

Fairness for Iowa's Auto Dealers

Legislation that prohibits motor vehicle franchises to apply unfair franchise laws to Iowa's auto dealers has been approved by the House and the Senate. The bill, Senate File 2234, is now ready for the Governor's signature.

The need to strengthen Iowa's motor vehicle franchise laws came about from last summer's closing of some dealerships by certain automakers and unfair requirements placed on these dealers.

The bill does not allow laws from other jurisdictions, such as Michigan's law governing dealerships, to be able to be used against Iowa's dealerships. Language ensures protection of dealers' confidential customer information by not allowing customer lists to be transferred to the franchiser except in specific circumstances.

Iowa's laws contain provisions or circumstances that allow franchisers to terminate a contract with a dealership, and this bill clarified that those provisions are still valid.