of the date of

1 the timely protest by the dealer and in accordance with the
2 provisions of the Administrative Procedures Act, Sections 250
3 through 323 of Title 75 of the Oklahoma Statutes, to determine if
4 the threatened cancellation, termination, or nonrenewal of the
5 franchise or dealer agreement has been for good cause and if the
6 ~~factory~~ manufacturer or distributor has complied with its
7 obligations pursuant to subsections A, B, and C of this section and
8 the ~~factory~~ manufacturer or distributor shall have the burden of
9 proof. Either party may request an additional one-hundred-eighty-
10 day extension of the hearing date from the Commission. Approval of
11 the requested extension may not be unreasonably withheld or delayed.
12 If the Commission finds that the threatened cancellation,
13 termination, or nonrenewal of the franchise or dealer agreement has
14 not been for good cause or violates subsection A, B, or C of this
15 section, then it shall issue a final order stating that the
16 threatened termination is wrongful. A ~~factory~~ manufacturer or
17 distributor shall have the right to appeal such order. During the
18 pendency of the hearing and after the decision, the franchise or
19 dealer agreement shall remain in full force and effect, including
20 the right to transfer the franchise or dealer agreement. If the
21 Commission finds that the threatened cancellation, termination, or
22 nonrenewal is for good cause and does not violate subsection A, B,
23 or C of this section, the ~~new motor vehicle or new powersports~~
24 ~~vehicle~~ dealer shall have the right to an appeal. During the

1 pendency of the action, including the final decision or appeal, the
2 franchise or dealer agreement shall remain in full force and effect,
3 including the right to transfer the franchise or dealer agreement.

4 If the dealer prevails in the threatened termination action, the
5 Commission shall award to the dealer the attorney fees and costs
6 incurred to defend the action.

7 ~~E.~~ F. If the ~~factory~~ manufacturer or distributor prevails in an
8 action to terminate, cancel, or not renew any franchise or dealer
9 agreement, the ~~new motor vehicle or new powersports vehicle~~ dealer
10 shall be allowed fair and reasonable compensation by the
11 manufacturer or distributor for:

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

16 2. Supplies and parts which have been acquired from the
17 manufacturer, or distributor for the purpose of this section,
18 limited to any and all supplies and parts that are listed on the
19 current parts price sheet available to the dealer;

20 3. Equipment and furnishings, provided the dealer purchased
21 them from the manufacturer or distributor or its approved sources;
22 and

23 4. Special tools, with such fair and reasonable compensation to
24 be paid by the manufacturer or distributor within ninety (90) days

1 of the effective date of the termination, cancellation, or
2 nonrenewal, provided the dealer has clear title to the inventory and
3 other items and is in a position to convey that title to the
4 manufacturer or distributor.

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

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

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

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

- 4 a. used solely for performance in accordance with the
5 franchise or dealer agreement. If the facility is
6 used for the operation of more than one franchise, the
7 reasonable rent shall be paid based upon the portion
8 of the facility utilized by the franchise being
9 terminated, canceled, or nonrenewed, and
10 b. not substantially in excess of facilities recommended
11 by the manufacturer or distributor.

12 2. If the facilities are owned by the ~~new motor vehicle or new~~
13 ~~powersports vehicle~~ dealer, within ninety (90) days following the
14 effective date of the termination, cancellation, or nonrenewal, the
15 manufacturer or distributor will 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 or new~~
4 ~~powersports vehicle~~ dealer, within ninety (90) days following the
5 effective date of the termination, cancellation, or nonrenewal the
6 manufacturer or distributor will 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 dealer, or
- 11 c. failing the foregoing, lease the dealership facilities
12 at a reasonable rent for the portion of the facility
13 that is recognized in the franchise or dealer
14 agreement for one (1) year.

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

- 18 a. fails to accept a bona fide offer from a prospective
19 purchaser, 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 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 or distributor shall be entitled to occupy
4 and use any space for which it pays rent required by this section.

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

1 dealer agreement or agree to a process to determine the fair market
2 value, then the ~~factory~~ manufacturer or distributor and dealer shall
3 utilize a neutral third-party mediator to resolve the disagreement.

4 SECTION 8. AMENDATORY 47 O.S. 2021, Section 566, as last
5 amended by Section 12, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
6 Section 566), is amended to read as follows:

7 Section 566. The Oklahoma New Motor Vehicle Commission may deny
8 any application for license or registration, or suspend or revoke a
9 license or registration issued or impose a fine, only after a
10 hearing of which the applicant, registrant, or licensee affected,
11 shall be given at least ten (10) days' written notice specifying the
12 reason for denying the applicant a license or registration, or, in
13 the case of a revocation or suspension or imposition of a fine, the
14 offenses of which the licensee or registrant is charged. The
15 notices may be served as provided by law for the service of notices,
16 or mailing a copy by certified mail to the last-known residence or
17 business address of the applicant, registrant, or licensee. The
18 hearing on the charges shall be at such time and place as the
19 Commission may prescribe and the aforementioned notice shall further
20 specify the time and place. If the applicant, registrant, or
21 licensee is a salesperson, or ~~factory representative~~, or distributor
22 representative, the Commission shall in like manner also notify the
23 person, firm, association, corporation, or trust with whom he or she
24 is associated, or in whose association he or she is about to enter.

1 The Commission shall have the power to compel the production of all
2 records, papers, and other documents which may be deemed relevant to
3 the proceeding bearing upon the complaints. The Commission shall
4 have the power to subpoena and bring before it any person, or take
5 testimony of any such person by deposition, with the same fees and
6 mileage and in the same manner as prescribed in proceedings before
7 courts of the state in civil cases. Any party to the hearing shall
8 have the right to the attendance of witnesses on his or her behalf
9 upon designating to the Commission the person or persons sought to
10 be subpoenaed.

11 SECTION 9. AMENDATORY 47 O.S. 2021, Section 578.1, as
12 last amended by Section 15, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
13 2024, Section 578.1), is amended to read as follows:

14 Section 578.1. A. Notwithstanding the terms of a franchise and
15 notwithstanding the terms of a waiver, if a factory intends or
16 proposes to enter into a franchise to establish an additional new
17 motor vehicle or powersports vehicle dealer or to relocate an
18 existing new motor vehicle or powersports vehicle dealer within or
19 into a relevant market area in which the same line-make of motor
20 vehicle is currently represented, the factory shall provide at least
21 sixty (60) days advance written notice to the Commission and to each
22 new motor vehicle or powersports vehicle dealer of the same line-
23 make in the relevant market area, of the intention of the factory to
24 establish an additional dealer or to relocate an existing dealer

1 within or into the relevant market area. For purposes of this
2 section, any mileage distance shall be measured on a straight line
3 from the nearest property boundary points for the dealership
4 properties at issue. Further, for purposes of this section, the
5 "relevant market area" means the area within a radius of fifteen
6 (15) miles around the site of the proposed new motor vehicle or
7 powersports vehicle dealership measured from the property boundary
8 of primary dealership property. The notice shall be sent by
9 certified mail to each party and shall include the following
10 information:

11 1. The specific location at which the additional or relocated
12 dealer will be established;

13 2. The date on or after which the additional or relocated
14 dealer intends to commence business at the proposed location;

15 3. The identity of all dealers who are franchised to sell the
16 same line-make vehicles as the proposed dealer and who have licensed
17 locations within the relevant market area;

18 4. The names and addresses of the person intended to be
19 franchised as the proposed additional or relocated dealership, the
20 principal investors in the proposed additional or relocated
21 dealership, and the proposed dealer operator of the proposed
22 additional or relocated dealership; and
23
24

1 5. The specific grounds or reasons for the proposed
2 establishment of an additional dealer or relocation of an existing
3 dealer.

4 B. The notification requirements prescribed in subsection A of
5 this section shall not apply if:

6 1. The relocation of an existing dealer is within the relevant
7 market area of that dealer; provided, that the relocation not be at
8 a site within ten (10) miles of a licensed dealer for the same line-
9 make of vehicle;

10 2. A proposed additional dealer which is to be established at
11 or within two (2) miles of a location at which a former licensed
12 dealer for the same line-make of vehicle had ceased operating within
13 the previous two (2) years;

14 3. The relocation of an existing dealer is within two (2) miles
15 of the existing site of the dealership; or

16 4. The proposed site for the relocation of an existing dealer
17 is farther away from all other dealers of the same line-make in that
18 relevant market area.

19 C. Within thirty (30) days after receipt of the notice, or
20 within thirty (30) days after the end of an appeal procedure
21 provided by the factory, whichever is greater, a new motor vehicle
22 dealer or new powersports vehicle dealer so notified or entitled to
23 notice may file a petition with the Commission protesting the
24 proposed establishment or relocation. The petition shall contain a

1 short statement setting forth the reasons for the objection of the
2 new motor vehicle dealer to the proposed establishment or
3 relocation. Upon filing of a protest, the Commission shall promptly
4 notify the factory that a timely protest has been filed and shall
5 schedule a hearing, which shall be held within one hundred twenty
6 (120) days of the filing of a timely protest. The factory shall not
7 establish or relocate the dealer until the Commission has held a
8 hearing and has determined that there is good cause for permitting
9 the proposed establishment or relocation. When more than one
10 protest is filed against the establishment or relocation of the same
11 dealer, the Commission shall consolidate the hearings to expedite
12 disposition of the matter.

13 D. The burden of proof to establish that good cause exists for
14 permitting the proposed establishment of a new motor vehicle or new
15 powersports vehicle dealer or relocating an existing dealership
16 shall be on the applicant who seeks to establish a dealership or the
17 relocation of an existing dealership.

18 SECTION 10. This act shall become effective November 1, 2025.
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