AN ACT

ENTITLED, An Act to regulate the ownership of motor vehicle dealerships.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That chapter 32-6B be amended by adding thereto a NEW SECTION to read as follows:

In this Act, the term, manufacturer, includes a representative or a person or entity who is affiliated with a manufacturer or representative, or who, directly or indirectly through an intermediary, is controlled by, or is under common control with, the manufacturer. For purposes of this section, a person or entity is controlled by a manufacturer if the manufacturer has the authority directly or indirectly, by law or by agreement of the parties, to direct or influence the management and policies of the person or entity.

Section 2. That chapter 32-6B be amended by adding thereto a NEW SECTION to read as follows:

Except as otherwise provided by this Act, no manufacturer or franchisor may directly or indirectly:

(1) Own an interest in a vehicle dealer or dealership;

(2) Operate or control a vehicle dealer or dealership; or

(3) Act in the capacity of a vehicle dealer.

Section 3. A manufacturer or franchisor may own an interest in a franchised vehicle dealer, or otherwise control a dealership, for a period not to exceed twelve months from the date the manufacturer or franchisor acquires the dealership if:

(1) The person from whom the manufacturer or franchisor acquired the dealership was a franchised dealer; and

(2) The dealership is for sale by the manufacturer or franchisor at a reasonable price and on reasonable terms and conditions.

Section 4. That chapter 32-6B be amended by adding thereto a NEW SECTION to read as follows:

For the purpose of broadening the diversity of its dealer body and enhancing opportunities for qualified persons who are part of a group who have historically been underrepresented in its dealer body, or other qualified persons who lack the resources to purchase a dealership outright, but for no other purpose, a manufacturer or franchisor may temporarily own an interest in a dealership if the manufacturer's or franchisor's participation in the dealership is in a bona fide relationship with a franchised vehicle dealer who:

(1) Has made a significant investment in the dealership, subject to loss;

(2) Has an ownership interest in the dealership; and

(3) Operates the dealership under a plan to acquire full ownership of the dealership within a reasonable time and under reasonable terms and conditions.

Section 5. That chapter 32-6B be amended by adding thereto a NEW SECTION to read as follows:

On a showing by a manufacturer or franchisor of good cause, the department may extend the time limit set forth in section 3 of this Act. No extension under this section may exceed twelve months. An application for an extension after the first extension is granted is subject to protest by a vehicle dealer of the same line-make whose dealership is located in the same county as, or within fifteen miles of, the dealership owned or controlled by the manufacturer or franchisor. The department may not grant more than two extensions.

An Act to regulate the ownership of motor vehicle dealerships.

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I certify that the attached Act originated in the

SENATE as Bill No. 84

_____
Secretary of the Senate

_____
President of the Senate

Attest:

_____
Secretary of the Senate

_____
Speaker of the House

Attest:

_____
Chief Clerk

Senate Bill No. 84
File No. ____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby approved this _____ day of _____ , A.D., 20___

_____
Governor

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STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____ , 20___
at _____ o'clock __ M.

_____
Secretary of State

By _____
Asst. Secretary of State