

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Automobile Dealer
5 Economic Rights Restoration Act of 2009”.

6 **SEC. 2. AUTOMOBILE DEALER ECONOMIC RIGHTS RES-**
7 **TORATION.**

8 (a) FINDINGS.—Congress finds the following:

9 (1) Automobile dealers are an asset to auto-
10 mobile manufacturers that make it possible to serve
11 communities and sell automobiles nationally.

1 (2) Forcing the closure of automobile dealers
2 would have an especially devastating economic im-
3 pact in rural communities, where dealers play an in-
4 tegral role in the community, provide essential serv-
5 ices, and serve as a critical economic engine.

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

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

11 (b) RESTORATION OF ECONOMIC RIGHTS.—

12 (1) IN GENERAL.—In order to protect assets of
13 the Federal Government and better assure the via-
14 bility of automobile manufacturers in which the Fed-
15 eral Government has an ownership interest, or to
16 which it is a lender, an automobile manufacturer in
17 which the Federal Government has an ownership in-
18 terest, or which receives loans from the Federal Gov-
19 ernment, may not deprive an automobile dealer of its
20 economic rights and shall honor those rights as they
21 existed, for Chrysler LLC dealers, prior to the com-
22 mencement of the bankruptcy case by Chrysler LLC
23 on April 30, 2009, and for General Motors Corp.
24 dealers, prior to the commencement of the bank-
25 ruptcy case by General Motors Corp. on June 1,

1 2009, including the dealer's rights to recourse under
2 State law.

3 (2) RESTORATION OF FRANCHISE AGREE-
4 MENTS.—In order to preserve economic rights pur-
5 suant to paragraph (1), at the request of an auto-
6 mobile dealer, an automobile manufacturer covered
7 under this section shall restore the franchise agree-
8 ment between that automobile dealer and Chrysler
9 LLC or General Motors Corp. that was in effect
10 prior to the commencement of their respective bank-
11 ruptcy cases and take assignment of such agree-
12 ments.

13 (3) CONSTRUCTION.—Except as set forth here-
14 in, nothing in this section shall be construed to
15 make null and void—

16 (A) the court approved transfer of substan-
17 tially all the assets of Chrysler LLC to New
18 CarCo Acquisition LLC; or

19 (B) a transfer of substantially all the as-
20 sets of General Motors Corp. that could be ap-
21 proved by a court after June 8, 2009.

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