

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 872

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DATE	D-PG	OFFICIAL STATUS
02/03/2025	249	Introduction and first reading Referred to Commerce and Consumer Protection HF substituted in committee HF320 See First Special Session, HF4

1.1

A bill for an act

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relating to commerce; allowing auto dealers to participate in auto shows;

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establishing auto shows in which auto dealers may participate; amending Minnesota

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Statutes 2024, sections 80E.12; 168.27, by adding a subdivision.

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

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Section 1. Minnesota Statutes 2024, section 80E.12, is amended to read:

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

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FACTORY BRANCHES.

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It shall be unlawful for any manufacturer, distributor, or factory branch to require a new

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motor vehicle dealer to do any of the following:

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(a) order or accept delivery of any new motor vehicle, part or accessory thereof,

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equipment, or any other commodity not required by law which has not been voluntarily

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ordered by the new motor vehicle dealer, provided that this paragraph does not modify or

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supersede reasonable provisions of the franchise requiring the dealer to market a

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representative line of the new motor vehicles the manufacturer or distributor is publicly

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advertising;

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(b) order or accept delivery of any new motor vehicle, part or accessory thereof,

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equipment, or any other commodity not required by law in order for the dealer to obtain

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delivery of any other motor vehicle ordered by the dealer;

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(c) order or accept delivery of any new motor vehicle with special features, accessories,

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or equipment not included in the list price of the motor vehicles as publicly advertised by

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the manufacturer or distributor;

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

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

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

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

(h) refrain from participation in the management of, investment in, or the acquisition of, any other line of new motor vehicle or related products or establishment of another make or line of new motor vehicles in the same dealership facilities as those of the manufacturer; provided, however, that this clause does not apply unless the new motor vehicle dealer maintains a reasonable line of credit for each make or line of new motor vehicle, and that the new motor vehicle dealer remains in substantial compliance with the terms and conditions of the franchise and with any reasonable facilities requirements of the manufacturer and that the acquisition or addition is not unreasonable in light of all existing circumstances; provided further that if a manufacturer determines to deny a dealer's request for a change described in this paragraph, such denial must be in writing, must offer an analysis of the grounds for the denial addressing the criteria contained in this paragraph, and must be

delivered to the new motor vehicle dealer within 60 days after the manufacturer receives the completed application or documents customarily used by the manufacturer for dealer actions described in this paragraph. If a denial that meets the requirements of this paragraph is not sent within this period, the manufacturer shall be deemed to have given its consent to the proposed change.

For purposes of this section and sections 80E.07, subdivision 1, paragraph (c), and 80E.14, subdivision 4, reasonable facilities requirements shall not include a requirement that a dealer establish or maintain exclusive facilities for the manufacturer of a line make unless determined to be reasonable in light of all existing circumstances or the dealer and the manufacturer voluntarily agree to such a requirement and separate and adequate consideration was offered and accepted;

(i) during the course of the agreement, change the location of the new motor vehicle dealership or make any substantial alterations to the dealership premises during the course of the agreement, when to do so would be unreasonable or if the manufacturer fails to provide the dealer 180 days' prior written notice of a required change in location or substantial premises alteration; ~~or~~

(j) prospectively assent to a release, assignment, novation, waiver, or estoppel whereby a dealer relinquishes any rights under sections 80E.01 to 80E.17, or which would relieve any person from liability imposed by sections 80E.01 to 80E.17 or to require any controversy between a new motor vehicle dealer and a manufacturer, distributor, or factory branch to be referred to any person or tribunal other than the duly constituted courts of this state or the United States, if the referral would be binding upon the new motor vehicle dealer; or

(k) refrain from participation in an auto show described in section 168.27, subdivision 10a.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2024, section 168.27, is amended by adding a subdivision to read:

Subd. 10a. **Participation in auto shows.** (a) A new motor vehicle dealer may participate in an auto show outside the county where the dealer maintains its licensed location to sell new vehicles without obtaining an additional license if:

(1) the dealer participates in an auto show in a county other than where it maintains a licensed location not more than four times during any calendar year;

- 4.1 (2) the auto show is held at a location in a city of the first class or a city immediately
4.2 adjacent to a city of the first class;
- 4.3 (3) the auto show is not held at a licensed location of any participating dealer;
- 4.4 (4) there are ten or more dealers participating in the auto show;
- 4.5 (5) the auto show is of a duration of no more than 12 consecutive days;
- 4.6 (6) the auto show is conducted by a trade association exempt from federal taxes under
4.7 United States Code, title 26, section 501(c)(6); and
- 4.8 (7) the auto show expressly prohibits:
- 4.9 (i) the sale or lease of vehicles at the show;
- 4.10 (ii) labeling or marking vehicles as "For Sale" or "Sold";
- 4.11 (iii) labeling or marking a vehicle with a price other than the manufacturer's retail price
4.12 label;
- 4.13 (iv) using printed posters, cards, and other printed materials that contain special dealership
4.14 pricing; and
- 4.15 (v) appraisal of trade-in vehicles and quoting a trade-in price for a particular vehicle.
- 4.16 (b) The auto show may permit:
- 4.17 (1) exhibitor staff to distribute business cards, coupons, vehicle promotional materials,
4.18 and factory-approved rebates;
- 4.19 (2) exhibitor staff to make appointments for potential customers to visit the dealership,
4.20 collect names of customer leads for later contact, and discuss the suggested retail price of
4.21 a vehicle and the availability of particular lines of vehicles; and
- 4.22 (3) test rides or test drives of new vehicles but only under a program conducted by the
4.23 auto show.
- 4.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.