

Protecting Iowa's Auto Dealers

After last summer's closing of some dealerships by certain automakers and unfair requirements placed on some dealers, legislation has been brought forward to protect these dealers from unfair practices.

The legislation will not allow laws from other jurisdictions, such as Michigan's laws governing dealerships, to be used against Iowa's dealerships. The legislation also states that a franchise agreement cannot prohibit or restrict dealerships from selling new motor vehicles from two different lines. It is very common for dealerships in non-metropolitan areas to offer two different lines of new motor vehicles.

Language in the bill also protects customer lists from being transferred to the franchise, except under certain circumstances such as warranty parts and recalls.

House Study Bill 614 is now ready to be debated by the full House.