

State of South Dakota

SEVENTY-FIFTH SESSION
LEGISLATIVE ASSEMBLY, 2000

239D0472

SENATE BILL NO. 84

Introduced by: Senators Rounds, Kloucek, and Symens and Representatives Jaspers and Wilson

1 FOR AN ACT ENTITLED, An Act to regulate the ownership of motor vehicle dealerships.

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

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

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

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

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

- 15 (1) Own an interest in a vehicle dealer or dealership;
- 16 (2) Operate or control a vehicle dealer or dealership; or

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

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

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

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

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

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

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

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

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

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

23 On a showing by a manufacturer or franchisor of good cause, the department may extend the
24 time limit set forth in section 3 of this Act. No extension under this section may exceed twelve
25 months. An application for an extension after the first extension is granted is subject to protest

- 1 by a vehicle dealer of the same line-make whose dealership is located in the same county as, or
- 2 within fifteen miles of, the dealership owned or controlled by the manufacturer or franchisor.