

**Fifty-fifth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Monday, the sixth day of January, one thousand nine hundred and ninety-seven**

HOUSE BILL NO. 1213  
(Representatives Carlson, Belter, Thorpe)  
(Senators Krebsbach, Tallackson)

AN ACT to create and enact two new sections to chapter 51-07 of the North Dakota Century Code, relating to succession to ownership of an automobile, truck, or farm equipment dealership.

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

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

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

1. The owner of an automobile, truck, or farm equipment 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.
2. Unless the manufacturer, wholesaler, or distributor has good cause to refuse to honor the succession, the successor may succeed to the ownership of the dealership under the existing franchise if:
  - a. 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
  - b. The successor agrees to be bound by all the terms and conditions of the franchise agreement with the prior owner.
3. Upon request, the successor shall promptly provide the manufacturer, wholesaler, or distributor evidence of the successorship appointment, as well as personal and financial information reasonably necessary to determine whether the succession should be honored by the manufacturer, wholesaler, or distributor.

**SECTION 2.** A new section to chapter 51-07 of the North Dakota Century Code is 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.

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Speaker of the House

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President of the Senate

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Chief Clerk of the House

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Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1213.

House Vote:      Yeas    74      Nays    20      Absent    4

Senate Vote:    Yeas    44      Nays    3      Absent    2

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Chief Clerk of the House

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 1997.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 1997.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 1997,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State