

Introduced by

Representatives Carlson, Belter, Thorpe

Senators Krebsbach, Tallackson

1 A BILL for an Act to create and enact two new sections to chapter 51-07 of the North Dakota
2 Century Code, relating to succession to ownership of an automobile, truck, or farm equipment
3 dealership.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 51-07 of the North Dakota Century Code is
6 created and enacted as follows:

7 **Succession to ownership of an automobile, truck, or farm equipment dealership.**

8 1. The owner of an automobile, truck, or farm equipment dealership may appoint by
9 trust, will, or any other valid written instrument a successor to the owner's
10 dealership interest upon the owner's death or incapacity.

11 2. Unless the manufacturer, wholesaler, or distributor has good cause to refuse to
12 honor the succession, the successor may succeed to the ownership of the
13 dealership under the existing franchise if:

14 a. Within ninety days of the owner's death or incapacity, the successor gives
15 written notice of the successor's intent to succeed to ownership of the
16 dealership; and

17 b. The successor agrees to be bound by all the terms and conditions of the
18 franchise agreement with the prior owner.

19 3. Upon request, the successor shall promptly provide the manufacturer, wholesaler,
20 or distributor evidence of the successorship appointment, as well as personal and
21 financial information reasonably necessary to determine whether the succession
22 should be honored by the manufacturer, wholesaler, or distributor.

23 **SECTION 2.** A new section to chapter 51-07 of the North Dakota Century Code is
24 created and enacted as follows:

Refusal to honor succession.

1. If a manufacturer, wholesaler, or distributor believes that good cause exists to refuse to honor the intended succession under section 1 of this Act, then the manufacturer, wholesaler, or distributor shall serve the named successor written notice of refusal to honor the intended succession within sixty days of its receipt of the notice of the intended succession. The notice must contain specific grounds for the refusal to honor the succession.
2. If 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 permitted otherwise in this chapter.
3. In determining whether good cause exists for the refusal to honor the intended succession, the manufacturer, wholesaler, or distributor 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 manufacturer's line.