

JAN 20 2011

A BILL FOR AN ACT

RELATING TO THE MOTOR VEHICLE INDUSTRY LICENSING ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. In 2010, the legislature passed Act 164,
2 Session Laws of Hawaii (2010), to update protections for local
3 auto dealers in their relations with manufacturers in response
4 to the current difficult economic climate and major changes in
5 the automotive industry, including the introduction of clean
6 technology. The purpose of this Act is to update statutory
7 cross references within the motor vehicle industry licensing act
8 to reflect the statutory changes contained in Act 164.

9 SECTION 2. Section 437-28.5, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§437-28.5 Procedures, protections, rights, and remedies**
12 **made available to licensees.** (a) The same procedures,
13 protections, rights, and remedies provided to a dealer under
14 [~~section 437-28(a)(21) and~~] section 437-3.6, section
15 437-28(a)(21), and part II shall apply to a distributor that is
16 not a manufacturer.

17 (b) Notwithstanding the terms, provisions, or conditions
18 of any dealer or distributor agreement [~~or~~], franchise, or [~~the~~



1 ~~terms or provisions of any~~ waiver and notwithstanding any other
2 legal or administrative remedies available, any person who is
3 licensed under this chapter and whose business or property is
4 injured by a violation of section 437-28(a)(21) [~~7~~] or part II
5 may bring a civil action in a court of competent jurisdiction in
6 the State to enjoin further violations and to recover any
7 damages together with the costs of the suit. Laws of the State
8 of Hawaii shall apply to any action initiated under this
9 [~~section.~~] subsection.

10 (c) Any person that brings or defends against a civil
11 action under subsection (b) may be entitled to recover
12 reasonable attorneys' fees as a part of any damages or
13 injunction; provided that the person substantially prevails in
14 establishing or defending against a violation of section
15 437-28(a)(21) [~~7~~] or part II.

16 (d) Upon a cancellation or failure to renew a
17 distributorship agreement, the party canceling or failing to
18 renew the agreement, at the distributor's option, shall either:

19 (1) Compensate the distributor at the fair market value
20 [~~for~~] of the distributor's capital investment, which
21 shall include but not be limited to the going business
22 value of the business, goodwill, property, and



1 improvement owned or leased by the distributor for the
2 purpose of the distributorship~~[7]~~; the distributor's
3 inventory of parts ~~[7 including compensation related~~
4 ~~to]~~; the distributor's dealer operations and franchise
5 agreements with other dealers; and motor vehicles
6 possessed by the distributor in connection with the
7 distributorship~~[7]~~ plus reasonable attorney's fees
8 incurred in collecting compensation; provided that
9 [the], to be eligible for compensation pursuant to
10 this paragraph, an investment shall have been made
11 with reasonable and prudent judgment for the purpose
12 of the distributorship agreement; or

- 13 (2) Compensate the distributor for damages including
14 reasonable attorney's fees [as aforesaid,] incurred in
15 collecting compensation resulting from the
16 cancellation or failure to renew the distributorship
17 agreement.

18 ~~[As used in this paragraph, "good faith" means~~
19 ~~the duty of each party to any franchise agreement to~~
20 ~~fully comply with that agreement, or to act in a fair~~
21 ~~and equitable manner towards each other.] "~~



S.B. NO. 35

1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on July 1, 2011.
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INTRODUCED BY: *Randy H. Beck*

Will Eyer

J. L. B.

Joe Alamo Jr.

Suzanne Chun Caldwell

D. J. J. J.

Clarence A. Driskill

Carol Johnson



Report Title:

Motor Vehicle Industry Licensing Act

Description:

Amends section of motor vehicle industry licensing act to reflect updated statutory cross-references and make nonsubstantive technical amendments.

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