

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2160

By: Dobrinski of the House

and

Coleman of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to motor vehicles; 47 O.S. 2021,
12 Section 561, as amended by Section 1, Chapter 240,
13 O.S.L. 2024 (47 O.S. Supp. 2024, Section 561), which
14 relates to necessity for regulation; modifying
15 legislative intent and findings; amending 47 O.S.
16 2021, Section 562, as last amended by Section 2,
17 Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024, Section
18 562), which relates to definitions; modifying
19 definitions; amending 47 O.S. 2021, Section 563, as
20 last amended by Section 3, Chapter 240, O.S.L. 2024
21 (47 O.S. Supp. 2024, Section 563), which relates to
22 the Oklahoma New Motor Vehicle Commission; requiring
23 Commission approve certain form; amending 47 O.S.
24 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,

1 as last amended by Section 7, Chapter 240, O.S.L.
2 2024 (47 O.S. Supp. 2024, Section 565), which relates
3 to denial, revocation, suspension of license;
4 requiring salespersons be employed by licensed
5 dealers; modifying requirements for certain right of
6 first refusal; requiring certain notice; outlining
7 details and requirements for certain purchase;
8 amending 47 O.S. 2021, Section 565.2, as last amended
9 by Section 9, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
10 2024, Section 565.2), which relates to terminating,
11 cancelling, or failing to renew franchise; modifying
12 types of entities subject to certain termination or
13 cancellation requirements; modifying description of
14 when good cause shall be required for certain
15 termination, cancellation, or nonrenewal; modifying
16 certain notice requirements; authorizing filing of
17 protest under certain circumstances; modifying
18 certain hearing provisions; modifying entities
19 entitled to certain fair and reasonable compensation;
20 modifying entities entitled to certain reasonable
21 rent; modifying entities entitled to certain fair
22 market value payment; amending 47 O.S. 2021, Section
23 566, as last amended by Section 12, Chapter 240,
24 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:

1 Section 561. The Legislature finds and declares that the
2 distribution and sale of new motor vehicles and powersport vehicles
3 in the State of Oklahoma vitally affects the general economy of the
4 state and the public interest and the public welfare, and that in
5 order to promote the public interest and the public welfare, and in
6 the exercise of its police powers, it is necessary to regulate and
7 to license motor vehicle manufacturers, factories, distributors, and
8 their respective representatives, new motor vehicle dealers, and
9 powersport vehicle dealers, and to register salespersons of new
10 motor vehicles and powersport vehicles doing business in Oklahoma,
11 in order to prevent frauds, impositions and other abuses upon its
12 citizens and to protect and preserve the investments and properties
13 of the citizens of this state, and in order to avoid undue control
14 of the independent new motor vehicle dealer or powersport vehicle
15 dealer by the motor vehicle or powersport vehicle manufacturing and
16 distributing organizations, and in order to foster and keep alive
17 vigorous and healthy competition by prohibiting unfair practices by
18 which fair and honest competition is destroyed or prevented, and to
19 protect the public against the creation or perpetuation of
20 monopolies and practices detrimental to the public welfare, to
21 prevent the practice of requiring the buying of special features,
22 appliances and equipment not desired or requested by the purchaser,
23 to prevent false and misleading advertising, to prevent unfair
24 practices by new motor vehicle dealers, ~~or~~ powersports vehicle

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

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

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

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

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

23 2. "New motor vehicle dealer" means any person, firm,
24 association, corporation, or trust not excluded by this paragraph

1 who sells, offers for sale, advertises to sell, leases, or displays
2 new motor vehicles and holds a bona fide contract or franchise in
3 effect with a manufacturer or distributor authorized by the
4 manufacturer to make predelivery preparation of such vehicles sold
5 to purchasers and to perform post-sale work pursuant to the
6 manufacturer's or distributor's warranty. As used herein,
7 "authorized predelivery preparation" means the rendition by the
8 dealer of services and safety adjustments on each new motor vehicle
9 in accordance with the procedure and safety standards required by
10 the manufacturer of the vehicle to be made before its delivery to
11 the purchaser. "Performance of authorized post-sale work pursuant
12 to the warranty", as used herein, means the rendition of services
13 which are required by the terms of the warranty that stands extended
14 to the vehicle at the time of its sale and are to be made in
15 accordance with the safety standards prescribed by the manufacturer.
16 The term includes premises or facilities at which a person engages
17 only in the repair of motor vehicles if repairs are performed
18 pursuant to the terms of a franchise and motor vehicle
19 manufacturer's warranty. For the purpose of Sections 561 through
20 567, 572, 578.1, 579, and 579.1 of this title, the terms new motor
21 vehicle dealer and "new motor vehicle dealership" shall be
22 synonymous. The term new motor vehicle dealer does not include:
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- 1 a. receivers, trustees, administrators, executors,
2 guardians, or other persons appointed by or acting
3 under judgment or order of any court,
4 b. public officers while performing or in operation of
5 their duties,
6 c. employees of persons, corporations, or associations
7 enumerated in subparagraph a of this paragraph when
8 engaged in the specific performance of their duties as
9 such employees, or
10 d. a powersports vehicle dealer;

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

19 4. "Commission" means the Oklahoma New Motor Vehicle
20 Commission;

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

3 6. "Distributor" means any person, firm, association,
4 corporation, or trust, resident or nonresident, that, being
5 authorized by the original manufacturer, in whole or in part sells
6 or distributes new and unused motor vehicles to new motor vehicle
7 dealers or new and unused powersport vehicles to powersport vehicle
8 dealers, or that maintains distributor representatives;

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

16 8. "Distributor branch" means any branch office similarly
17 maintained by a distributor for the same purposes a factory branch
18 is maintained;

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

1 10. "Distributor representative" means any person, ~~firm,~~
2 ~~association, corporation, or trust~~ and each officer, agent and or
3 employee ~~thereof~~ engaged as a representative of a distributor or
4 distributor branch of motor vehicles or powersport vehicles, for the
5 purpose of making or promoting the sale of its motor vehicles or
6 powersport vehicles, or for supervising or contacting its dealers or
7 prospective dealers;

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

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

22 13. "Area of responsibility" means the geographical area, as
23 designated by the manufacturer, factory branch, factory
24 representative, distributor, distributor branch, or distributor

1 representative, in which the new motor vehicle dealer or powersports
2 dealer is held responsible for the promotion and development of
3 sales and rendering of service for the make of motor vehicle or
4 powersports vehicle for which the new motor vehicle dealer or new
5 powersports vehicle dealer holds a franchise or selling agreement;

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

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

13 16. "Product" means new motor vehicles and new motor vehicle
14 parts or new powersports vehicle and new powersports vehicle parts;

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

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

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

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

3 21. "Powersports vehicle" means any new or unused motorcycles,
4 scooters, mopeds, all-terrain vehicles, and utility vehicles
5 required to be registered under the Oklahoma Vehicle License and
6 Registration Act, with the exception of all-terrain vehicles,
7 utility vehicles, and motorcycles used exclusively for off-road use
8 which are sold by a retail implement dealer;

9 22. "Powersports vehicle dealer" means any person, firm, or
10 corporation, resident or nonresident, that is in the business of
11 selling any new powersports vehicles except for retail implement
12 dealers;

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

19 24. "Consumer data" means nonpublic personal information as
20 defined in 15 U.S.C., Section 6809(4) as it existed on January 1,
21 2023, that is:

22 a. collected by a new motor vehicle dealer, and
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1 b. provided by the new motor vehicle dealer directly to a
2 manufacturer or third party acting on behalf of a
3 manufacturer.

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

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

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

12 Section 563. Oklahoma New Motor Vehicle Commission.

13 A. There is hereby created the Oklahoma New Motor Vehicle
14 Commission, to be composed of nine (9) members. Seven of the
15 members shall have been engaged in the manufacture, distribution, or
16 sale of new motor vehicles and two members shall be lay members, all
17 to be appointed by the Governor of the State of Oklahoma, with the
18 advice and consent of the Senate. Appointments shall be made within
19 thirty (30) days after November 1, 1985. Each of the Commissioners
20 thus appointed shall, at the time of the appointment, be a resident
21 in good faith of this state, shall be of good moral character, and
22 each of the industry related Commissioners shall have been actually
23 engaged in the manufacture, distribution, or sale of new motor
24 vehicles, new powersport vehicles or new recreational vehicles for

1 not less than ten (10) years preceding the appointment. The members
2 of the Commission shall serve at the pleasure of the Governor.

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

6 2. There shall be three at large members of the Commission.
7 Six members of the Commission shall be appointed from the following
8 geographical areas with at least one member from each area:

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

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

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

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

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

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

1 3. The members appointed at large shall serve until June 30,
2 1991.

3 Each member shall serve until a successor is appointed and
4 qualifies. Thereafter, the term of office of each member of the
5 Commission shall be for six (6) years. The term of office of any
6 member will automatically expire if the member moves out of the
7 geographical area from which the member was appointed. In event of
8 death, resignation, removal, or term automatically expiring of any
9 person serving on the Commission, the vacancy shall be filled by
10 appointment as provided for the unexpired portion of the term. The
11 Commission shall meet at Oklahoma City and complete its organization
12 immediately after the membership has been appointed and has
13 qualified. The chair and each member of the Commission shall take
14 and subscribe to the oath of office required of public officers.

15 D. The members of the Commission shall receive reimbursement
16 for subsistence and traveling expenses necessarily incurred in the
17 performance of their duties as provided by the State Travel
18 Reimbursement Act.

19 E. The Commission shall appoint a qualified person to serve as
20 Executive Director thereof, which person shall have had not less
21 than ten (10) years of experience in the motor vehicle industry.
22 The Executive Director shall be appointed for a term of six (6)
23 years, and shall not be subject to dismissal or removal without
24 cause. The Commission shall fix the salary and prescribe the duties

1 of the Executive Director. The Executive Director shall devote such
2 time as necessary to fulfill the duties thereof, and before entering
3 upon such duties shall take and subscribe to the oath of office.
4 The Executive Director may employ such clerical, technical, and
5 other help and legal services and incur such expenses as may be
6 necessary for the proper discharge of the duties of the Executive
7 Director under Section 561 et seq. of this title. The Commission
8 shall maintain its office and transact its business in Oklahoma
9 City, and it is authorized to adopt and use a seal. The Executive
10 Director is hereby authorized to hire, retain, or otherwise acquire
11 the services of an attorney to represent the Commission in any and
12 all state and federal courts, and assist the Commission in any and
13 all business or legal matters that may come before it. The attorney
14 so representing the Commission shall discharge the duties under the
15 direction of the Executive Director.

16 F. The Commission is hereby vested with the powers necessary to
17 enable it to fully and effectively carry out the provisions and
18 objects of Section 561 et seq. of this title, and is hereby
19 authorized and empowered to make and enforce all reasonable rules
20 and to adopt and prescribe all forms necessary to accomplish such
21 purpose. All forms used by a new motor vehicle dealer or
22 powersports vehicle dealer to facilitate the delivery of a vehicle
23 pending approval of financing shall be approved by the Commission.
24 Spot delivery agreement forms shall be required for all new motor

1 vehicle or powersport vehicle deliveries subject to dealers finding
2 lending institutions to purchase the retail or lease installment
3 contracts executed by the purchasing and selling parties.

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

14 At the close of each fiscal year, the Commission shall file with
15 the Governor and the State Auditor and Inspector a true and correct
16 report of all fees, fines and charges collected and received by it
17 during the preceding fiscal year and shall at the same time pay into
18 the General Revenue Fund of the state a sum equal to ten percent
19 (10%) of the fees, fines, and charges collected and received.

20 All expenses incurred by the Commission in carrying out the
21 provisions of Section 561 et seq. of this title, including but not
22 limited to per diem, wages, salaries, rent, postage, advertising,
23 supplies, bond premiums, travel, and subsistence for the
24 Commissioners, the Executive Director, employees, and legal counsel,

1 and printing and utilities, shall be a proper charge against such
2 fund, exclusive of the portion thereof to be paid into the General
3 Revenue Fund as above set out. In no event shall liability ever
4 accrue hereunder against this state in any sum whatsoever, or
5 against the Oklahoma New Motor Vehicle Commission Fund, in excess of
6 the ninety percent (90%) of the fees, fines, and charges deposited
7 therein.

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

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

1 ~~event~~ without the necessity of registering as a salesperson, so long
2 as such person shall be the is an owner of a ~~proprietorship~~ the
3 dealership, or the person designated as principal in the dealer's
4 franchise or the managing officer or one partner if no principal
5 person is named in the franchise. It is further provided that a
6 factory or an entity affiliated by any ownership or control by the
7 factory shall not be permitted to be licensed as a new motor vehicle
8 dealer in this state, except as provided by subparagraph b of
9 paragraph 12 of Section 565 of this title.

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

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

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1 C. The schedule of license fees to be charged and received by
2 the Commission for the licenses issued hereunder shall be as
3 follows:

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

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

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

13 ~~4.~~ 3. For each new motor vehicle dealer, ~~except powersports~~
14 ~~vehicle dealers,~~ initial fee of Three Hundred Dollars (\$300.00) per
15 franchise sold at each location licensed, with an annual renewal fee
16 of One Hundred Dollars (\$100.00) per franchise sold at each location
17 licensed per year; and

18 ~~5.~~ 4. For each powersports vehicle dealer, initial fee of Three
19 Hundred Dollars (\$300.00) per manufacturer represented by the dealer
20 at each location licensed, with an annual renewal fee of One Hundred
21 Dollars (\$100.00) per manufacturer represented by the dealer at each
22 location licensed per year.

23 D. The licenses issued to each new motor vehicle dealer, new
24 powersports vehicle dealer, manufacturer, distributor, factory

1 branch, or distributor branch shall specify the location ~~of the~~
2 ~~factory, office, or branch~~ thereof. In case such location is
3 changed, the Commission may endorse the change of location on the
4 license without charge unless the change of address triggers a
5 relocation of a new motor vehicle dealer or new powersports vehicle
6 dealer pursuant to the provisions of Section 578.1 of this title.
7 The licenses ~~of each new vehicle dealer~~ shall be posted in a
8 conspicuous place in the ~~dealer's~~ licensee's place or places of
9 business.

10 Every ~~motor vehicle~~ representative of a factory ~~representative~~
11 or distributor ~~representative~~ shall physically possess the license
12 when engaged in business and shall display such upon request. The
13 name of the employer ~~of such factory representative or distributor~~
14 ~~representative~~ shall be stated on the representative's license.

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

18 SECTION 5. AMENDATORY 47 O.S. 2021, Section 564.2, as
19 last amended by Section 6, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
20 2024, Section 564.2), is amended to read as follows:

21 Section 564.2. It shall be punishable by an administrative fine
22 not to exceed Five Hundred Dollars (\$500.00) for any person,
23 resident, or nonresident to engage in business as, or serve in the
24 capacity of, a new motor vehicle salesperson or powersports vehicle

1 salesperson in this state without first obtaining a certificate of
2 registration with the Oklahoma New Motor Vehicle Commission. The
3 cost of registration for each new salesperson shall be set at
4 Twenty-five Dollars (\$25.00) to be renewed annually. The cost of
5 registration and any administrative fine is to be borne by the
6 salesperson's employing entity ~~of the new salesperson~~. The
7 Commission shall promulgate rules and procedures necessary for the
8 implementation and creation of the registry and the issuance of
9 certificates of registration.

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

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

19 1. On satisfactory proof of unfitness of the applicant in any
20 application for any license under the provisions of Section 561 et
21 seq. of this title;

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

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

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

6 5. Being a new motor vehicle dealer or new powersports vehicle
7 dealer who:

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

1 vehicle dealer or new powersports vehicle dealer and
2 poses a reasonable threat to public safety,

3 f. has committed a fraudulent act in selling, purchasing,
4 or otherwise dealing in new motor vehicles or new
5 powersports vehicles or has misrepresented the terms
6 and conditions of a sale, purchase or contract for
7 sale or purchase of a new motor vehicle or new
8 powersports vehicle or any interest therein including
9 an option to purchase such vehicle,

10 g. has failed to meet or maintain the conditions and
11 requirements necessary to qualify for the issuance of
12 a license, or

13 h. completes any sale or transaction of an extended
14 service contract, extended maintenance plan, or
15 similar product using contract forms that do not
16 conspicuously disclose the identity of the service
17 contract provider;

18 6. Being a ~~new motor~~ vehicle salesperson who is not employed as
19 such by a licensed new motor vehicle dealer or powersports vehicle
20 dealer;

21 7. Being a new motor vehicle dealer or new powersports vehicle
22 dealer who:

23 a. does not have an established place of business,
24

1 b. does not provide for a suitable repair shop separate
2 from the display room with ample space to repair or
3 recondition one or more vehicles at the same time, and
4 which is staffed with properly trained and qualified
5 repair technicians and is equipped with such parts,
6 tools, and equipment as may be requisite for the
7 servicing of motor vehicles in such a manner as to
8 make them comply with the safety laws of this state
9 and to properly fulfill the dealer's or manufacturer's
10 warranty obligation,

11 c. does not hold a franchise in effect with a
12 manufacturer or distributor of new or unused vehicles
13 for the sale of the same and is not authorized by the
14 manufacturer or distributor to render predelivery
15 preparation of such vehicles sold to purchasers and to
16 perform any authorized post-sale work pursuant to the
17 manufacturer's or distributor's warranty,

18 d. employs or utilizes the services of used motor vehicle
19 lots or dealers or other unlicensed persons or
20 unregistered persons in connection with the sale of
21 new vehicles,

22 e. does not properly service a new motor vehicle or new
23 powersports vehicle before delivery of same to the
24 original purchaser thereof, or

1 f. fails to order and stock a reasonable number of new
2 motor vehicles necessary to meet consumer demand for
3 each of the new motor vehicles included in the new
4 motor vehicle dealer's franchise agreement, unless the
5 new motor vehicles are not readily available from the
6 manufacturer or distributor due to limited production;

7 8. Being a factory that has:

8 a. either induced or attempted to induce by means of
9 coercion or intimidation, any new motor vehicle dealer
10 or powersports vehicle dealer:

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

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

22 (3) to order or accept delivery of any parts,
23 accessories, equipment, machinery, tools,
24 appliances, or any commodity whatsoever,

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

1 a material effect on a right of the dealer to vehicle
2 allocation; or payment under any incentive or
3 reimbursement program that is unfair, unreasonable,
4 inequitable, and not based on accurate information,

5 d. used a performance standard for measuring sales or
6 service performance of any new motor vehicle dealer or
7 new powersports vehicle dealer under the terms of the
8 franchise agreement which:

9 (1) is unfair, unreasonable, arbitrary, or
10 inequitable, and

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

21 e. failed or refused to sell, or offer for sale, new
22 motor vehicles to all of its authorized same line-make
23 franchised new motor vehicle dealers or new
24 powersports vehicle dealers at the same price for a

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

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

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

23 9. Being a factory that:
24

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

1 consumer. Time allowances for the diagnosis and
2 performance of repair work shall be reasonable and
3 adequate for the work to be performed. Adequate and
4 fair compensation, which under this provision shall be
5 no less than the rates customarily charged for retail
6 consumer repairs as calculated herein, for parts and
7 labor for warranty and recall repairs shall, at the
8 option of the new motor vehicle dealer, be established
9 by the new motor vehicle dealer submitting to the
10 manufacturer or distributor one hundred sequential
11 nonwarranty consumer-paid service repair orders which
12 contain warranty-like repairs, or ninety (90)
13 consecutive days of nonwarranty consumer-paid service
14 repair orders which contain warranty-like repairs,
15 whichever is less, covering repairs made no more than
16 one hundred eighty (180) days before the submission
17 and declaring the average percentage labor rate and/or
18 markup rate. A motor vehicle dealer may not submit a
19 request to establish its retail rates more than once
20 in a twelve-month period. That request may establish
21 a parts markup rate, labor rate, or both. The new
22 motor vehicle dealer or new powersports vehicle dealer
23 shall calculate its retail parts rate by determining
24 the total charges for parts from the qualified repair

1 orders submitted, dividing that amount by the new
2 motor vehicle dealer's total cost of the purchase of
3 those parts, subtracting one (1), and multiplying by
4 one hundred (100) to produce a percentage. The new
5 motor vehicle dealer or new powersports vehicle dealer
6 shall calculate its retail labor rate by dividing the
7 amount of the new vehicle dealer's total labor sales
8 from the qualified repair orders by the total labor
9 hours charged for those sales. When submitting repair
10 orders to establish a retail parts and labor rate, a
11 new motor vehicle dealer or new powersports vehicle
12 dealer need not include repairs for:

- 13 (1) routine maintenance including but not limited to
14 the replacement of bulbs, fluids, filters,
15 batteries, and belts that are not provided in the
16 course of and related to a repair,
- 17 (2) factory special events, specials, or promotional
18 discounts for retail consumer repairs,
- 19 (3) parts sold or repairs performed at wholesale,
- 20 (4) factory-approved goodwill or policy repairs or
21 replacements,
- 22 (5) repairs with aftermarket parts, when calculating
23 the retail parts rate but not the retail labor
24 rate,

- 1 (6) repairs on aftermarket parts,
2 (7) replacement of or work on tires including front-
3 end alignments and wheel or tire rotations,
4 (8) repairs of vehicles owned by the new motor
5 vehicle dealer or new powersports vehicle dealer
6 or employee thereof at the time of the repair,
7 (9) vehicle reconditioning, or
8 (10) items that do not have individual part numbers
9 including, but not limited to, nuts, bolts, and
10 fasteners.

11 A manufacturer or distributor may, not later than
12 forty-five (45) days after submission, rebut that
13 declared retail parts and labor rate in writing by
14 reasonably substantiating that the rate is not
15 accurate or is incomplete pursuant to the provisions
16 of this section. If the manufacturer or distributor
17 determines the set of repair orders submitted by the
18 new motor vehicle dealer or new powersports vehicle
19 dealer pursuant to this section for a retail labor
20 rate or retail parts markup rate is substantially
21 higher than the new vehicle dealer's current warranty
22 rates, the manufacturer or distributor may request, in
23 writing, within forty-five (45) days after the
24 manufacturer's or distributor's receipt of the new

1 vehicle dealer's initial submission, all repair orders
2 closed within the period of thirty (30) days
3 immediately preceding, or thirty (30) days immediately
4 following, the set of repair orders initially
5 submitted by the new motor vehicle dealer. All time
6 periods under this section shall be suspended until
7 the supplemental repair orders are provided. If the
8 manufacturer or distributor requests supplemental
9 repair orders, the manufacturer or distributor may,
10 within thirty (30) days after receiving the
11 supplemental repair orders and in accordance with the
12 formula described in this subsection, calculate a
13 proposed adjusted retail labor rate or retail parts
14 markup rate, as applicable, based upon any set of the
15 qualified repair orders submitted by the franchisee
16 and following the formula set forth herein to
17 establish the rate. The retail labor and parts rates
18 shall go into effect thirty (30) days following the
19 approval by the manufacturer or distributor. If the
20 declared rate is rebutted, the manufacturer or
21 distributor shall provide written notice stating the
22 reasons for the rebuttal, an explanation of the
23 reasons for the rebuttal, and a copy of all
24 calculations used by the franchisor in determining the

1 manufacturer or distributor's position and propose an
2 adjustment in writing of the average percentage markup
3 or labor rate based on that rebuttal not later than
4 forty-five (45) days after submission. If the new
5 motor vehicle dealer or new powersports vehicle dealer
6 does not agree with the proposed average percentage
7 markup or labor rate, the new vehicle dealer may file
8 a protest with the Commission not later than thirty
9 (30) days after receipt of that proposal by the
10 manufacturer or distributor. In the event a protest
11 is filed, the manufacturer or distributor shall have
12 the burden of proof to establish the new vehicle
13 dealer's submitted parts markup rate or labor rate was
14 inaccurate or not complete pursuant to the provisions
15 of this section. A manufacturer or distributor may
16 not retaliate against any new motor vehicle dealer or
17 new powersports vehicle dealer seeking to exercise its
18 rights under this section. A manufacturer or
19 distributor may require a dealer to submit repair
20 orders in accordance with this section in order to
21 validate the reasonableness of a dealer's retail rate
22 for parts or labor not more often than once every
23 twelve (12) months. A manufacturer or distributor may
24 not otherwise recover its costs from new vehicle

1 dealers within this state including a surcharge
2 imposed on a new motor vehicle dealer solely intended
3 to recover the cost of reimbursing a dealer for parts
4 and labor pursuant to this section; provided, a
5 manufacturer or distributor shall not be prohibited
6 from increasing prices for vehicles or parts in the
7 normal course of business or from auditing and
8 charging back claims in accordance with this section.
9 All claims made by dealers for compensation for
10 delivery, preparation, warranty, or recall repair work
11 shall be paid within thirty (30) days after approval
12 and shall be approved or disapproved within thirty
13 (30) days after receipt. When any claim is
14 disapproved, the dealer shall be notified in writing
15 of the grounds for disapproval. The dealer's
16 delivery, preparation, and warranty obligations as
17 filed with the Commission shall constitute the
18 dealer's sole responsibility for product liability as
19 between the dealer and manufacturer. A factory may
20 reasonably and periodically audit a new motor vehicle
21 dealer or new powersports vehicle dealer to determine
22 the validity of paid claims for dealer compensation or
23 any charge-backs for warranty parts or service
24 compensation. Except in cases of suspected fraud,

1 audits of warranty payments shall only be for the one-
2 year period immediately following the date of the
3 payment. A manufacturer shall reserve the right to
4 reasonable, periodic audits to determine the validity
5 of paid claims for dealer compensation or any charge-
6 backs for consumer or dealer incentives. Except in
7 cases of suspected fraud, audits of incentive payments
8 shall only be for a one-year period immediately
9 following the date of the payment. A factory shall
10 not deny a claim or charge a new motor vehicle dealer
11 back subsequent to the payment of the claim unless the
12 factory can show that the claim was false or
13 fraudulent or that the new motor vehicle dealer or new
14 powersports vehicle dealer failed to reasonably
15 substantiate the claim by the written reasonable
16 procedures of the factory. A factory shall not deny a
17 claim or implement a charge-back against a new vehicle
18 dealer after payment of a claim in the event a
19 purchaser of a new vehicle that is the subject of a
20 claim fails to comply with titling or registration
21 laws of this state and is not prevented from
22 compliance by any action of the dealer; provided, that
23 the factory may require the dealer to provide, within
24 thirty (30) days of notice of charge-back, withholding

1 of payment, or denial of claim, the documentation to
2 demonstrate the vehicle sale, delivery, and customer
3 qualification for an incentive as reported, including
4 consumer name and address and written attestation
5 signed by the dealer operator or general manager
6 stating the consumer was not on the export control
7 list and the dealer did not know or have reason to
8 know the vehicle was being exported or resold.

9 The factory shall provide written notice to a dealer
10 of a proposed charge-back that is the result of an
11 audit along with the specific audit results and
12 proposed charge-back amount. A dealer that receives
13 notice of a proposed charge-back pursuant to a
14 factory's audit has the right to file a protest with
15 the Commission within thirty (30) days after receipt
16 of the notice of the charge-back or audit results,
17 whichever is later. The factory is prohibited from
18 implementing the charge-back or debiting the dealer's
19 account until either the time frame for filing a
20 protest has passed or a final adjudication is rendered
21 by the Commission, whichever is later, unless the
22 dealer has agreed to the charge-back or charge-backs,
23 c. fails to compensate the new motor vehicle dealer for a
24 used motor vehicle:

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

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

10 (3) that is held by the new motor vehicle dealer in
11 the dealer's inventory at the time the stop-sale
12 or do-not-drive order is issued or that is taken
13 by the new motor vehicle dealer into the dealer's
14 inventory after the recall notice as a result of
15 a retail consumer trade-in or a lease return to
16 the dealer inventory in accordance with an
17 applicable lease contract,

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

23 (5) that is not at least in the prorated amount of
24 one percent (1.00%) of the value of the vehicle

1 per month beginning on the date that is thirty
2 (30) days after the date on which the stop-sale
3 order was provided to the new motor vehicle
4 dealer until the earlier of either of the
5 following:

- 6 (a) the date the recall remedy or parts are made
7 available, or
8 (b) the date the new motor vehicle dealer sells,
9 trades, or otherwise disposes of the
10 affected used motor vehicle.

11 For the purposes of division (5) of this subparagraph,
12 the value of a used vehicle shall be the average Black
13 Book value for the year, make, and model of the
14 recalled vehicle. A factory may direct the manner and
15 method in which a new motor vehicle dealer must
16 demonstrate the inventory status of an affected used
17 motor vehicle to determine eligibility under this
18 subparagraph; provided, that the manner and method may
19 not be unduly burdensome and may not require
20 information that is unduly burdensome to provide. All
21 reimbursement claims made by new motor vehicle dealers
22 pursuant to this section for recall remedies or
23 repairs, or for compensation where no part or repair
24 is reasonably available and the vehicle is subject to

1 a stop-sale or do-not-drive order, shall be subject to
2 the same limitations and requirements as a warranty
3 reimbursement claim made under subparagraph b of this
4 paragraph. In the alternative, a manufacturer may
5 compensate its franchised new motor vehicle dealers
6 under a national recall compensation program;
7 provided, the compensation under the program is equal
8 to or greater than that provided under division (5) of
9 this subparagraph, or as the manufacturer and new
10 motor vehicle dealer otherwise agree. Nothing in this
11 section shall require a factory to provide total
12 compensation to a new motor vehicle dealer which would
13 exceed the total average Black Book value of the
14 affected used motor vehicle as originally determined
15 under division (5) of this subparagraph. Any remedy
16 provided to a new motor vehicle dealer under this
17 subparagraph is exclusive and may not be combined with
18 any other state or federal compensation remedy,

19 d. unreasonably fails or refuses to offer to its same
20 line-make franchised dealers a reasonable supply and
21 mix of all models manufactured for that line-make, or
22 unreasonably requires a dealer to pay any extra fee,
23 purchase unreasonable advertising displays or other
24 materials, or enter into a separate agreement which

1 adversely alters the rights or obligations contained
2 within the dealer's existing franchise agreement or
3 which waives any right of the new motor vehicle dealer
4 or new powersports vehicle dealer as protected by
5 Section 561 et seq. of this title, or remodel,
6 renovate, or recondition the dealer's existing
7 facilities as a prerequisite to receiving a model or
8 series of vehicles, except as may be necessary to sell
9 or service the model or series of vehicles as provided
10 by subparagraph e of this paragraph. It shall be a
11 violation of this section for new vehicle allocation
12 to be withheld subject to any requirement to purchase
13 or sell any number of used or off-lease vehicles. The
14 failure to deliver any such new motor vehicle shall
15 not be considered a violation of the section if the
16 failure is not arbitrary or is due to lack of
17 manufacturing capacity or to a strike or labor
18 difficulty, a shortage of materials, a freight
19 embargo, or other cause over which the manufacturer
20 has no control. However, this subparagraph shall not
21 apply to limited production model vehicles, a vehicle
22 not advertised by the factory for sale in this state,
23 vehicles that are subject to allocation affected by
24 federal environmental laws or environmental laws of

1 this state, or vehicles allocated in response to an
2 unforeseen event or circumstance,

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

1 requirement which is necessary to sell or service a
2 motor vehicle or powersports vehicle that the
3 franchised dealer is authorized or licensed by the
4 franchisor to sell or service, a new vehicle dealer
5 which completes a facility construction or renovation
6 pursuant to factory requirements shall not be required
7 to construct a new facility or renovate the existing
8 facility if the same area of the facility or premises
9 has been constructed or substantially altered within
10 the last ten (10) years and the construction or
11 alteration was approved by the manufacturer as a part
12 of a facility upgrade program, standard, or policy.
13 For purposes of this subparagraph, "substantially
14 altered" means to perform an alteration that
15 substantially impacts the architectural features,
16 characteristics, or integrity of a structure or lot.
17 The term shall not include routine maintenance
18 reasonably necessary to maintain a dealership in
19 attractive condition. If a facility upgrade program,
20 standard, or policy under which the dealer completed a
21 facility construction or substantial alteration does
22 not contain a specific time period during which the
23 manufacturer or distributor shall provide payments or
24 benefits to a participating dealer, or the time frame

1 specified under the program is reduced or canceled
2 prematurely in the unilateral discretion of the
3 manufacturer or distributor, the manufacturer or
4 distributor shall not deny the participating dealer
5 any payment or benefit under the terms of the program,
6 standard, or policy as it existed when the dealer
7 began to perform under the program, standard, or
8 policy for the balance of the ten-year period,
9 regardless of whether the manufacturer's or
10 distributor's program, standard, or policy has been
11 changed or canceled, unless the manufacturer and
12 dealer agree, in writing, to the change in payment or
13 benefit,

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

23 g. requires a new motor vehicle dealer or new powersports
24 vehicle dealer to enter into a site-control agreement

1 covering any or all of the new motor vehicle dealer's
2 facilities or premises; provided, that this section
3 shall not restrict the terms of any site-control
4 agreement voluntarily entered into and supported by
5 valuable consideration separate from the new motor
6 vehicle dealer's right to sell and service motor
7 vehicles for the franchisor. Notwithstanding the
8 foregoing or the terms of any site-control agreement,
9 a site-control agreement automatically extinguishes if
10 all of the factory's franchises that operated from the
11 location that are the subject of the site-control
12 agreement are terminated by the factory as part of the
13 discontinuance of a product line,

14 h. refuses to pay, or claims reimbursement from, a new
15 motor vehicle dealer or new powersports vehicle dealer
16 for sales, incentives, or other payments related to a
17 vehicle sold by the dealer because the purchaser of
18 the new vehicle exported or resold the vehicle in
19 violation of the policy of the factory unless the
20 factory can show that, at the time of the sale, the
21 new vehicle dealer knew or reasonably should have
22 known of the purchaser's intention to export or resell
23 the vehicle. There is a rebuttable presumption that
24 the new vehicle dealer did not know or could not have

1 known that the vehicle would be exported if the
2 vehicle is titled and registered in any state of the
3 United States, or

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

23 10. Being a factory that:
24

- 1 a. establishes a system of motor vehicle allocation or
2 distribution which is unfair, inequitable, or
3 unreasonably discriminatory. Upon the request of any
4 new motor vehicle dealer or new powersports vehicle
5 dealer franchised by it, a factory shall disclose in
6 writing to the dealer the basis upon which new
7 vehicles are allocated, scheduled, and delivered among
8 the new motor vehicle dealers of the same line-make
9 for that factory, or
- 10 b. changes an established plan or system of new motor
11 vehicle or new powersports vehicle distribution. A
12 new motor vehicle dealer or new powersports vehicle
13 dealer franchise agreement shall continue in full
14 force and operation notwithstanding a change, in whole
15 or in part, of an established plan or system of
16 distribution of the motor vehicles or new powersports
17 vehicles offered or previously offered for sale under
18 the franchise agreement. The appointment of a new
19 importer or distributor for motor vehicles or new
20 powersports vehicle offered for sale under the
21 franchise agreement shall be deemed to be a change of
22 an established plan or system of distribution. The
23 discontinuation of a line-make shall not be deemed to
24 be a change of an established plan or system of motor

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

23 11. Being a factory that sells directly or indirectly new motor
24 vehicles or new powersports vehicles to any retail consumer in the

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

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

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

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

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

1 limit set forth above; extensions may be granted
2 for periods not to exceed twelve (12) months.

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

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

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

20 (b) all of the franchise agreements of the
21 manufacturer confer rights on the dealer of
22 the line-make to develop and operate, within
23 a defined geographic territory or area, as
24

1 many dealership facilities as the dealer and
2 manufacturer shall agree are appropriate,

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

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

19 (e) prior to January 1, 2000, the factory shall
20 have furnished or made available to
21 prospective new vehicle dealers an offering
22 circular in accordance with the Trade
23 Regulation Rule on Franchising of the
24 Federal Trade Commission, and any guidelines

1 and exemptions issued thereunder, which
2 disclose the possibility that the factory
3 may from time to time seek to own or
4 acquire, directly or indirectly, ownership
5 interests in retail dealerships;

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

- 13 a. derived from monthly financial statements provided to
14 the factory, and
- 15 b. regarding any aspect of the profitability of a
16 particular new motor vehicle dealer or new powersports
17 vehicle dealer;

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

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

1 16. Being a factory which prohibits a new motor vehicle dealer
2 or new powersports vehicle dealer from relocating after a written
3 request by such dealer if:

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

10 b. the proposed new location is within the area of
11 responsibility of the new motor vehicle dealer or new
12 powersports vehicle dealer pursuant to Section 578.1
13 of this title, and

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

19 17. Being a factory which prohibits a new motor vehicle dealer
20 or new powersports vehicle dealer from adding additional line-makes
21 to its existing facility, if, after adding the additional line-
22 makes, the facility satisfies the written reasonable capitalization
23 standards and facility guidelines of each factory. Reasonable
24 facility guidelines do not include a requirement to maintain

1 exclusivity or site control unless agreed to by the dealer as set
2 forth in subparagraphs f and g of paragraph 9 of this subsection;

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

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

22 19. Being a factory that requires a new motor vehicle dealer or
23 new powersports vehicle dealer to participate monetarily in an
24 advertising campaign or contest, or purchase any promotional

1 materials, showroom, or other display decoration or materials at the
2 expense of the new motor vehicle or powersports vehicle dealer
3 without consent of the dealer, which consent shall not be
4 unreasonably withheld;

5 20. Being a factory that denies any new motor vehicle dealer or
6 new powersports vehicle dealer the right of free association with
7 any other dealer for any lawful purpose, unless otherwise permitted
8 by this chapter; or

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

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

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

22 B. Notwithstanding the terms of any franchise agreement, in the
23 event of a proposed sale or transfer of a new motor vehicle
24 dealership, the manufacturer or distributor shall be permitted to

1 exercise a right of first refusal to acquire the assets or ownership
2 interest of the dealer of the new motor vehicle ~~or new powersports~~
3 ~~vehicle dealership~~, if such sale or transfer is conditioned upon the
4 manufacturer or dealer entering into a dealer agreement with the
5 proposed new owner or transferee, only if all the following
6 requirements are met:

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

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

23 3. The proposed sale or transfer of the dealership does not
24 involve the transfer or sale to a member or members of the family of

1 one or more dealer owners, or to a qualified manager or a
2 partnership or corporation controlled by such persons; and

3 4. The factory agrees to pay the reasonable expenses, including
4 attorney fees which do not exceed the usual, customary, and
5 reasonable fees charged for similar work done for other clients
6 incurred by the proposed new owner and transferee prior to the
7 exercise by the factory of its right of first refusal in negotiating
8 and implementing the contract for the proposed sale or transfer of
9 the dealership or dealership assets. Notwithstanding the foregoing,
10 no payment of expenses and attorney fees shall be required if the
11 proposed new dealer or transferee has not submitted or caused to be
12 submitted an accounting of those expenses within thirty (30) days of
13 receipt of the written request of the factory for such an
14 accounting. The accounting may be requested by a factory before
15 exercising its right of first refusal; and

16 5. a. If a proposed sale or transfer (the transaction) by a
17 new motor vehicle dealer (selling dealer) of a new
18 motor vehicle dealership owned in whole or in part by
19 a selling dealer, is part of a sale or transfer of
20 more than one new motor vehicle dealership owned in
21 whole or in part by a selling dealer, then any right
22 of first refusal of any manufacturer or distributor
23 (factory) shall not be exercised or otherwise enforced
24 unless the purchaser (purchasing dealer) of a selling

1 dealer's dealerships agrees in writing to proceed with
2 the purchase of the dealerships that are the subject
3 of the transaction without the dealerships subject to
4 the right of first refusal.

5 b. In order for any selling dealer to seek enforcement of
6 the provisions of this paragraph 5, the selling dealer
7 shall follow the notice provisions of this section.
8 The selling dealer shall notify the purchasing dealer
9 within seven (7) days of the selling dealer's receipt
10 in writing of any factory's intent to exercise any
11 right of first refusal with regard to any new motor
12 vehicle dealership or dealerships that is part of the
13 transaction.

14 c. Within thirty (30) days of the purchasing dealer's
15 receipt from the selling dealer of notice of the
16 factory's written notification to the selling dealer
17 of a factory's intent to exercise its right of first
18 refusal, the purchasing dealer shall notify the
19 selling dealer in writing of the purchasing dealer's
20 intent to continue or not continue with the
21 transaction without the new motor vehicle dealership
22 or dealerships which are subject to the factory's
23 right of first refusal. If purchasing dealer fails to
24 provide a written response within said thirty-day

1 timeframe, it shall be presumed that the purchasing
2 dealer is not willing to proceed with the transaction
3 subject to the factory's right of first refusal. The
4 selling dealer shall notify factory of the purchasing
5 dealer's written response or failure to respond within
6 three (3) business days of receipt of the purchasing
7 dealer's written response or of the purchasing
8 dealer's failure to respond in writing within the
9 thirty-day timeframe.

10 d. If the purchasing dealer agrees to proceed with the
11 transaction subject to the factory exercising its
12 right of first refusal on the dealership or
13 dealerships subject to said right of first refusal,
14 the factory's right to exercise its right of first
15 refusal shall not be valid, exercised, or enforced
16 until such time as the transaction between the selling
17 dealer and the purchasing dealer has been closed or
18 finalized. If the transaction is not closed or
19 finalized for any reason or the purchasing dealer does
20 not agree to proceed with the transaction subject to
21 the factory's right of first refusal, then the selling
22 dealer shall not be bound to the factory's right of
23 first refusal, the factory shall not have any right to
24 enforce any right of first refusal, and the selling

1 dealer shall not proceed with the transaction so long
2 as it includes the dealership or dealerships subject
3 to the factory's right of first refusal without the
4 written consent of the factory.

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

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

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

21 b. warranty repairs performed by that person on motor
22 vehicles or powersports vehicles are limited to those
23 vehicles that the person owns, previously owned, or
24 takes in trade, and

1 c. motor vehicle or powersports vehicle financing
2 provided by that person to retail consumers for motor
3 vehicles or powersports vehicles is limited to used
4 vehicles sold by that person in the conduct of
5 business; or

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

8 D. As used in this section:

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

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

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

1 SECTION 7. AMENDATORY 47 O.S. 2021, Section 565.2, as
2 last amended by Section 9, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
3 2024, Section 565.2), is amended to read as follows:

4 Section 565.2. Termination, cancellation or nonrenewal of new
5 motor vehicle or new powersports vehicle dealer franchise.

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

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

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

3 1. ~~The new motor vehicle dealer or new powersports vehicle~~
4 ~~dealer has failed to comply with a provision of the franchise or~~
5 ~~dealer agreement, which provision is both reasonable and of material~~
6 ~~significance to the franchise or dealer relationship, or the new~~
7 ~~motor vehicle dealer or new powersports vehicle dealer has failed to~~
8 ~~comply with reasonable performance criteria for sales or service~~
9 ~~established by the manufacturer, and the new motor vehicle dealer or~~
10 ~~new powersports vehicle dealer has been notified by written notice~~
11 ~~from the manufacturer or distributor sales or service performance~~
12 ~~standards, capitalization requirements, facility commitments,~~
13 ~~business-related equipment acquisitions, or other similar reasonable~~
14 ~~performance criteria; and~~

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

1 notification of the potential termination, cancellation, or
2 nonrenewal of their franchise or dealer agreement (hereafter, in
3 this section only, referred to as "deficiency notice"). This
4 deficiency notice shall be sent by certified mail, return receipt
5 requested, to the dealer at its current business address and to the
6 Commission, and shall contain a statement the manufacturer or
7 distributor may seek to terminate, cancel, or not renew the dealer's
8 franchise or dealer agreement, a detailed statement of the specific
9 reasons for the potential termination, cancellation, or nonrenewal,
10 and the beginning and ending dates of the compliance period. The
11 dealer shall be afforded a reasonable opportunity of not less than
12 one hundred eighty (180) days, starting the day after the dealer's
13 receipt of the deficiency notice, to cure all specific reasons
14 stated by the manufacturer or distributor for the potential
15 termination, cancellation, or nonrenewal in the deficiency notice
16 (hereafter, in this section only, referred to as "compliance
17 period"); or

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

1 C of this section or the circumstances described in paragraph 4 of
2 subsection C of this section.

3 C. Irrespective of the terms, provisions, or conditions of any
4 franchise or dealer agreement and prior to the termination,
5 cancellation, or nonrenewal of any franchise or dealer agreement,
6 the manufacturer or distributor shall furnish notification of ~~such~~
7 ~~termination, cancellation, or nonrenewal~~ their intent to terminate,
8 cancel, or not renew the franchise or dealer agreement (hereafter,
9 in this section only, referred to as "notification") to the ~~new~~
10 ~~motor vehicle dealer or new powersports vehicle dealer~~ and the
11 ~~Oklahoma New Motor Vehicle Commission~~ as follows:

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

1 2. ~~Not less than fifteen (15) days prior to the effective date~~
2 ~~of the termination, cancellation, or nonrenewal with respect to any~~
3 ~~of the following:~~ If the termination, cancellation, or nonrenewal is
4 based upon any reason stated under paragraph 1 of subsection B of
5 this section, the manufacturer or distributor shall provide the
6 notification to the dealer and the Commission within twenty (20)
7 days following the last day of the compliance period and the
8 effective date shall not be less than thirty-one (31) days following
9 the dealer's receipt of the notification;

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

- 22 a. ~~insolvency of the new motor vehicle dealer or new~~
23 ~~powersports vehicle dealer, or the filing of any~~
24 ~~petition by or against the new motor vehicle dealer or~~

1 ~~new powersports vehicle~~ dealer under any bankruptcy or
2 receivership law, or

3 b. failure of the ~~new motor vehicle dealer or new~~
4 ~~powersports vehicle~~ dealer to conduct its customary
5 sales and service operations during its customary
6 business hours for seven (7) consecutive business
7 days, provided that such failure to conduct business
8 shall not be due to an act of God or circumstances
9 beyond the direct control of the ~~new vehicle~~ dealer,
10 or

11 c. conviction of the ~~new vehicle dealer or new~~
12 ~~powersports vehicle~~ dealer of any felony which is
13 punishable by imprisonment or a violation of the
14 Federal Odometer Act; and

15 ~~3. Not less than one hundred eighty (180) days prior to the~~
16 ~~effective date of the termination or cancellation where the~~
17 ~~manufacturer or distributor is discontinuing the sale of the product~~
18 ~~line~~

19 4. If the reason for the termination, cancellation, or
20 nonrenewal is because the manufacturer or distributor, is
21 discontinuing the sale of the product line sold by the dealer,
22 notification shall be provided at least one hundred eighty (180)
23 days before the effective date.

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

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

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

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

6 E. The hearing on any protest held pursuant to this section
7 shall be held within one hundred eighty (180) days of the date of
8 the timely protest by the dealer and in accordance with the
9 provisions of the Administrative Procedures Act, Sections 250
10 through 323 of Title 75 of the Oklahoma Statutes, to determine if
11 the threatened cancellation, termination, or nonrenewal of the
12 franchise or dealer agreement has been for good cause and if the
13 ~~factory~~ manufacturer or distributor has complied with its
14 obligations pursuant to subsections A, B, and C of this section and
15 the ~~factory~~ manufacturer or distributor shall have the burden of
16 proof. Either party may request an additional one-hundred-eighty-
17 day extension of the hearing date from the Commission. Approval of
18 the requested extension may not be unreasonably withheld or delayed.
19 If the Commission finds that the threatened cancellation,
20 termination, or nonrenewal of the franchise or dealer agreement has
21 not been for good cause or violates subsection A, B, or C of this
22 section, then it shall issue a final order stating that the
23 threatened termination is wrongful. A ~~factory~~ manufacturer or
24 distributor shall have the right to appeal such order. During the

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

14 E. F. If the ~~factory~~ manufacturer or distributor prevails in an
15 action to terminate, cancel, or not renew any franchise or dealer
16 agreement, the ~~new motor vehicle or new powersports vehicle~~ dealer
17 shall be allowed fair and reasonable compensation by the
18 manufacturer or distributor for:

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

23 2. Supplies and parts which have been acquired from the
24 manufacturer, or distributor for the purpose of this section,

1 limited to any and all supplies and parts that are listed on the
2 current parts price sheet available to the dealer;

3 3. Equipment and furnishings, provided the dealer purchased
4 them from the manufacturer or distributor or its approved sources;
5 and

6 4. Special tools, with such fair and reasonable compensation to
7 be paid by the manufacturer or distributor within ninety (90) days
8 of the effective date of the termination, cancellation, or
9 nonrenewal, provided the dealer has clear title to the inventory and
10 other items and is in a position to convey that title to the
11 manufacturer or distributor.

12 a. For the purposes of paragraph 1 of this subsection,
13 fair and reasonable compensation shall be no less than
14 the net acquisition price of the vehicle paid by the
15 dealer.

16 b. For the purposes of paragraphs 2, 3, and 4 of this
17 subsection, fair and reasonable compensation shall be
18 the net acquisition price paid by the dealer less a
19 twenty-percent (20%) straight-line depreciation for
20 each year following the dealer's acquisition of the
21 supplies, parts, equipment, furnishings, and/or
22 special tools.

23 ~~F.~~ G. If a ~~factory~~ manufacturer or distributor prevails in an
24 action to terminate, cancel, or not renew any franchise or dealer

1 agreement and the ~~new motor vehicle or new powersports vehicle~~
2 dealer is leasing the dealership facilities, the manufacturer or
3 distributor shall pay a reasonable rent to the lessor in accordance
4 with and subject to the provisions of subsection G of this section.
5 Nothing in this section shall be construed to relieve a ~~new motor~~
6 ~~vehicle or new powersports vehicle~~ dealer of its duty to mitigate
7 damages.

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

11 a. used solely for performance in accordance with the
12 franchise or dealer agreement. If the facility is
13 used for the operation of more than one franchise, the
14 reasonable rent shall be paid based upon the portion
15 of the facility utilized by the franchise being
16 terminated, canceled, or nonrenewed, and

17 b. not substantially in excess of facilities recommended
18 by the manufacturer or distributor.

19 2. If the facilities are owned by the ~~new motor vehicle or new~~
20 ~~powersports vehicle~~ dealer, within ninety (90) days following the
21 effective date of the termination, cancellation, or nonrenewal, the
22 manufacturer or distributor will either:
23
24

- 1 a. locate a qualified purchaser who will offer to
2 purchase the dealership facilities at a reasonable
3 price,
4 b. locate a qualified lessee who will offer to lease the
5 premises for the remaining lease term at the rent set
6 forth in the lease, or
7 c. failing the foregoing, lease the dealership facilities
8 at a reasonable rental value for the portion of the
9 facility that is recognized in the franchise agreement
10 for one (1) year.

11 3. If the facilities are leased by ~~the new motor vehicle or new~~
12 ~~powersports vehicle~~ dealer, within ninety (90) days following the
13 effective date of the termination, cancellation, or nonrenewal the
14 manufacturer or distributor will either:

- 15 a. locate a tenant or tenants satisfactory to the lessor,
16 who will sublet or assume the balance of the lease,
17 b. arrange with the lessor for the cancellation of the
18 lease without penalty to the dealer, or
19 c. failing the foregoing, lease the dealership facilities
20 at a reasonable rent for the portion of the facility
21 that is recognized in the franchise or dealer
22 agreement for one (1) year.
23
24

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

- 4 a. fails to accept a bona fide offer from a prospective
5 purchaser, sublessee, or assignee,
- 6 b. refuses to execute a settlement agreement with the
7 lessor if such agreement with the lessor would be
8 without cost to the dealer, or
- 9 c. fails to make written request for assistance under
10 this section within ninety (90) days after the
11 effective date of the termination, cancellation, or
12 nonrenewal.

13 5. The manufacturer or distributor shall be entitled to occupy
14 and use any space for which it pays rent required by this section.

15 ~~H.~~ I. In addition to the repurchase requirements set forth in
16 subsections ~~E~~ F and ~~G~~ H of this section, in the event the
17 termination or cancellation is the result of a discontinuance of a
18 product line, the manufacturer or distributor shall compensate the
19 ~~new motor vehicle or new powersports vehicle~~ dealer in an amount
20 equivalent to the fair market value of the terminated franchise or
21 dealer agreement as of the date immediately preceding the
22 manufacturer's or distributor's announcement or provide the dealer
23 with a replacement franchise or dealer agreement on substantially
24 similar terms and conditions as those offered to other same line-

1 make dealers. The dealer may immediately request payment under this
2 section following the announcement in exchange for canceling any
3 further franchise rights or dealer agreement rights, except payments
4 owed to the ~~new motor vehicle~~ dealer in the ordinary course of
5 business, or may request payment under this section upon the final
6 termination, cancellation, or nonrenewal of the franchise or dealer
7 agreement. In either case, payment under this section shall be made
8 not later than ninety (90) days after the fair market value is
9 determined. If the ~~factory~~ manufacturer or distributor and dealer
10 cannot agree on the fair market value of the terminated franchise or
11 dealer agreement or agree to a process to determine the fair market
12 value, then the ~~factory~~ manufacturer or distributor and dealer shall
13 utilize a neutral third-party mediator to resolve the disagreement.

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

17 Section 566. The Oklahoma New Motor Vehicle Commission may deny
18 any application for license or registration, or suspend or revoke a
19 license or registration issued or impose a fine, only after a
20 hearing of which the applicant, registrant, or licensee affected,
21 shall be given at least ten (10) days' written notice specifying the
22 reason for denying the applicant a license or registration, or, in
23 the case of a revocation or suspension or imposition of a fine, the
24 offenses of which the licensee or registrant is charged. The

1 notices may be served as provided by law for the service of notices,
2 or mailing a copy by certified mail to the last-known residence or
3 business address of the applicant, registrant, or licensee. The
4 hearing on the charges shall be at such time and place as the
5 Commission may prescribe and the aforementioned notice shall further
6 specify the time and place. If the applicant, registrant, or
7 licensee is a salesperson, or factory ~~representative~~, or distributor
8 representative, the Commission shall in like manner also notify the
9 person, firm, association, corporation, or trust with whom he or she
10 is associated, or in whose association he or she is about to enter.
11 The Commission shall have the power to compel the production of all
12 records, papers, and other documents which may be deemed relevant to
13 the proceeding bearing upon the complaints. The Commission shall
14 have the power to subpoena and bring before it any person, or take
15 testimony of any such person by deposition, with the same fees and
16 mileage and in the same manner as prescribed in proceedings before
17 courts of the state in civil cases. Any party to the hearing shall
18 have the right to the attendance of witnesses on his or her behalf
19 upon designating to the Commission the person or persons sought to
20 be subpoenaed.

21 SECTION 9. AMENDATORY 47 O.S. 2021, Section 578.1, as
22 last amended by Section 15, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
23 2024, Section 578.1), is amended to read as follows:

24

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

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

24

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

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

6 4. The names and addresses of the person intended to be
7 franchised as the proposed additional or relocated dealership, the
8 principal investors in the proposed additional or relocated
9 dealership, and the proposed dealer operator of the proposed
10 additional or relocated dealership; and

11 5. The specific grounds or reasons for the proposed
12 establishment of an additional dealer or relocation of an existing
13 dealer.

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

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

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

24

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

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

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

24

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

6 SECTION 10. This act shall become effective November 1, 2025.
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8 COMMITTEE REPORT BY: COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT
9 OVERSIGHT, dated 03/03/2025 - DO PASS, As Amended and Coauthored.
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