

1 **SENATE FLOOR VERSION**

2 March 6, 2025

3 COMMITTEE SUBSTITUTE
4 FOR
5 SENATE BILL NO. 604

By: Gollihare of the Senate

6 and

7 Dobrinski of the House

8

9 An Act relating to motor vehicles; amending 47 O.S.
10 2021, Sections 562 and 564, as last amended by
11 Sections 2 and 4, Chapter 240, O.S.L. 2024 (47 O.S.
12 Supp. 2024, Sections 562 and 564), which relate to
13 definitions and licenses; modifying definitions;
14 defining terms; modifying list of entities requiring
15 licensure; removing certain exception; amending
16 Section 1, Chapter 29, O.S.L. 2023 (47 O.S. Supp.
17 2024, Section 564.3), which relates to dealer
18 management system providers; modifying definitions;
19 requiring certain commercially reasonable data
20 security standards; modifying entities not liable for
21 certain actions; modifying entities required to
22 provide certain indemnification; prohibiting certain
23 actions by certain entities; defining certain term;
24 amending 47 O.S. 2021, Section 565, as last amended
by Section 7, Chapter 240, O.S.L. 2024 (47 O.S. Supp.
2024, Section 565), which relates to the denial,
revocation, or suspension of license; modifying
reasons for which a license may be denied, revoked,
or suspended; removing language requiring certain
dealer compliance; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

1 SECTION 1. AMENDATORY 47 O.S. 2021, Section 562, as last
2 amended by Section 2, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
3 Section 562), is amended to read as follows:

4 Section 562. The following words, terms, and phrases, when used
5 in Sections 561 through 567, 572, 578.1, 579, and 579.1 of this
6 title, shall have the meanings respectively ascribed to them in this
7 section, except where the context clearly indicates a different
8 meaning:

9 1. "Motor vehicle" means any motor-driven vehicle required to
10 be registered under the Oklahoma Vehicle License and Registration
11 Act. The term motor vehicle does not include:

15 2. "New motor vehicle dealer" means any person, firm,
16 association, corporation, or trust not excluded by this paragraph
17 who sells, offers for sale, advertises to sell, receives deposits
18 for vehicles, leases, or displays new motor vehicles and holds a
19 bona fide contract or franchise in effect with a manufacturer or
20 distributor authorized by the manufacturer to make predelivery
21 preparation of such vehicles sold to purchasers and to perform post-
22 sale work pursuant to the manufacturer's or distributor's warranty.
23 As used herein, "authorized predelivery preparation" means the
24 rendition by the dealer of services and safety adjustments on each

new motor vehicle in accordance with the procedure and safety standards required by the manufacturer of the vehicle to be made before its delivery to the purchaser. "Performance of authorized post-sale work pursuant to the warranty", as used herein, means the rendition of services which are required by the terms of the warranty that stands extended to the vehicle at the time of its sale and are to be made in accordance with the safety standards prescribed by the manufacturer. The term includes premises or facilities at which a person engages only in the repair of motor vehicles if repairs are performed pursuant to the terms of a franchise and motor vehicle manufacturer's warranty. For the purpose of Sections 561 through 567, 572, 578.1, 579, and 579.1 of this title, the terms new motor vehicle dealer and "new motor vehicle dealership" shall be synonymous. The term new motor vehicle dealer does not include:

- a. receivers, trustees, administrators, executors, guardians, or other persons appointed by or acting under judgment or order of any court,
 - b. public officers while performing or in operation of their duties,
 - c. employees of persons, corporations, or associations enumerated in subparagraph a of this paragraph when engaged in the specific performance of their duties as such employees, or

1 d. a powersports vehicle dealer;

2 3. "Motor vehicle salesperson" means any person, resident or
3 nonresident, who, for gain or compensation of any kind, either
4 directly or indirectly, regularly or occasionally, by any form of
5 agreement or arrangement, sells or negotiates for the sale, lease,
6 or conveyance or arranges the financing of any new motor vehicle or
7 powersports vehicle as an employee for any new motor vehicle dealer
8 or powersports dealer to any one or more third parties;

9 4. "Commission" means the Oklahoma New Motor Vehicle
10 Commission;

11 5. "Manufacturer" means any person, firm, association,
12 corporation, ~~or partnership,~~ trust, joint venture, or common entity
13 thereof, resident or nonresident, that manufactures or assembles new
14 and unused motor vehicles or new and unused powersport vehicles or
15 that engages in the fabrication or assembly of motorized vehicles of
16 a type required to be registered in this state;

17 6. "Distributor" means any person, firm, association,
18 corporation, ~~or partnership,~~ trust, joint venture, or common entity
19 thereof, resident or nonresident, that, being authorized by the
20 original manufacturer, in whole or in part sells or distributes new
21 and unused motor vehicles to new motor vehicle dealers or powersport
22 dealers, or that maintains distributor representatives;

23 7. "Factory branch" means any branch office maintained by a
24 person, firm, association, corporation, ~~or partnership,~~ trust, joint

1 venture, or common entity thereof that manufactures or assembles
2 motor vehicles or powersport vehicles for the sale of motor vehicles
3 or powersport vehicles to distributors, or for the sale of motor
4 vehicles to new motor vehicle dealers, or for the sale of powersport
5 vehicles to new powersport vehicle dealers, or for directing or
6 supervising, in whole or in part, its representatives;

7 8. "Distributor branch" means any branch office similarly
8 maintained by a distributor for the same purposes a factory branch
9 is maintained;

10 9. "Factory representative" means any officer or agent engaged
11 as a representative of a manufacturer of motor vehicles or
12 powersport vehicles or by a factory branch, for the purpose of
13 making or promoting the sale of its motor vehicles or powersport
14 vehicles, or for supervising or contacting its dealers or
15 prospective dealers;

16 10. "Distributor representative" means any person, firm,
17 association, corporation, ~~or partnership, trust, joint venture, or~~
18 common entity thereof, and each officer and employee thereof engaged
19 as a representative of a distributor or distributor branch of motor
20 vehicles or powersport vehicles, for the purpose of making or
21 promoting the sale of its motor vehicles or powersport vehicles, or
22 for supervising or contacting its dealers or prospective dealers;

23 11. "Franchise" means any contract or agreement between a new
24 motor vehicle dealer or a powersports vehicle dealer and a

1 manufacturer of a new motor vehicle or powersports vehicle or its
2 distributor or factory branch by which the new motor vehicle dealer
3 or new powersports vehicle dealer is authorized to engage in the
4 activities of a new motor vehicle dealer or new powersports vehicle
5 dealer as defined by this section;

6 12. "New or unused motor vehicle" means a vehicle which is in
7 the possession of the manufacturer or distributor or has been sold
8 only to the holder of a valid franchise granted by the manufacturer
9 or distributor for the sale of that make of new vehicle so long as
10 the manufacturer's statement of origin has not been assigned to
11 anyone other than a licensed franchised new motor vehicle dealer of
12 the same line-make;

13 13. "Area of responsibility" means the geographical area, as
14 designated by the manufacturer, factory branch, factory
15 representative, distributor, distributor branch, or distributor
16 representative, in which the new motor vehicle dealer or powersports
17 dealer is held responsible for the promotion and development of
18 sales and rendering of service for the make of motor vehicle or
19 powersports vehicle for which the new motor vehicle dealer or new
20 powersports vehicle dealer holds a franchise or selling agreement;

21 14. "Off premises" means at a location other than the address
22 designated on the new motor vehicle dealer's or new powersports
23 vehicle dealer's license;

1 15. "Sponsoring entity" means any person, firm, association,
2 corporation, or trust which has control, either permanently or
3 temporarily, over the real property upon which the off-premises sale
4 or display is conducted;

5 16. "Product" means new motor vehicles and new motor vehicle
6 parts or new powersports vehicle and new powersports vehicle parts;

7 17. "Service" means motor vehicle or powersports vehicle
8 warranty repairs including both parts and labor;

9 18. "Lead" means a consumer contact in response to a factory
10 program designed to generate interest in purchasing or leasing a new
11 motor vehicle or new powersports vehicle;

12 19. "Sell" or "sale" means to sell or lease;

13 20. "Factory" means a manufacturer, distributor, factory
14 branch, distributor branch; any common entity of a manufacturer,
15 distributor, factory branch, or distributor branch; or factory
16 representative, or distributor representative, which manufactures or
17 distributes vehicle products;

18 21. "Powersports vehicle" means any new or unused motorcycles,
19 scooters, mopeds, all-terrain vehicles, and utility vehicles
20 required to be registered under the Oklahoma Vehicle License and
21 Registration Act, with the exception of all-terrain vehicles,
22 utility vehicles, and motorcycles used exclusively for off-road use
23 which are sold by a retail implement dealer;

1 22. "Powersports vehicle dealer" means any person, firm, or
2 corporation, resident or nonresident, that is in the business of
3 selling any new powersports vehicles except for retail implement
4 dealers;

5 23. "Retail implement dealer" means a business engaged
6 primarily in the sale of farm tractors as defined in Section 1-118
7 of this title or implements of husbandry as defined in Section 1-125
8 of this title or a combination thereof and is exempt from licensing
9 by the Commission for the sale of all-terrain vehicles, utility
10 vehicles, and motorcycles used exclusively for off-road use;

11 24. "Consumer data" means nonpublic personal information as
12 defined in 15 U.S.C., Section 6809(4) as it existed on January 1,
13 2023, that is:

- 14 a. collected by a new motor vehicle dealer, and
- 15 b. provided by the new motor vehicle dealer directly to a
16 manufacturer or third party acting on behalf of a
17 manufacturer.

18 The term shall not include the same or similar data obtained by
19 a manufacturer from any source other than the new motor vehicle
20 dealer or new motor vehicle dealer's data management system; and

21 25. "Fleet vehicle" means a new motor vehicle sold and titled
22 or registered to a business and used for business purposes only; and

26. a. "Common entity" means any person, firm, association,
corporation, partnership, trust, or joint venture
which:

(1) is directly or indirectly controlled by or has
more than thirty percent (30%) of its equity
interest directly or indirectly owned,
beneficially or of record, through any form of
ownership structure, by a factory, manufacturer,
manufacturer branch, distributor, or distributor
branch, or

(2) has more than thirty percent (30%) of its equity interest directly or indirectly controlled or owned, beneficially or of record, through any form of ownership structure, by one or more persons who also directly or indirectly control or own, beneficially or of record, more than thirty percent (30%) of the equity interests of the factory, manufacturer, manufacturer branch, distributor, or distributor branch.

b. An entity that would otherwise be considered a common entity of a distributor as provided in division 1 or 2 of subparagraph a of this paragraph because of its relation to a distributor is not considered a common entity of that distributor if:

- (1) the distributor to which the entity is related was a licensed distributor on March 1, 2025,

(2) the entity is not a common entity of a manufacturer or an importer, and

(3) the distributor to which the entity is related is not, and has never been, a common entity of a manufacturer or an importer.

8 SECTION 2. AMENDATORY 47 O.S. 2021, Section 564, as last
9 amended by Section 4, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
10 Section 564), is amended to read as follows:

Section 564. A. It shall be unlawful for any person, firm,
association, corporation, or partnership, trust, joint venture, or
common entity thereof, to engage in business as, or serve in the
capacity of, or act as a new motor vehicle dealer, powersports
dealer, or manufacturer or distributor of new motor vehicles or
powersports vehicles, or factory branch, distributor branch or
factory representative or distributor representative, as defined in
Section 562 of this title, in this state without first obtaining a
license therefor as provided for by law. Any person, firm,
association, corporation, or partnership, trust, joint venture, or
common entity thereof, engaging in more than one of such capacities
or having more than one place where such business is carried on or
conducted in this state shall be required to obtain and hold a
current license for each thereof. Provided that, a new motor

1 vehicle dealer's license shall authorize one person to sell in the
2 event such person shall be the owner of a proprietorship, or the
3 person designated as principal in the dealer's franchise or the
4 managing officer or one partner if no principal person is named in
5 the franchise. It is further provided that a factory ~~or an entity~~
6 affiliated by any ownership or control by the factory shall not be
7 permitted to engage in the activities of a new motor vehicle dealer
8 as defined in Section 562 of this title or be licensed as a new
9 motor vehicle dealer in this state, except as provided by
10 subparagraph b of paragraph 12 of Section 565 of this title.

11 B. Applications for licenses required to be obtained under the
12 provisions of Section 561 et seq. of this title shall be verified by
13 the oath or affirmation of the applicant and shall be on forms
14 prescribed by the Oklahoma New Motor Vehicle Commission and
15 furnished to the applicants, and shall contain information as the
16 Commission deems necessary to enable it to fully determine the
17 qualifications and eligibility of the several applicants to receive
18 the license or licenses applied for. The Commission shall require
19 in such application, or otherwise, information relating to the
20 applicant's current financial standing, the applicant's business
21 integrity, whether the applicant has an established place of
22 business and is primarily engaged in the pursuit, avocation, or
23 business for which a license, or licenses, are applied for, and
24 whether the applicant is able to properly conduct the business for

1 which a license, or licenses, are applied for, and such other
2 pertinent information consistent with the safeguarding of the public
3 interest and the public welfare. All applications for license or
4 licenses shall be accompanied by the appropriate fee or fees
5 therefor in accordance with the schedule thereof hereinafter set
6 out. In the event any application is denied and the license applied
7 for is not issued, the entire license fee shall be returned to the
8 applicant. All licenses issued under the provisions of Section 561
9 et seq. of this title shall expire on June 30, following the date of
10 issue and shall be nontransferable. All applications for renewal of
11 a license for a new motor vehicle dealer, powersports dealer,
12 manufacturer, distributor, or manufacturer's or distributor's
13 representative shall be submitted by June 1 of each year, and such
14 license or licenses will be issued by July 1. If applications have
15 not been made for renewal of licenses at the times described in this
16 subsection, it shall be illegal for any person to represent himself
17 or herself and act as a dealer, manufacturer, distributor, or
18 manufacturer's or distributor's representative. Service Oklahoma
19 and licensed operators will be notified not to accept such dealers'
20 titles until such time as licenses have been issued by the
21 Commission.

22 C. The schedule of license fees to be charged and received by
23 the Commission for the licenses issued hereunder shall be as
24 follows:

1 1. For each factory branch or distributor branch, Four Hundred
2 Dollars (\$400.00) initial fee with annual renewal fee of Three
3 Hundred Dollars (\$300.00);

4 2. For each manufacturer or distributor of new motor vehicles
5 or new powersport vehicles, Four Hundred Dollars (\$400.00) initial
6 fee with annual renewal fee of Three Hundred Dollars (\$300.00);

7 3. For each factory representative or distributor
8 representative, One Hundred Dollars (\$100.00) annually;

9 4. For each new motor vehicle dealer, except powersports
10 vehicle dealers, initial fee of Three Hundred Dollars (\$300.00) per
11 franchise sold at each location licensed, with an annual renewal fee
12 of One Hundred Dollars (\$100.00) per franchise sold at each location
13 licensed per year; and

14 5. For each powersports vehicle dealer, initial fee of Three
15 Hundred Dollars (\$300.00) per manufacturer represented by the dealer
16 at each location licensed, with an annual renewal fee of One Hundred
17 Dollars (\$100.00) per manufacturer represented by the dealer at each
18 location licensed per year.

19 D. The licenses issued to each new motor vehicle dealer, new
20 powersports vehicle dealer, manufacturer, distributor, factory
21 branch, or distributor branch shall specify the location of the
22 factory, office, or branch thereof. In case such location is
23 changed, the Commission may endorse the change of location on the
24 license without charge unless the change of address triggers a

1 relocation of a new motor vehicle dealer or new powersports vehicle
2 dealer pursuant to the provisions of Section 578.1 of this title.

3 The licenses of each new vehicle dealer shall be posted in a
4 conspicuous place in the dealer's place or places of business.

5 Every motor vehicle factory representative or distributor
6 representative shall physically possess the license when engaged in
7 business and shall display such upon request. The name of the
8 employer of such factory representative or distributor
9 representative shall be stated on the license.

10 E. The new powersports dealer license shall only allow the sale
11 of the specific types of powersports vehicles authorized by the
12 manufacturer and agreed to by the powersports dealer.

13 SECTION 3. AMENDATORY Section 1, Chapter 29, O.S.L. 2023
14 (47 O.S. Supp. 2024, Section 564.3), is amended to read as follows:

15 Section 564.3. A. As used in this section:

16 1. "Access fee" means a requirement to pay money for access to
17 protected dealer data that is in addition to an amount specified in
18 a written and executed contract for goods and services;

19 2. "Authorized integrator" means a person who a dealer has a
20 contractual relationship with or the dealer otherwise gives express
21 written authorization to have access to protected dealer data stored
22 on a dealer data system or to write protected dealer data to the
23 dealer data system for the purpose of performing a specific function
24 for the dealer;

1 3. "Dealer data system" means software, hardware, or firmware
2 that a dealer leases or rents from a dealer management system
3 provider for the purpose of storing protected dealer data;

4 4. "Dealer management system provider" means a person who, for
5 compensation, maintains and provides access to a dealer data system
6 in which a dealer stores protected dealer data;

7 5. "Protected dealer data" means:

8 a. consumer data that a dealer generated or that the
9 consumer provided to the dealer that is not otherwise
10 publicly available and the consumer has not otherwise
11 provided consent or acknowledgment to share the
12 information, and

13 b. any other dealer data in connection with the dealer's
14 daily business operations in which a dealer has rights
15 in a dealer data system; and

16 6. Authorized integrator and dealer management system provider
17 do not include:

18 a. a ~~manufacturer, distributor, importer, factory~~ or any
19 entity that ~~is a subsidiary or affiliate of, or acts~~
20 on behalf of, ~~a manufacturer, distributor, or importer~~
21 ~~factory, or~~

22 b. a governmental body or other person that is acting in
23 accordance with federal, state, or local law, or a
24 valid court order.

1 B. A dealer management system provider may:

2 1. Condition access and ability of a dealer or authorized

3 integrator to receive, share, copy, use, write, or transmit

4 protected dealer data from or to a dealer data system on the

5 dealer's or authorized integrator's compliance with commercially

6 reasonable data security standards;

7 2. Require an authorized integrator to have express written

8 authorization from a dealer before allowing the authorized

9 integrator to gain access to, receive, share, copy, use, or transmit

10 protected dealer data; and

11 3. Deny access to a dealer data system to a dealer if the

12 dealer fails to pay an amount due to the dealer management system

13 provider under a lease, contract, or other agreement concerning the

14 dealer's access to or use of the dealer data system.

15 C. Except as provided in subsection B of this section, a dealer

16 management system provider shall not take any action that would

17 limit or prohibit the ability of a dealer or an authorized

18 integrator to receive, protect, store, copy, share, or use protected

19 dealer data using means that include, but are not limited to:

20 1. Imposing an access fee on a dealer or authorized integrator;

21 and

22 2. Restricting a dealer or an authorized integrator from

23 sharing protected dealer data or writing data or having access to a

24

1 dealer data system. Prohibited restrictions pursuant to this
2 paragraph include, but are not limited to:

- 3 a. limits on the scope or nature of protected dealer data
4 to which a dealer or authorized integrator has access
5 or may share or write to a dealer data system, and
- 6 b. a requirement for a dealer or authorized integrator to
7 provide sensitive or confidential business information
8 or information that a dealer or authorized integrator
9 uses for competitive purposes in return for access to
10 protected dealer data or an authorization to share or
11 write protected dealer data to a dealer data system.

12 D. Except as otherwise provided in this section, any term or
13 condition of a contract with a dealer management system provider
14 that conflicts with the requirements set forth in subsection C of
15 this section is void and unenforceable to the extent of the
16 conflict.

17 E. An authorized integrator shall:

- 18 1. Obtain express written authorization from a dealer before
19 gaining access to, receiving, sharing, copying, using, writing, or
20 transmitting protected dealer data;
- 21 2. Comply with security standards in gaining access to,
22 receiving, sharing, copying, using, writing, or transmitting
23 protected dealer data; and

1 3. Allow a dealer to withdraw, revoke, or amend any express
2 written authorization the dealer provides under paragraph 1 of this
3 subsection:

- 4 a. at the sole discretion of the dealer, if the dealer
5 gives a thirty-day prior notice to an authorized
6 integrator, or
7 b. immediately, for good cause.

8 F. 1. This section does not prevent a dealer, a dealer
9 management system provider, or an authorized integrator from
10 discharging the obligations of a dealer, dealer management system
11 provider, or of an authorized integrator under federal, state, or
12 local law to secure and prevent unauthorized access to protected
13 dealer data, or from limiting the scope of the obligations, in
14 accordance with federal, state, or local law.

15 2. A dealer management system provider is not liable for any
16 action that a dealer takes directly with respect to securing or
17 preventing unauthorized access to protected dealer data, or for
18 actions that an authorized integrator takes in appropriately
19 following the written instructions of the dealer for securing or
20 preventing unauthorized access to protected dealer data, to the
21 extent that the actions prevent the dealer management system
22 provider from meeting a legal obligation to secure or prevent
23 unauthorized access to protected dealer data.

1 3. A dealer is not liable for any action that an authorized
2 integrator takes directly with respect to securing or preventing
3 unauthorized access to protected dealer data, or for actions that
4 the authorized integrator takes in appropriately following the
5 written instructions of the dealer for securing or preventing
6 unauthorized access to protected dealer data, to the extent that the
7 actions prevent the dealer from meeting a legal obligation to secure
8 or prevent unauthorized access to protected dealer data.

9 4. An authorized integrator is not liable for any action that a
10 dealer takes directly with respect to securing or preventing
11 unauthorized access to protected dealer data, or for actions that
12 the dealer takes in appropriately following the written instructions
13 of the authorized integrator for securing or preventing unauthorized
14 access to protected dealer data, to the extent that the actions
15 prevent the authorized integrator from meeting a legal obligation to
16 secure or prevent unauthorized access to protected dealer data.

17 5. A ~~manufacturer, distributor, importer, factory~~ or any entity
18 that is a ~~subsidiary or affiliate of,~~ or acts on behalf of, a
19 ~~manufacturer, distributor, or importer~~ factory is not liable for any
20 action that a dealer, dealer management system provider, authorized
21 integrator, or other third party, except for a third party who the
22 manufacturer has provided the data to as provided for in paragraph 7
23 of this subsection, takes directly with respect to securing or
24 preventing unauthorized access to protected dealer data or for

1 actions that an authorized integrator, dealer management system
2 provider, or other third party takes in appropriately following the
3 written instructions of the dealer for securing or preventing
4 unauthorized access to protected dealer data.

5 6. Notwithstanding any other agreement, an authorized
6 integrator shall indemnify and hold the new motor vehicle dealer
7 harmless from any third-party claims asserted against or damages
8 incurred by the new motor vehicle dealer to the extent caused by
9 access to, use of, or disclosure of consumer data in violation of
10 this section.

11 7. Notwithstanding any other agreement, a manufacturer,
12 ~~distributor, importer, factory~~ or any entity that ~~is a subsidiary or~~
13 ~~affiliate of, or acts on behalf of,~~ a ~~manufacturer, distributor, or~~
14 ~~importer factory~~ shall indemnify the dealer for any third-party
15 claims asserted against or damages incurred by the dealer to the
16 extent the claims or damages are caused by the access to and
17 unlawful disclosure of protected dealer data resulting from a breach
18 caused by the manufacturer or distributor or a third party to which
19 the manufacturer or distributor has provided the protected dealer
20 data in violation of this section, the written consent granted by
21 the dealer, or other applicable state or federal law.

22 G. A factory or any entity that acts on behalf of a factory
23 shall not prohibit an authorized integrator that has satisfied, or
24 is compliant with, commercially reasonable data security standards

1 and that the dealer has identified as one of its authorized
2 integrators from integrating into the dealer's dealer data system or
3 place an unreasonable restriction on integration by an authorized
4 integrator or other third party that the dealer wishes to be an
5 authorized integrator. For the purposes of this subsection,
6 "unreasonable restriction" includes:

- 7 1. Imposing an access fee on a dealer or authorized integrator;
8 however, a franchisor or third party may charge a franchise or
9 authorized integrator for actual costs associated with modifications
10 to a franchisor's electronic systems to enable a secure interface
11 with the authorized integrator's system and software;
- 12 2. An unreasonable limitation or condition on the scope or
13 nature of the data that is shared with an authorized integrator;
- 14 3. An unreasonable limitation on the ability of the authorized
15 integrator to write data to a dealer data system;
- 16 4. An unreasonable limitation or condition on an authorized
17 integrator that accesses or shares protected dealer data or that
18 writes data to a dealer data system; and
- 19 5. Requiring unreasonable access to an authorized integrator's
20 sensitive, competitive, or other confidential business information
21 as a condition for accessing protected dealer data or sharing
22 protected dealer data with an authorized integrator.

1 SECTION 4. AMENDATORY 47 O.S. 2021, Section 565, as last
2 amended by Section 7, Chapter 240, O.S.L. 2024 (47 O.S. Supp. 2024,
3 Section 565), is amended to read as follows:

4 Section 565. A. The Oklahoma New Motor Vehicle Commission may
5 deny an application for a license, revoke or suspend a license, or
6 impose a fine against any person or entity, not to exceed Ten
7 Thousand Dollars (\$10,000.00) per occurrence, that violates any
8 provision of Sections 561 through 567, 572, 578.1, 579, and 579.1 of
9 this title or for any of the following reasons:

10 1. On satisfactory proof of unfitness of the applicant in any
11 application for any license under the provisions of Section 561 et
12 seq. of this title;

13 2. For any material misstatement made by an applicant in any
14 application for any license under the provisions of Section 561 et
15 seq. of this title;

16 3. For any failure to comply with any provision of Section 561
17 et seq. of this title or any rule promulgated by the Commission
18 under authority vested in it by Section 561 et seq. of this title;

19 4. A change of condition after license is granted resulting in
20 failure to maintain the qualifications for license;

21 5. Being a new motor vehicle dealer or new powersports vehicle
22 dealer who:

23 a. has required a purchaser of a new motor vehicle or new
24 powersports vehicle, as a condition of sale and

1 delivery thereof, to also purchase special features,
2 appliances, accessories, or equipment not desired or
3 requested by the purchaser and installed by the new
4 motor vehicle dealer or new powersports vehicle
5 dealer,

- 6 b. uses any false or misleading advertising in connection
7 with business as a new motor vehicle dealer or new
8 powersports vehicle dealer,
9 c. has committed any unlawful act which resulted in the
10 revocation of any similar license in another state,
11 d. has failed or refused to perform any written agreement
12 with any retail buyer involving the sale of a motor
13 vehicle or powersports vehicle,
14 e. has been convicted of a felony crime that
15 substantially relates to the occupation of a new motor
16 vehicle dealer or new powersports vehicle dealer and
17 poses a reasonable threat to public safety,
18 f. has committed a fraudulent act in selling, purchasing,
19 or otherwise dealing in new motor vehicles or new
20 powersports vehicles or has misrepresented the terms
21 and conditions of a sale, purchase or contract for
22 sale or purchase of a new motor vehicle or new
23 powersports vehicle or any interest therein including
24 an option to purchase such vehicle,

1 g. has failed to meet or maintain the conditions and
2 requirements necessary to qualify for the issuance of
3 a license, or

4 h. completes any sale or transaction of an extended
5 service contract, extended maintenance plan, or
6 similar product using contract forms that do not
7 conspicuously disclose the identity of the service
8 contract provider;

9 6. Being a new motor vehicle salesperson who is not employed as
10 such by a licensed new motor vehicle dealer;

11 7. Being a new motor vehicle dealer or new powersports vehicle
12 dealer who:

13 a. does not have an established place of business,
14 b. does not provide for a suitable repair shop separate
15 from the display room with ample space to repair or
16 recondition one or more vehicles at the same time, and
17 which is staffed with properly trained and qualified
18 repair technicians and is equipped with such parts,
19 tools, and equipment as may be requisite for the
20 servicing of motor vehicles in such a manner as to
21 make them comply with the safety laws of this state
22 and to properly fulfill the dealer's or manufacturer's
23 warranty obligation,

- 1 c. does not hold a franchise in effect with a
2 manufacturer or distributor of new or unused vehicles
3 for the sale of the same and is not authorized by the
4 manufacturer or distributor to render predelivery
5 preparation of such vehicles sold to purchasers and to
6 perform any authorized post-sale work pursuant to the
7 manufacturer's or distributor's warranty,
- 8 d. employs or utilizes the services of used motor vehicle
9 lots or dealers or other unlicensed persons or
10 unregistered persons in connection with the sale of
11 new vehicles,
- 12 e. does not properly service a new motor vehicle or new
13 powersports vehicle before delivery of same to the
14 original purchaser thereof, or
- 15 f. fails to order and stock a reasonable number of new
16 motor vehicles necessary to meet consumer demand for
17 each of the new motor vehicles included in the new
18 motor vehicle dealer's franchise agreement, unless the
19 new motor vehicles are not readily available from the
20 manufacturer or distributor due to limited production;

21 8. Being a factory that has:

- 22 a. either induced or attempted to induce by means of
23 coercion or intimidation, any new motor vehicle dealer
24 or powersports vehicle dealer:

- (1) to accept delivery of any vehicle or vehicles, parts, or accessories therefor, or any other commodities including advertising material which shall not have been ordered by the new motor vehicle dealer,
 - (2) to order or accept delivery of any motor vehicle or powersports vehicle with special features, appliances, accessories, or equipment not included in the list price of the vehicles as publicly advertised by the manufacturer thereof, or
 - (3) to order or accept delivery of any parts, accessories, equipment, machinery, tools, appliances, or any commodity whatsoever, induced under threat or discrimination by the withholding from delivery to a new motor vehicle dealer or new powersports vehicle dealer certain models of motor vehicles, changing or amending unilaterally the new motor vehicle dealer's allotment of motor vehicles, and/or withholding and delaying delivery of the vehicles out of the ordinary course of business, in order to induce by such coercion any new motor vehicle dealer or new powersports vehicle dealer to participate or contribute to any local or national

1 advertising fund controlled directly or indirectly by
2 the factory or for any other purposes such as contest,
3 "giveaways", or other so-called sales promotional
4 devices, and/or change of quotas in any sales contest;
5 or has required new motor vehicle dealers, as a
6 condition to receiving their vehicle allotment, to
7 order a certain percentage of the vehicles with
8 optional equipment not specified by the dealer;
9 however, nothing in this section shall prohibit a
10 factory from supporting an advertising association
11 which is open to all new motor vehicle dealers or new
12 powersports vehicle dealers on the same basis,

- 13 c. used a performance standard, sales objective, or
14 program for measuring dealer performance that may have
15 a material effect on a right of the dealer to vehicle
16 allocation; or payment under any incentive or
17 reimbursement program that is unfair, unreasonable,
18 inequitable, and not based on accurate information,
19 d. used a performance standard for measuring sales or
20 service performance of, or which results in penalizing
21 or withholding a benefit from, any new motor vehicle
22 dealer or new powersports vehicle dealer under the
23 terms of the franchise agreement which:

- (1) is unfair, unreasonable, arbitrary, or inequitable, and
 - (2) does not consider the relevant and material local and state or regional criteria, including prevailing economic conditions affecting the sales or service performance of a vehicle dealer ~~or and~~ any relevant and material data and facts presented by the dealer in writing within thirty (30) days of the written notice of the manufacturer to the dealer of its intention to cancel, terminate, or not renew the dealer's franchise agreement, and
 - (3) does not consider the actual vehicle allocation offered or otherwise made available to the dealer by the manufacturer or distributor, as well as the dealer's inventory levels relevant to achieving any minimum performance standards to which the manufacturer or distributor holds the dealer accountable,
failed or refused to sell, or offer for sale, new motor vehicles to all of its authorized same line-make franchised new motor vehicle dealers or new powersports vehicle dealers at the same price for a comparably equipped motor vehicle, on the same terms,

1 with no differential in functionally available
2 discount, allowance, credit, or bonus, except as
3 provided in subparagraph e of paragraph 9 of this
4 subsection,

5 f. failed to provide reasonable compensation to a new
6 motor vehicle dealer substantially equivalent to the
7 actual cost of providing a manufacturer required
8 loaner or rental vehicle to any consumer who is having
9 a vehicle serviced at the dealership. For purposes of
10 this paragraph, actual cost is the average cost in the
11 new motor vehicle dealer's region for the rental of a
12 substantially similar make and model as the vehicle
13 being serviced, or

14 g. failed to make available to its new motor vehicle
15 dealers a fair and proportional share of all new
16 vehicles distributed to same line-make dealers in this
17 state, subject to the same reasonable terms, including
18 any vehicles distributed from a common new vehicle
19 inventory pool outside of the factory's ordinary
20 allocation process such as any vehicles the factory
21 reserves to distribute on a discretionary basis;

22 9. Being a factory that:

23 a. has attempted to coerce or has coerced any new motor
24 vehicle dealer or new powersports vehicle dealer to

1 enter into any agreement or to cancel any agreement;
2 has failed to act in good faith and in a fair,
3 equitable, and nondiscriminatory manner; has directly
4 or indirectly coerced, intimidated, threatened, or
5 restrained any new motor vehicle dealer; has acted
6 dishonestly; or has failed to act in accordance with
7 the reasonable standards of fair dealing,
8 b. has failed to compensate its dealers for the work and
9 services they are required to perform in connection
10 with the dealer's delivery and preparation obligations
11 according to the agreements on file with the
12 Commission which must be found by the Commission to be
13 reasonable, or has failed to adequately and fairly
14 compensate its dealers for labor, parts, and other
15 expenses incurred by the dealer to perform under and
16 comply with manufacturer's warranty agreements and
17 recall repairs which shall include diagnostic work as
18 applicable and assistance requested by a consumer
19 whose vehicle was subjected to an over-the-air or
20 remote change, repair, or update to any part, system,
21 accessory, or function by the manufacturer and
22 performed by the dealer in order to satisfy the
23 consumer. Time allowances for the diagnosis and
24 performance of repair work shall be reasonable and

1 adequate for the work to be performed. Adequate and
2 fair compensation, which under this provision shall be
3 no less than the rates customarily charged for retail
4 consumer repairs as calculated herein, for parts and
5 labor for warranty and recall repairs shall, at the
6 option of the new motor vehicle dealer, be established
7 by the new motor vehicle dealer submitting to the
8 manufacturer or distributor one hundred sequential
9 nonwarranty consumer-paid service repair orders which
10 contain warranty-like repairs, or ninety (90)
11 consecutive days of nonwarranty consumer-paid service
12 repair orders which contain warranty-like repairs,
13 whichever is less, covering repairs made no more than
14 one hundred eighty (180) days before the submission
15 and declaring the average percentage labor rate and/or
16 markup rate. A motor vehicle dealer may not submit a
17 request to establish its retail rates more than once
18 in a twelve-month period. That request may establish
19 a parts markup rate, labor rate, or both. The new
20 motor vehicle dealer or new powersports vehicle dealer
21 shall calculate its retail parts rate by determining
22 the total charges for parts from the qualified repair
23 orders submitted, dividing that amount by the new
24 motor vehicle dealer's total cost of the purchase of

1 those parts, subtracting one (1), and multiplying by
2 one hundred (100) to produce a percentage. The new
3 motor vehicle dealer or new powersports vehicle dealer
4 shall calculate its retail labor rate by dividing the
5 amount of the new vehicle dealer's total labor sales
6 from the qualified repair orders by the total labor
7 hours charged for those sales. When submitting repair
8 orders to establish a retail parts and labor rate, a
9 new motor vehicle dealer or new powersports vehicle
10 dealer need not include repairs for:

- 11 (1) routine maintenance including but not limited to
12 the replacement of bulbs, fluids, filters,
13 batteries, and belts that are not provided in the
14 course of and related to a repair,
- 15 (2) factory special events, specials, or promotional
16 discounts for retail consumer repairs,
- 17 (3) parts sold or repairs performed at wholesale,
- 18 (4) factory-approved goodwill or policy repairs or
19 replacements,
- 20 (5) repairs with aftermarket parts, when calculating
21 the retail parts rate but not the retail labor
22 rate,
- 23 (6) repairs on aftermarket parts,

- (7) replacement of or work on tires including front-end alignments and wheel or tire rotations,
 - (8) repairs of vehicles owned by the new motor vehicle dealer or new powersports vehicle dealer or employee thereof at the time of the repair,
 - (9) vehicle reconditioning, or
 - (10) items that do not have individual part numbers including, but not limited to, nuts, bolts, and fasteners.

A manufacturer or distributor may, not later than forty-five (45) days after submission, rebut that declared retail parts and labor rate in writing by reasonably substantiating that the rate is not accurate or is incomplete pursuant to the provisions of this section. If the manufacturer or distributor determines the set of repair orders submitted by the new motor vehicle dealer or new powersports vehicle dealer pursuant to this section for a retail labor rate or retail parts markup rate is substantially higher than the new vehicle dealer's current warranty rates, the manufacturer or distributor may request, in writing, within forty-five (45) days after the manufacturer's or distributor's receipt of the new vehicle dealer's initial submission, all repair orders

closed within the period of thirty (30) days immediately preceding, or thirty (30) days immediately following, the set of repair orders initially submitted by the new motor vehicle dealer. All time periods under this section shall be suspended until the supplemental repair orders are provided. If the manufacturer or distributor requests supplemental repair orders, the manufacturer or distributor may, within thirty (30) days after receiving the supplemental repair orders and in accordance with the formula described in this subsection, calculate a proposed adjusted retail labor rate or retail parts markup rate, as applicable, based upon any set of the qualified repair orders submitted by the franchisee and following the formula set forth herein to establish the rate. The retail labor and parts rates shall go into effect thirty (30) days following the approval by the manufacturer or distributor. If the declared rate is rebutted, the manufacturer or distributor shall provide written notice stating the reasons for the rebuttal, an explanation of the reasons for the rebuttal, and a copy of all calculations used by the franchisor in determining the manufacturer or distributor's position and propose an

1 adjustment in writing of the average percentage markup
2 or labor rate based on that rebuttal not later than
3 forty-five (45) days after submission. If the new
4 motor vehicle dealer or new powersports vehicle dealer
5 does not agree with the proposed average percentage
6 markup or labor rate, the new vehicle dealer may file
7 a protest with the Commission not later than thirty
8 (30) days after receipt of that proposal by the
9 manufacturer or distributor. In the event a protest
10 is filed, the manufacturer or distributor shall have
11 the burden of proof to establish the new vehicle
12 dealer's submitted parts markup rate or labor rate was
13 inaccurate or not complete pursuant to the provisions
14 of this section. A manufacturer or distributor may
15 not retaliate against any new motor vehicle dealer or
16 new powersports vehicle dealer seeking to exercise its
17 rights under this section. A manufacturer or
18 distributor may require a dealer to submit repair
19 orders in accordance with this section in order to
20 validate the reasonableness of a dealer's retail rate
21 for parts or labor not more often than once every
22 twelve (12) months. A manufacturer or distributor may
23 not otherwise recover its costs from new vehicle
24 dealers within this state including a surcharge

imposed on a new motor vehicle dealer solely intended
to recover the cost of reimbursing a dealer for parts
and labor pursuant to this section; provided, a
manufacturer or distributor shall not be prohibited
from increasing prices for vehicles or parts in the
normal course of business or from auditing and
charging back claims in accordance with this section.
All claims made by dealers for compensation for
delivery, preparation, warranty, or recall repair work
shall be paid within thirty (30) days after approval
and shall be approved or disapproved within thirty
(30) days after receipt. When any claim is
disapproved, the dealer shall be notified in writing
of the grounds for disapproval. The dealer's
delivery, preparation, and warranty obligations as
filed with the Commission shall constitute the
dealer's sole responsibility for product liability as
between the dealer and manufacturer. A factory may
reasonably and periodically audit a new motor vehicle
dealer or new powersports vehicle dealer to determine
the validity of paid claims for dealer compensation or
any charge-backs for warranty parts or service
compensation. Except in cases of suspected fraud,
audits of warranty payments shall only be for the one-

1 year period immediately following the date of the
2 payment. A manufacturer shall reserve the right to
3 reasonable, periodic audits to determine the validity
4 of paid claims for dealer compensation or any charge-
5 backs for consumer or dealer incentives. Except in
6 cases of suspected fraud, audits of incentive payments
7 shall only be for a one-year period immediately
8 following the date of the payment. A factory shall
9 not deny a claim or charge a new motor vehicle dealer
10 back subsequent to the payment of the claim unless the
11 factory can show that the claim was false or
12 fraudulent or that the new motor vehicle dealer or new
13 powersports vehicle dealer failed to reasonably
14 substantiate the claim by the written reasonable
15 procedures of the factory. A factory shall not deny a
16 claim or implement a charge-back against a new vehicle
17 dealer after payment of a claim in the event a
18 purchaser of a new vehicle that is the subject of a
19 claim fails to comply with titling or registration
20 laws of this state and is not prevented from
21 compliance by any action of the dealer; provided, that
22 the factory may require the dealer to provide, within
23 thirty (30) days of notice of charge-back, withholding
24 of payment, or denial of claim, the documentation to

1 demonstrate the vehicle sale, delivery, and customer
2 qualification for an incentive as reported, including
3 consumer name and address and written attestation
4 signed by the dealer operator or general manager
5 stating the consumer was not on the export control
6 list and the dealer did not know or have reason to
7 know the vehicle was being exported or resold.

8 The factory shall provide written notice to a dealer
9 of a proposed charge-back that is the result of an
10 audit along with the specific audit results and
11 proposed charge-back amount. A dealer that receives
12 notice of a proposed charge-back pursuant to a
13 factory's audit has the right to file a protest with
14 the Commission within thirty (30) days after receipt
15 of the notice of the charge-back or audit results,
16 whichever is later. The factory is prohibited from
17 implementing the charge-back or debiting the dealer's
18 account until either the time frame for filing a
19 protest has passed or a final adjudication is rendered
20 by the Commission, whichever is later, unless the
21 dealer has agreed to the charge-back or charge-backs,
22 c. fails to compensate the new motor vehicle dealer for a
23 used motor vehicle:

- (1) that is of the same make and model manufactured, imported, or distributed by the factory and is a line-make that the new motor vehicle dealer is franchised to sell or on which the new motor vehicle dealer is authorized to perform recall repairs,
 - (2) that is subject to a stop-sale or do-not-drive order issued by the factory or an authorized governmental agency,
 - (3) that is held by the new motor vehicle dealer in the dealer's inventory at the time the stop-sale or do-not-drive order is issued or that is taken by the new motor vehicle dealer into the dealer's inventory after the recall notice as a result of a retail consumer trade-in or a lease return to the dealer inventory in accordance with an applicable lease contract,
 - (4) that cannot be repaired due to the unavailability, within thirty (30) days after issuance of the stop-sale or do-not-drive order, of a remedy or parts necessary for the new motor vehicle dealer to make the recall repair, and
 - (5) that is not at least in the prorated amount of one percent (1.00%) of the value of the vehicle

1 per month beginning on the date that is thirty
2 (30) days after the date on which the stop-sale
3 order was provided to the new motor vehicle
4 dealer until the earlier of either of the
5 following:

- 6 (a) the date the recall remedy or parts are made
7 available, or
8 (b) the date the new motor vehicle dealer sells,
9 trades, or otherwise disposes of the
10 affected used motor vehicle.

11 For the purposes of division (5) of this subparagraph,
12 the value of a used vehicle shall be the average Black
13 Book value for the year, make, and model of the
14 recalled vehicle. A factory may direct the manner and
15 method in which a new motor vehicle dealer must
16 demonstrate the inventory status of an affected used
17 motor vehicle to determine eligibility under this
18 subparagraph; provided, that the manner and method may
19 not be unduly burdensome and may not require
20 information that is unduly burdensome to provide. All
21 reimbursement claims made by new motor vehicle dealers
22 pursuant to this section for recall remedies or
23 repairs, or for compensation where no part or repair
24 is reasonably available and the vehicle is subject to

1 a stop-sale or do-not-drive order, shall be subject to
2 the same limitations and requirements as a warranty
3 reimbursement claim made under subparagraph b of this
4 paragraph. In the alternative, a manufacturer may
5 compensate its franchised new motor vehicle dealers
6 under a national recall compensation program;
7 provided, the compensation under the program is equal
8 to or greater than that provided under division (5) of
9 this subparagraph, or as the manufacturer and new
10 motor vehicle dealer otherwise agree. Nothing in this
11 section shall require a factory to provide total
12 compensation to a new motor vehicle dealer which would
13 exceed the total average Black Book value of the
14 affected used motor vehicle as originally determined
15 under division (5) of this subparagraph. Any remedy
16 provided to a new motor vehicle dealer under this
17 subparagraph is exclusive and may not be combined with
18 any other state or federal compensation remedy,
19 d. unreasonably fails or refuses to offer to its same
20 line-make franchised dealers a reasonable supply and
21 mix of all models manufactured for that line-make, or
22 unreasonably requires a dealer to pay any extra fee,
23 purchase unreasonable advertising displays or other
24 materials, or enter into a separate agreement which

adversely alters the rights or obligations contained within the dealer's existing franchise agreement or which waives any right of the new motor vehicle dealer or new powersports vehicle dealer as protected by Section 561 et seq. of this title, or remodel, renovate, or recondition the dealer's existing facilities as a prerequisite to receiving a model or series of vehicles, except as may be necessary to sell or service the model or series of vehicles as provided by subparagraph e of this paragraph. It shall be a violation of this section for new vehicle allocation to be withheld subject to any requirement to purchase or sell any number of used or off-lease vehicles. The failure to deliver any such new motor vehicle shall not be considered a violation of the section if the failure is not arbitrary or is due to lack of manufacturing capacity or to a strike or labor difficulty, a shortage of materials, a freight embargo, or other cause over which the manufacturer has no control. However, this subparagraph shall not apply to limited production model vehicles, a vehicle not advertised by the factory for sale in this state, vehicles that are subject to allocation affected by federal environmental laws or environmental laws of

this state, or vehicles allocated in response to an unforeseen event or circumstance, except as necessary to comply with a health or safety law, or to comply with a technology requirement which is necessary to sell or service a vehicle that the franchised new motor vehicle dealer or new powersports vehicle dealer is authorized or licensed by the franchisor to sell or service, requires a dealer to construct a new facility or substantially renovate the dealer's existing facility unless the facility construction or renovation is justified by the economic conditions existing at the time, as well as the reasonably foreseeable projections, in the new motor vehicle dealer's market and in the automotive industry. However, this subparagraph shall not apply if the new motor vehicle dealer or new powersports vehicle dealer voluntarily agrees to facility construction or renovation in exchange for money, credit, allowance, reimbursement, or additional vehicle allocation to a dealer from the factory to compensate the dealer for the cost of, or a portion of the cost of, the facility construction or renovation. Except as necessary to comply with a health or safety law, or to comply with a technology or safety

1 requirement which is necessary to sell or service a
2 motor vehicle or powersports vehicle that the
3 franchised dealer is authorized or licensed by the
4 franchisor to sell or service, a new vehicle dealer
5 which completes a facility construction or renovation
6 pursuant to factory requirements shall not be required
7 to construct a new facility or renovate the existing
8 facility if the same area of the facility or premises
9 has been constructed or substantially altered within
10 the last ten (10) years and the construction or
11 alteration was approved by the manufacturer as a part
12 of a facility upgrade program, standard, or policy.

13 For purposes of this subparagraph, "substantially
14 altered" means to perform an alteration that
15 substantially impacts the architectural features,
16 characteristics, or integrity of a structure or lot.
17 The term shall not include routine maintenance
18 reasonably necessary to maintain a dealership in
19 attractive condition. If a facility upgrade program,
20 standard, or policy under which the dealer completed a
21 facility construction or substantial alteration does
22 not contain a specific time period during which the
23 manufacturer or distributor shall provide payments or
24 benefits to a participating dealer, or the time frame

1 specified under the program is reduced or canceled
2 prematurely in the unilateral discretion of the
3 manufacturer or distributor, the manufacturer or
4 distributor shall not deny the participating dealer
5 any payment or benefit under the terms of the program,
6 standard, or policy as it existed when the dealer
7 began to perform under the program, standard, or
8 policy for the balance of the ten-year period,
9 regardless of whether the manufacturer's or
10 distributor's program, standard, or policy has been
11 changed or canceled, unless the manufacturer and
12 dealer agree, in writing, to the change in payment or
13 benefit,

- 14 f. requires a new motor vehicle dealer or new powersports
15 vehicle dealer to establish an exclusive facility,
16 unless supported by reasonable business, market, and
17 economic considerations; provided, that this section
18 shall not restrict the terms of any agreement for such
19 exclusive facility voluntarily entered into and
20 supported by valuable consideration separate from the
21 new motor vehicle dealer's right to sell and service
22 motor vehicles for the franchisor,
23 g. requires a new motor vehicle dealer or new powersports
24 vehicle dealer to enter into a site-control agreement

1 covering any or all of the new motor vehicle dealer's
2 facilities or premises; provided, that this section
3 shall not restrict the terms of any site-control
4 agreement voluntarily entered into and supported by
5 valuable consideration separate from the new motor
6 vehicle dealer's right to sell and service motor
7 vehicles for the franchisor. Notwithstanding the
8 foregoing or the terms of any site-control agreement,
9 a site-control agreement automatically extinguishes if
10 all of the factory's franchises that operated from the
11 location that are the subject of the site-control
12 agreement are terminated by the factory as part of the
13 discontinuance of a product line,

- 14 h. refuses to pay, or claims reimbursement from, a new
15 motor vehicle dealer or new powersports vehicle dealer
16 for sales, incentives, or other payments related to a
17 vehicle sold by the dealer because the purchaser of
18 the new vehicle exported or resold the vehicle in
19 violation of the policy of the factory unless the
20 factory can show that, at the time of the sale, the
21 new vehicle dealer knew or reasonably should have
22 known of the purchaser's intention to export or resell
23 the vehicle. There is a rebuttable presumption that
24 the new vehicle dealer did not know or could not have

known that the vehicle would be exported if the vehicle is titled and registered in any state of the United States, or

- i. (1) notwithstanding the terms of a franchise agreement or other agreement providing otherwise, requires a new motor vehicle dealer or new powersports vehicle dealer to purchase or utilize goods or services, or contract with any vendor, identified, selected, or designated by the factory for the:

(a) operation of the dealership, including electronic services such as websites, data management or storage systems, digital retail platforms, software, or other digital services or platforms, or

(b) construction, renovation, or improvement of the new dealer's facility from a vendor chosen by the factory if goods or services available from other sources a vendor that the new motor vehicle dealer chooses are of substantially similar quality and design and comply with all applicable laws; provided, however, that such goods are not subject to the factory's intellectual property or

1 trademark rights and the new vehicle dealer
2 has received the factory's approval, which
3 approval may not be unreasonably withheld.

4 Nothing in this subparagraph may be
5 construed to allow a new motor vehicle
6 dealer or new powersports vehicle dealer to
7 impair or eliminate a factory's intellectual
8 property, trademark rights, or trade dress
9 usage guidelines. ~~Nothing in this section~~
10 ~~prohibits the enforcement of a voluntary~~
11 ~~agreement between the factory and the new~~
12 ~~vehicle dealer where separate and valuable~~
13 ~~consideration has been offered and accepted~~

14 It is a violation of this division for a factory, or
15 any entity that operates on behalf of a factory, to
16 coerce a new motor vehicle dealer to purchase or
17 utilize certain goods or services by the withholding
18 of monetary incentives paid on a per vehicle basis and
19 vehicle allocation that the new motor vehicle dealer
20 is otherwise eligible to receive, and

21 (2) for the purposes of this subparagraph, "goods and
22 services" do not include:

23 (a) moveable displays, brochures, or promotional
24 materials containing material subject to the

intellectual property rights of a factory or
parts to be used in repairs under warranty
obligations of a factory, or
special tools or training required by the
factory to perform warranty or recall
related repairs;

10. Being a factory that:

- a. establishes a system of motor vehicle allocation or distribution which is unfair, inequitable, or unreasonably discriminatory. Upon the request of any new motor vehicle dealer or new powersports vehicle dealer franchised by it, a factory shall disclose in writing to the dealer the basis upon which new vehicles are allocated, scheduled, and delivered among the new motor vehicle dealers of the same line-make for that factory, or
 - b. changes an established plan or system of new motor vehicle or new powersports vehicle distribution. A new motor vehicle dealer or new powersports vehicle dealer franchise agreement shall continue in full force and operation notwithstanding a change, in whole or in part, of an established plan or system of distribution of the motor vehicles or new powersports vehicles offered or previously offered for sale under

1 the franchise agreement. The appointment of a new
2 importer or distributor for motor vehicles or new
3 powersports vehicle offered for sale under the
4 franchise agreement shall be deemed to be a change of
5 an established plan or system of distribution. The
6 discontinuation of a line-make shall not be deemed to
7 be a change of an established plan or system of motor
8 vehicle or new powersports vehicle distribution. The
9 creation of a line-make shall not be deemed to be a
10 change of an established plan or system of motor
11 vehicle distribution as long as the new line-make is
12 not selling the same, or substantially the same
13 vehicle or vehicles previously sold through another
14 line-make by new motor vehicle dealers or new
15 powersports vehicle dealers with an active franchise
16 agreement for the other line-make in the state if such
17 dealers are no longer authorized to sell the
18 comparable vehicle previously sold through their line-
19 make. Changing a vehicle's powertrain is not
20 sufficient to show it is substantially different.
21 Upon the occurrence of such change, the manufacturer
22 or distributor shall be prohibited from obtaining a
23 license to distribute vehicles under the new plan or
24 system of distribution unless the manufacturer or

1 distributor offers to each vehicle dealer who is a
2 party to the franchise agreement a new franchise
3 agreement containing substantially the same provisions
4 which were contained in the previous franchise
5 agreement;

6 11. Being a factory that sells directly or indirectly new motor
7 vehicles or new powersports vehicles to any retail consumer in the
8 state except through a new motor vehicle dealer or new powersports
9 vehicle dealer holding a franchise for the line-make that includes
10 the new motor vehicle or new powersports vehicle. This paragraph
11 does not apply to factory sales of new vehicles to its employees,
12 family members of employees, retirees and family members of
13 retirees, not-for-profit organizations, or the federal, state, or
14 local governments. The provisions of this paragraph shall not
15 preclude a factory from providing information to a consumer for the
16 purpose of marketing or facilitating a sale of a new vehicle or from
17 establishing a program to sell or offer to sell new motor vehicles
18 or new powersports vehicle through participating dealers subject to
19 the limitations provided in paragraph 2 of Section 562 of this
20 title;

21 12. a. Being a factory which directly or indirectly:
22 (1) owns any ownership interest or has any financial
23 interest in a new motor vehicle dealer or new
24 powersports vehicle dealer or any person who

- 1 sells products or services pursuant to the terms
2 of the franchise agreement,
- 3 (2) operates or controls a new motor vehicle dealer
4 or new powersports vehicle dealer, or
- 5 (3) acts in the capacity of a new motor vehicle
6 dealer or new powersports vehicle dealer.
- 7 b. (1) This paragraph does not prohibit a factory from
8 owning or controlling a new motor vehicle dealer
9 or new powersports vehicle dealer while in a bona
10 fide relationship with a dealer development
11 candidate who has made a substantial initial
12 investment in the franchise and whose initial
13 investment is subject to potential loss. The
14 dealer development candidate can reasonably
15 expect to acquire full ownership of a new vehicle
16 dealer within a reasonable period of time not to
17 exceed ten (10) years and on reasonable terms and
18 conditions. The ten-year acquisition period may
19 be expanded for good cause shown.
- 20 (2) This paragraph does not prohibit a factory from
21 owning, operating, controlling, or acting in the
22 capacity of a new motor vehicle dealer or new
23 powersports vehicle dealer for a period not to
24 exceed twelve (12) months during the transition

from one independent dealer to another independent dealer if the dealership is for sale at a reasonable price and on reasonable terms and conditions to an independent qualified buyer. On showing by a factory of good cause, the Oklahoma New Motor Vehicle Commission may extend the time limit set forth above; extensions may be granted for periods not to exceed twelve (12) months.

- (3) This paragraph does not prohibit a factory from owning, operating, or controlling or acting in the capacity of a new motor vehicle dealer or new powersports vehicle dealer which was in operation prior to January 1, 2000.
 - (4) This paragraph does not prohibit a factory from owning, directly or indirectly, a minority interest in an entity that owns, operates, or controls motor vehicle dealerships or powersports vehicle dealerships of the same line-make franchised by the manufacturer, provided that each of the following conditions are met:
 - (a) all of the new motor vehicle or new powersports vehicle dealerships selling the vehicles of that manufacturer in this state

1 trade exclusively in the line-make of that
2 manufacturer,

3 (b) all of the franchise agreements of the
4 manufacturer confer rights on the dealer of
5 the line-make to develop and operate, within
6 a defined geographic territory or area, as
7 many dealership facilities as the dealer and
8 manufacturer shall agree are appropriate,

9 (c) at the time the manufacturer first acquires
10 an ownership interest or assumes operation,
11 the distance between any dealership thus
12 owned or operated and the nearest
13 unaffiliated new motor vehicle or new
14 powersports vehicle dealership trading in
15 the same line-make is not less than seventy
16 (70) miles,

17 (d) during any period in which the manufacturer
18 has such an ownership interest, the
19 manufacturer has no more than three
20 franchise agreements with new motor vehicle
21 dealers or new powersports vehicle dealers
22 licensed by the Oklahoma New Motor Vehicle
23 Commission to do business within the state,
24 and

(e) prior to January 1, 2000, the factory shall have furnished or made available to prospective new vehicle dealers an offering circular in accordance with the Trade Regulation Rule on Franchising of the Federal Trade Commission, and any guidelines and exemptions issued thereunder, which disclose the possibility that the factory may from time to time seek to own or acquire, directly or indirectly, ownership interests in retail dealerships;

12 13. Being a factory which directly or indirectly makes
13 available for public disclosure any proprietary information provided
14 to the factory by a new motor vehicle dealer or new powersports
15 vehicle dealer, other than in composite form to new vehicle dealers
16 in the same line-make or in response to a subpoena or order of the
17 Commission or a court. Proprietary information includes, but is not
18 limited to, information:

- a. derived from monthly financial statements provided to the factory, and
- b. regarding any aspect of the profitability of a particular new motor vehicle dealer or new powersports vehicle dealer;

1 14. Being a factory which does not provide or direct leads in a
2 fair, equitable, and timely manner. Nothing in this paragraph shall
3 be construed to require a factory to disregard the preference of a
4 consumer in providing or directing a lead;

5 15. Being a factory which used the consumer list of a new motor
6 vehicle dealer or new powersports vehicle dealer for the purpose of
7 unfairly competing with dealers;

8 16. Being a factory which prohibits a new motor vehicle dealer
9 or new powersports vehicle dealer from relocating after a written
10 request by such dealer if:

11 a. the facility and the proposed new location satisfies
12 or meets the written reasonable guidelines of the
13 factory. Reasonable guidelines do not include
14 exclusivity or site control unless agreed to as set
15 forth in subparagraphs f and g of paragraph 9 of this
16 subsection,

17 b. the proposed new location is within the area of
18 responsibility of the new motor vehicle dealer or new
19 powersports vehicle dealer pursuant to Section 578.1
20 of this title, and

21 c. the factory has sixty (60) days from receipt of the
22 new motor vehicle dealer's relocation request to
23 approve or deny the request. The failure to approve

1 or deny the request within the sixty-day time frame
2 shall constitute approval of the request;

3 17. Being a factory which prohibits a new motor vehicle dealer
4 or new powersports vehicle dealer from adding additional line-makes
5 to its existing facility, if, after adding the additional line-
6 makes, the facility satisfies the written reasonable capitalization
7 standards and facility guidelines of each factory. Reasonable
8 facility guidelines do not include a requirement to maintain
9 exclusivity or site control unless agreed to by the dealer as set
10 forth in subparagraphs f and g of paragraph 9 of this subsection;

11 18. Being a factory that increases prices of new motor vehicles
12 or new powersports vehicles which the dealer had ordered for retail
13 consumers and notified the factory prior to the dealer's receipt of
14 the written official price increase notification. A sales contract
15 signed by a retail consumer accompanied with proof of order
16 submission to the factory shall constitute evidence of each such
17 order, provided that the vehicle is in fact delivered to the
18 consumer. Price differences applicable to new models or series
19 motor vehicles at the time of the introduction of new models or
20 series shall not be considered a price increase for purposes of this
21 paragraph. Price changes caused by any of the following shall not
22 be subject to the provisions of this paragraph:

23

24

1 a. the addition to a motor vehicle or powersports vehicle
2 of required or optional equipment pursuant to state or
3 federal law,

4 b. revaluation of the United States dollar in the case of
5 foreign-made vehicles or components, or

6 c. an increase in transportation charges due to increased
7 rates imposed by common or contract carriers;

8 19. Being a factory that requires a new motor vehicle dealer or
9 new powersports vehicle dealer to participate monetarily in an
10 advertising campaign or contest, or purchase any promotional
11 materials, showroom, or other display decoration or materials at the
12 expense of the new motor vehicle or powersports vehicle dealer
13 without consent of the dealer, which consent shall not be
14 unreasonably withheld;

15 20. Being a factory that denies any new motor vehicle dealer or
16 new powersports vehicle dealer the right of free association with
17 any other dealer for any lawful purpose, unless otherwise permitted
18 by this chapter; ~~or~~

19 21. Being a factory that requires a new motor vehicle dealer or
20 new powersports vehicle dealer to sell, offer to sell, or sell
21 exclusively an extended service contract, extended maintenance plan,
22 or similar product, such as gap products offered, endorsed, or
23 sponsored by the factory by the following means:

- a. by an act or statement from the factory that will in any manner adversely impact the new motor vehicle dealer, or
 - b. by measuring dealer's performance under the franchise based on the sale of extended service contracts, extended maintenance plans, or similar products offered, endorsed, or sponsored by the manufacturer or distributor;

22. Being a factory that requires or coerces a new motor

10 vehicle dealer in this state to purchase or lease any electric
11 vehicle charging stations at the new motor vehicle dealer's expense
12 unless the franchise agreement, including any related addendums,
13 with the new motor vehicle dealer identifies electric vehicle models
14 among the vehicles available for sale under the dealer's franchised
15 line-make, or the new motor vehicle dealer has notified the
16 manufacturer or distributor of the new motor vehicle dealer's
17 intention to begin selling and servicing electric vehicles
18 manufactured or distributed by that factory. If the new motor
19 vehicle dealer's franchise identifies electric vehicle models or the
20 dealer is actually offering for sale to the public or providing
21 warranty service on electric vehicles manufactured or distributed by
22 that factory, the new motor vehicle dealer may not be required to
23 purchase or lease, at the new motor vehicle dealer's expense:

- 1 a. more than the number and type of electric vehicle
2 charging stations based upon the reasonable estimate
3 by the new motor vehicle dealer of the sales and
4 service volume, or
5 b. to make electric vehicle charging stations located at
6 the new motor vehicle dealership available for use by
7 the general public. Nothing in this paragraph shall
8 prohibit a factory from offering financial assistance
9 through a lump-sum payment to new motor vehicle
10 dealers that purchase or install electric charging
11 stations; and

12 23. Being a factory that withdraws all or a material part of
13 its stated electric vehicle distribution plan and fails or refuses,
14 at the written request of the new motor vehicle dealer, to accept
15 the return or otherwise fully reimburse a new motor vehicle dealer
16 for the cost of parts, tools, equipment, chargers, and other
17 returnable items required as a part of that distribution plan,
18 program, policy, or other initiative related to the sale or service
19 of electric motor vehicles; provided, that:

- 20 a. the dealer demonstrates that the volume of electric
21 motor vehicles sales or service is no longer adequate
22 to allow the dealer to realize a positive return on
23 the investment over the useful life of the parts,

1 tools, equipment, chargers, or other returnable items,
2 and
3 b. the dealer submits its request to the manufacturer or
4 distributor in writing and within twenty-four (24)
5 months of the dealer's receipt of the parts, tools,
6 equipment, chargers, or other returnable items.

7 B. Notwithstanding the terms of any franchise agreement, in the
8 event of a proposed sale or transfer of a dealership, the
9 manufacturer or distributor shall be permitted to exercise a right
10 of first refusal to acquire the assets or ownership interest of the
11 dealer of the new motor vehicle or new powersports vehicle
12 dealership, if such sale or transfer is conditioned upon the
13 manufacturer or dealer entering into a dealer agreement with the
14 proposed new owner or transferee, only if all the following
15 requirements are met:

16 1. To exercise its right of first refusal, the factory must
17 notify the new motor vehicle dealer or new powersports vehicle
18 dealer in writing within sixty (60) days of receipt of the completed
19 proposal for the proposed sale transfer;

20 2. The exercise of the right of first refusal will result in
21 the new motor vehicle dealer or new powersports vehicle dealer and
22 the owner of the dealership receiving the same or greater
23 consideration as they have contracted to receive in connection with
24 the proposed change of ownership or transfer;

1 3. The proposed sale or transfer of the dealership does not
2 involve the transfer or sale to a member or members of the family of
3 one or more dealer owners, or to a qualified manager or a
4 partnership or corporation controlled by such persons; and

5 4. The factory agrees to pay the reasonable expenses, including
6 attorney fees which do not exceed the usual, customary, and
7 reasonable fees charged for similar work done for other clients
8 incurred by the proposed new owner and transferee prior to the
9 exercise by the factory of its right of first refusal in negotiating
10 and implementing the contract for the proposed sale or transfer of
11 the dealership or dealership assets. Notwithstanding the foregoing,
12 no payment of expenses and attorney fees shall be required if the
13 proposed new dealer or transferee has not submitted or caused to be
14 submitted an accounting of those expenses within thirty (30) days of
15 receipt of the written request of the factory for such an
16 accounting. The accounting may be requested by a factory before
17 exercising its right of first refusal.

18 C. Nothing in this section shall prohibit, limit, restrict, or
19 impose conditions on:

20 1. Business activities, including without limitation the
21 dealings with motor vehicle manufacturers and the representatives
22 and affiliates of motor vehicle manufacturers, of any person that is
23 primarily engaged in the business of short-term, not to exceed
24 twelve (12) months, rental of motor vehicles and industrial and

1 construction equipment and activities incidental to that business,
2 provided that:

- 3 a. any motor vehicle or powersports vehicle sold by that
4 person is limited to used motor vehicles or
5 powersports vehicles that have been previously used
6 exclusively and regularly by that person in the
7 conduct of business and used motor vehicles or used
8 powersports vehicles traded in on motor vehicles or
9 powersports vehicles sold by that person,
- 10 b. warranty repairs performed by that person on motor
11 vehicles or powersports vehicles are limited to those
12 vehicles that the person owns, previously owned, or
13 takes in trade, and
- 14 c. motor vehicle or powersports vehicle financing
15 provided by that person to retail consumers for motor
16 vehicles or powersports vehicles is limited to used
17 vehicles sold by that person in the conduct of
18 business; or

19 2. The direct or indirect ownership, affiliation, or control of
20 a person described in paragraph 1 of this subsection.

21 D. As used in this section:

22 1. "Substantially relates" means the nature of criminal conduct
23 for which the person was convicted has a direct bearing on the

1 fitness or ability to perform one or more of the duties or
2 responsibilities necessarily related to the occupation; and

3 2. "Poses a reasonable threat" means the nature of criminal
4 conduct for which the person was convicted involved an act or threat
5 of harm against another and has a bearing on the fitness or ability
6 to serve the public or work with others in the occupation.

7 E. ~~Nothing in this section shall prohibit a manufacturer or distributor from requiring a dealer to be in compliance with the franchise agreement and authorized to sell a make and model based on applicable reasonable standards and requirements that include but are not limited to any facility, technology, or training requirements necessary to sell or service a vehicle, in order to be eligible for delivery or allotment of a make or model of a new motor vehicle or new powersports vehicle or an incentive.~~

15 SECTION 5. This act shall become effective November 1, 2025.

16 COMMITTEE REPORT BY: COMMITTEE ON TECHNOLOGY AND TELECOMMUNICATIONS
March 6, 2025 - DO PASS AS AMENDED BY CS