

S 1304 IS

111th CONGRESS
1st Session
S. 1304

To restore the economic rights of automobile dealers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

June 18, 2009

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To restore the economic rights of automobile dealers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Automobile Dealer Economic Rights Restoration Act of 2009'.

SEC. 2. AUTOMOBILE DEALER ECONOMIC RIGHTS RESTORATION.

- (a) Findings- Congress finds the following:
- (1) Automobile dealers are an asset to automobile manufacturers that make it possible to serve communities and sell automobiles nationally.
 - (2) Forcing the closure of automobile dealers would have an especially devastating economic impact in rural communities, where dealers play an integral role in the community, provide essential services, and serve as a critical economic engine.

(3) The automobile manufacturers obtain the benefits from having a national dealer network at no material cost to the manufacturers.

(4) Historically, automobile dealers have had franchise agreement protections under State law.

(b) Restoration of Economic Rights-

(1) IN GENERAL- In order to protect assets of the Federal Government and better assure the viability of automobile manufacturers in which the Federal Government has an ownership interest, or to which it is a lender, an automobile manufacturer in which the Federal Government has an ownership interest, or which receives loans from the Federal Government, may not deprive an automobile dealer of its economic rights and shall honor those rights as they existed, for Chrysler LLC dealers, prior to the commencement of the bankruptcy case by Chrysler LLC on April 30, 2009, and for General Motors Corp. dealers, prior to the commencement of the bankruptcy case by General Motors Corp. on June 1, 2009, including the dealer's rights to recourse under State law.

(2) RESTORATION OF FRANCHISE AGREEMENTS- In order to preserve economic rights pursuant to paragraph (1), at the request of an automobile dealer, an automobile manufacturer covered under this section shall restore the franchise agreement between that automobile dealer and Chrysler LLC or General Motors Corp. that was in effect prior to the commencement of their respective bankruptcy cases and take assignment of such agreements.

(3) CONSTRUCTION- Except as set forth herein, nothing in this section shall be construed to make null and void--

(A) the court approved transfer of substantially all the assets of Chrysler LLC to New CarCo Acquisition LLC; or

(B) a transfer of substantially all the assets of General Motors Corp. that could be approved by a court after June 8, 2009.