



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2508

by Rep. Jay Hoffman

SYNOPSIS AS INTRODUCED:

815 ILCS 710/10.1

from Ch. 121 1/2, par. 760.1

Amends the Motor Vehicle Franchise Act. Provides that it is a violation of the Act to require a motorcycle dealer to (1) install fixtures, lighting, or displays not specifically related to products not made by the manufacturer, (2) buy fixtures or lighting only from the manufacturer's approved distributor, (3) segregate certain aftermarket products away from the other manufacturer's products, or (4) locate to a new or alternate facility.

LRB098 08562 JLS 38677 b

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Motor Vehicle Franchise Act is amended by
5 changing Section 10.1 as follows:

6 (815 ILCS 710/10.1) (from Ch. 121 1/2, par. 760.1)

7 Sec. 10.1. (a) As used in this Section, "motorcycle" means
8 every motor vehicle having a seat or saddle for the use of the
9 rider and designed to travel with 3 or less wheels in contact
10 with the ground, excluding farm, garden, and lawn equipment,
11 and including off-highway vehicles.

12 (b) It shall be deemed a violation for a manufacturer, a
13 distributor, a wholesaler, a distributor branch or division, or
14 officer, agent or other representative thereof:

15 (1) To require a motorcycle franchisee to participate
16 in a retail financing plan or retail leasing plan or to
17 participate in any retail consumer insurance plan.

18 (2) To own, to operate or to control any motorcycle
19 dealership in this State for a period longer than 2 years.

20 (3) Whenever any motorcycle dealer enters into a
21 franchise agreement, evidenced by a contract, with a
22 wholesaler, manufacturer or distributor wherein the
23 franchisee agrees to maintain an inventory and the contract

1 is terminated by the wholesaler, manufacturer,
2 distributor, or franchisee, then the franchisee may
3 require the repurchase of the inventory as provided for in
4 this Act. If the franchisee has any outstanding debts to
5 the wholesaler, manufacturer or distributor then the
6 repurchase amount may be credited to the franchisee's
7 account. The franchise agreement shall either expressly or
8 by operation of law have as part of its terms a security
9 agreement whereby the wholesaler, manufacturer, or
10 distributor agrees to and does grant a security interest to
11 the motorcycle dealer in the repurchased inventory to
12 secure payment of the repurchase amount to the dealer. The
13 perfection, priority, and other matters relating to the
14 security interest shall be governed by Article 9 of the
15 Uniform Commercial Code. The provisions of this Section
16 shall not be construed to affect in any way any security
17 interest that any financial institution, person,
18 wholesaler, manufacturer, or distributor may have in the
19 inventory of the motorcycle dealer.

20 (4) To require a motorcycle dealer to install on the
21 dealership premises any fixtures, displays, or lighting
22 not specifically related to products not made by the
23 manufacturer.

24 (5) To require a motorcycle dealer to buy fixtures or
25 lighting that is to be installed in the dealership only
26 from the manufacturer's approved fixture, display, or

1 lighting distributor.

2 (6) To require a motorcycle dealer to segregate or
3 locate aftermarket products of one manufacturer into or
4 away from products of other manufacturers.

5 (7) To require a motorcycle dealer to relocate to a new
6 or alternate facility.

7 (c) The provisions of this Section 10.1 are applicable to
8 all new or existing motorcycle franchisees and franchisors and
9 are in addition to the other rights and remedies provided in
10 this Act, and, in the case of a conflict with other provisions
11 contained in this Act, with respect to motorcycle franchises,
12 this Section shall be controlling.

13 (d) The filing of a timely protest by a motorcycle
14 franchise before the Motor Vehicle Review Board as prescribed
15 by Sections 12 and 29 of this Act, shall stay the effective
16 date of a proposed additional franchise or selling agreement,
17 or the effective date of a proposed motorcycle dealership
18 relocation, or the effective date of a cancellation,
19 termination or modification, or extend the expiration date of a
20 franchise or selling agreement by refusal to honor succession
21 to ownership or refusal to approve a sale or transfer pending a
22 final determination of the issues in the hearing.

23 (Source: P.A. 91-142, eff. 7-16-99.)