

HB 2411 with HCA 1 to HCA 1 and HCA 1 as amended -- MOTOR VEHICLE
FRANCHISE PRACTICES

SPONSOR: Leara

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing
Committee on Consumer Affairs by a vote of 11 to 0.

This bill allows a franchisor to own or operate a new motor vehicle
dealership in this state if the franchisor is a manufacturer that:

(1) Manufactures engines for installation in motor vehicles with a
gross weight rating of 16,000 pounds registered to operate on
public highways provided that the manufacturer is not otherwise a
manufacturer of motor vehicles as defined under Section 407.815(15)
RSMo;

(2) Owned, operated, or controlled a new motor vehicle dealership
or a warranty repair facility in this state as of January 1, 2016;

(3) Does not own or operate more than seven dealerships in this
state; and

(4) Provides dealers with access to support for completing repairs
substantially equal to the support the manufacturer provides to
facilities owned, operated, or controlled by it.

HCA #1: This amendment moves the provisions of the bill from the
chapter on motor vehicle franchise practice to the chapter on motor
vehicles.

PROPOSERS: Supporters say that this bill creates a revision to
the dealer statute. It is believed by some that under current
statute, a company is in violation of state statute by reimbursing
fleet operations for servicing their engines under warranties.
They believe it would have to go to a service center. They believe
it affects their ability to direct how to service warranty repairs.
The fix is supposed to be narrowly tailored to Cummins to allow
them to continue to operate their existing operations; the proposed
legislation would not allow them to expand or change their business
model in anyway without losing this exemption. Cummins has had a
strong presence in Missouri dating back to the 1950's.

Testifying for the bill were Representative Leara; Lawrence
McCormack, Cummins; Missouri Trucking Association; and Mike
Barthelette, Cummins Inc.

OPPONENTS: Those who oppose the bill say that they are opposed to
any factory ownership that allows a manufacturer to engage in

direct sales. A law that would allow a manufacturer to do this would embolden other companies to enter the marketplace.

Testifying against the bill was the Missouri Automobile Dealers Association.