

AN ACT

ENTITLED, An Act to provide for the succession to a vehicle dealership by a legal heir or devisee.

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:

The owner of a vehicle dealership may appoint by trust, will, or any other valid written instrument a successor to the owner's dealership interest upon the owner's death or incapacity. Unless the franchisor has good cause to refuse to honor the succession, the successor may succeed to the ownership of the dealership under the existing franchise if:

- (1) Within ninety days of the owner's death or incapacity, the successor gives written notice of the successor's intent to succeed to ownership of the dealership; and
- (2) The successor agrees to be bound by all the terms and conditions of the franchise agreement with the prior owner.

Upon request, the successor shall promptly provide the franchisor evidence of the successorship appointment, as well as personal and financial information reasonably necessary to determine whether the succession should be honored by the franchisor.

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

If a franchisor believes that good cause exists to refuse to honor the intended succession under section 1 of this Act, the franchisor shall serve the named successor written notice of refusal to honor the intended succession within sixty days of its receipt of the notice of intended succession, or within sixty days of receiving the information requested pursuant to section 1 of this Act, whichever is later. The notice shall contain specific grounds for the refusal to honor the succession.

If the notice of refusal to honor the intended succession is not timely served upon the intended successor, the successor may continue the franchise subject only to termination as otherwise

permitted in this chapter.

In determining whether good cause exists for the refusal to honor the intended succession, the franchisor has the burden of proving that the intended successor is not a person of good moral character or does not meet the franchisor's existing and reasonable standards. Good cause for refusal to honor succession does not include the owner's dealership being dualled with another franchisor's line.

An Act to provide for the succession to a vehicle dealership by a legal heir or devisee.

I certify that the attached Act
originated in the

HOUSE as Bill No. 1153

Chief Clerk

Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1153

File No. _____

Chapter No. _____

Received at this Executive Office
this ____ day of _____ ,

19__ at ____ M.

By _____
for the Governor

The attached Act is hereby
approved this _____ day of
_____, A.D., 19__

Governor

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

Filed _____, 19__
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State