

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION  
COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By Chairman Gene Thayer, on January 27,  
1989, at 10:00 a.m.

ROLL CALL

Members Present: Chairman Gene Thayer, Vice Chairman Meyer,  
Senator Boylan, Senator Noble, Senator Williams,  
Senator Hager, Senator McLane, Senator Lynch

Members Excused: Senator Weeding

Members Absent: None

Staff Present: Mary McCue, Legislative Council

Announcements/Discussion: None

HEARING ON HOUSE BILL 129

Presentation and Opening Statement by Sponsor:

Representative Stang, House District 52, explained HB 129 was proposed by the Department of Justice, and they had asked him to sponsor the bill. The Department of Justice would be provided with the authority to impose a cease and desist order to people engaged in the business of new motor vehicle manufacturing, distributing, or importing without a license. This does not exempt person engaged in the business of motor vehicle dealers.

Representative Stang said that within the last year the Department had investigated fifty seven unlicensed dealers, who were informed of the license requirement. Twenty four came into compliance, twenty two discontinued activities, and eleven cases were still pending. The department referred the pending violations to the county attorney's office. The county attorney didn't want to take action on those violations, so the department wanted the authority to issue cease and desist orders to those who do not comply with dealer licensing laws.

Representative Stang said this does not apply to those people trying to sell their own cars. It does prevent people from competing unfairly with licensed car dealers who have paid the fees to sell cars. He said Mr. Robinson was there to explain it further.

List of Testifying Proponents and What Group They Represent:

Bob Robinson - Administrator of Motor Vehicles  
Steve Turkiewicz - Montana Automobile Dealers  
Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Bob Robinson said HB 129 was a simple, straight forward bill giving the Department of Justice authority to issue cease and desist orders. The only time this came up was when someone was operating as a dealer without a license, had been contacted, refused to get a license, and continued to operate. The county attorneys didn't see that as a major issue when they were dealing with more serious crimes.

He said House Bill 129 was an easy solution to those problems. It gave the Department of Justice the authority to prevent unlicensed dealers from doing business.

Steve Turkiewicz said HB 129 would correct a simple situation. Last week, he said, this committee heard a bill enabling people to go back on the dealers bond. Licensed and/or franchised dealers have paid for the bond, and they were trying to tie the situation together so the public had the protection wherever they purchased a vehicle. He requested support of HB 129.

Questions From Committee Members: Senator McLane assumed HB 129 would simplify and hasten the solutions of unlawful dealership eliminations. Mr. Turkiewicz agreed, and added in the case of dealers who refused to secure the required license, they couldn't get action from county attorneys. This bill would give the department the authority to take care of the problems.

Senator Noble asked if the bill would cover recreational vehicle dealers as well? Mr. Turkiewicz said only the dealers that were authorized under the motor vehicle code, franchised dealers, used car dealers,

motorcycles, and snowmobiles. He didn't know if farm equipment dealers were included.

Senator Lynch questioned the effective date of July 1, as opposed to not specifying a date so the bill became law with most other legislation.

Mary McCue stated, generally a specified effective date is used to key legislation to a fiscal year. If not the date is omitted and the bill becomes law on October 1st.

Closing by Sponsor: Representative Stang stated the necessity of legislation to cover the situation. He said it would give the Department of Justice the power to regulate unscrupulous dealers and to protect the consumer.

#### DISPOSITION OF HOUSE BILL 129

Discussion: None

Amendments and Votes: Senator Lynch moved to Amend HB 129, to omit the effective date so the bill would take affect in October. Senator Williams seconded the motion and the amendment carried. The motion Carried Unanimously.

Recommendation and Vote: Senator Lynch moved HB 129 BE CONCURRED IN AS AMENDED. Senator Meyer seconded the motion. The motion Carried Unanimously.

#### HEARING ON HOUSE BILL 130

Presentation and Opening Statement by Sponsor:

Representative Stang said HB 130 was another Department of Justice bill, dealing with the Federal Trip and Mileage Act of 1986, which goes into affect April 29, 1989. The rules entitled 'odometer disclosure requirements' are required upon transfer of ownership of any vehicle nine years old, or newer. Montana statute required odometer readings only for vehicles five years old, or newer. The time rules also included certain exemptions that did not appear in the Montana Statutes. The requirement, for dealers to retain mileage records for a period of five years was, not provided for, in Montana Statutes....This bill, he said, would bring Montana into compliance with the federal laws, and passage, now, would prevent having to

make the law retroactive. He cited the effective date for the Federal Trip and Mileage Act as falling between the sessions.

List of Testifying Proponents and What Group They Represent:

Bob Robinson - Motor Vehicle Counsel  
Steve Turkiewicz - Montana Auto Dealers Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Bob Robinson said federal regulations required that odometer readings be kept for vehicles up to ten years, and will have to remain in the dealers records for a longer period of time. He stated there was no federal penalty to the state if the regulations were not complied with. He said the bill was just to comply with federal law.

Questions From Committee Members: Senator Williams asked, "If I went out of state, bought a vehicle and drove it back, could I unhook the speedometer? I'm referring to page 2, line 24, where it says a new vehicle transferred between dealers prior to its first retail sale, unless the vehicle was being used as a demonstrator."

Mr. Robinson said he didn't think anyone could legally disconnect the odometer at all.

Senator Noble asked if Steve Turkiewicz felt the auto dealers had any position on HB 130? Mr. Turkiewicz said, as dealers, we keep mileage records now, for federal compliance. He said he understood the new titles will be redesigned to comply with the laws, so basically a photo copy in their records will comply.

Closing by Sponsor: Representative Stang said the bill would just bring Montana law into compliance with federal law.

DISPOSITION OF HOUSE BILL 130

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Meyer moved HB 130 BE CONCURRED IN. Senator Noble seconded the motion. The motion Carried Unanimously. Senator Noble was assigned to

carry HB 130 on the Senate floor.

HEARING ON HOUSE BILL 150

Presentation and Opening Statement by Sponsor:

Representative Johnson, House District 23, stated HB 150 amended MCA 30-11-701, requiring the purchase of the inventory of cancelled dealerships selling motorcycles, motor driven cycles, recreational vehicles, snowmobiles, off highway vehicles, and other vessels. He said, presently, under that same code, farm implements and parts, industrial and construction equipment and parts, automobiles, trucks and parts are subject to repurchases of the inventory by the manufacturer or wholesaler if the franchise is withdrawn or cancelled. He said H B 150 would add to the statute, other types of vehicles and vessels.

List of Testifying Proponents and What Group They Represent:

Marvin Holas - Glendive Sales Corporation, Glendive, Montana  
John Zaback, M & R Cycles - Sidney, Montana (written)  
Harvey Markegard - Billings, Montana  
Bonnie Tippy - Manufactured Housing and Recreational Vehicle Dealers Association in Montana  
Dennis Niebauer - Bozeman, Montana  
Warren Hoffman - Helena Motorcycle Supply, Helena, Montana  
Larry Anderson - Bliss Cycle Sales, Conrad, Montana  
Senator Del Gage - Senate District 5, Cutbank, Montana  
Senator Larry Tveit, Senate District 11, Fairview, Montana

List of Testifying Opponents and What Group They Represent:

Gene Philips - Recreational Vehicle Industry of America  
Tom Dowling - Motorcycle Industry Council Incorporated  
Ron Stone - Boat & Motor Dealers, Washington, D.C.

Testimony: Marvin Holas stated, their problems as motorcycle, snowmobile, and ATV dealers, were similar to the franchise problems auto and truck dealers had when their franchise agreements were terminated or cancelled by their manufacturer or distributor. Franchise agreements were drafted for the benefit of the manufacturers and wholesalers, and dealers did not have equal bargaining powers. Therefore, dealers needed the franchise protection offered in section 30-11-701 M.C.A. (See Exhibit #1)

John Zaback had written testimony that was presented and read by Marvin Holas. (See Exhibit #2, & #3)

Harvey Markegard said he was a motorcycle dealer and had been in business for 17 years. He stated, thousands upon thousands of dollars had been taken out of Montana that would have been returned to our economy if dealers had been under the protection of the Montana franchise law. As Mr. Liepheimer testified at the last committee, he is now the Yamaha dealer in Bozeman. His good friend was the previous Yamaha dealer. His friend's dealership was terminated, and was left with about \$100,000 in Yamaha parts. With franchise protection, Yamaha would have had to take the parts back before terminating the franchise.

Mr. Markegard became a Yamaha dealer on January 1, 1972, and was terminated last summer. Unlike the dealer from Sidney, he decided to fight the termination. He said he spent about \$12,000 in attorney fees, and fought Yamaha before the Department of Justice, Division of Motor Vehicles. All through the trial he said he was informed, even if he won, the case would be taken to higher courts. Yamaha would simply out spend him, so he settled out of court. He said he was able to return \$15,000 in parts, and was left with about \$85,000 in Yamaha parts for which he had no use. He stated, the testimony he had presented was from the trial, and on page 6, the testimony came from a Yamaha official, who had been with Yamaha 16 years. (See Exhibit #4) They figure with the economy, their programs, and the laws of Montana, the life expectancy of a Yamaha dealer was about three and one half years. When the dealer goes down, they won't buy any parts back, and just find a new dealer. That is the way they have designed their program, and it takes a lot of money out of Montana.

Bonnie Tippy said the recreational vehicle dealers in Montana strongly support HB 150. She said they felt the things that had been talked about, were happening all over the state and should be addressed. She said she thought HB 150 would be of great value, especially to the small businesses of Montana.

Dennis Niebauer said he was an auto dealer from Bozeman. He said he had also carried a large inventory of recreational vehicles, and had been a dealer for 18 years. He said he supported HB 150 for reasons already testified to. There was no protection for dealers that spend a lot of money to get the franchise, and to

develop their market. When a dealer had a bad year, the factory representative or manufacturer could terminate the franchise with no protection for the dealers.

Warren Hoffman said, as recreation vehicle dealers, their franchise problems were very similar to the problems automobile and truck dealers had before they had franchise protection. He said he felt their products should be amended into section 30-11-701, M.C.A. He said they also need the protection of the law. (See Exhibit #7)

Larry Anderson said that although they were a healthy dealership, they saw a problem with the large amount of capital being taken out of Montana. He said they could not order one part at a time, they had to buy a package of twelve. He said that happened nearly every time a part was ordered, and when a dealership had numerous franchises, the amount of money invested in parts became very substantial over a period of years. As had been stated, when a franchise was pulled, there was no effort to take the inventory back.

Mr. Anderson said, the manufacturers were at no risk, because dealers had to order in advance so the factory could build the equipment after they had the orders. The dealers and taxpayers of Montana did, in fact, have a great deal of risk.

Senator Del Gage, Senate District 5, said he had talked with dealers from his area, and they were in favor of HB 150. He thought, however, with the law in place, franchises would be a little harder to come by in Montana. He said that may not be all bad, because it may cause manufacturers to protect their existing franchises. He said he urged consideration on HB 150.

Senator Tveit, Senate District 11, supported the bill, and agreed with the testimony. He said he thought it wrong to have franchises pulled, and no consideration given for parts and inventory.

Gene Phillips said the R.V. Association felt most recreational vehicle dealers in Montana were small businesses, and were financed through the Small Business Association. If they had to carry the entire inventory for Montana, as a contingent liability on their books for a period of three years, it would have a very detrimental affect on their ability to find operational financing.

The statute, as proposed, required the buy back of all inventory that had been held for up to thirty-six months. He said they felt that was a longer period of time than was necessary in the case of recreational vehicles, such as motor homes. He said some states required buy back for only the current year, and only upon termination by the manufacturer, not the dealer. He said, the problem with buy back of new inventory, is that the manufacturer doesn't know what has been done with it. He stated, the vehicles may have been used, and returned to inventory, or the dealer could terminate the franchise, and make the manufacturer buy it back as new, when it was actually used. He felt HB 150 should be amended to allow buy back for current year unused inventory, and in cases of termination by the manufacturer, give them some degree of protection from the dealers.

Tom Dowling pointed out the fact that a retailer could cancel the franchise agreement. Under existing Montana law, 30-11-702 if either the retailer, or the wholesaler or manufacturer cancelled the contract, the buy back occurred. The statute pertained to larger motor vehicles, cars, trucks, and those types of things. He said they weren't dealing with that type of inventory, they were dealing with small items. He said, you are asking for franchise guarantees. You are eliminating the ability of the wholesaler or the manufacturer to tell a franchise dealer they weren't doing the job. They were dissatisfied and they were going to get somebody else to do the job. Under those circumstances, you are saying the manufacturer must buy all their remaining inventory that was purchased within the last three years. He said they felt it was a terrible burden on commerce and trade.

He felt Mr. Phillips suggestion of current year buy back upon the manufacturer's termination of the franchise was a good suggestion. (See Exhibit #5 & #6)

Chairman Thayer said Mr. Smith had commented, that to their knowledge, they had never had a complaint regarding boat or motor dealers in Montana. He said, Mr. Smith had expressed two concerns (1) A dealer could trigger the buy back. (2) What had caused the cancellation. He said, Mr Stone had pointed out the possibility of a dealer being cancelled for non-payment of bills. He had said this would be unfair.

Questions From Committee Members: Senator Lynch stated, as he understood it, Mr. Dowling was not objecting to new language of HB 150. He said, the farm implement and



auto manufacturers didn't seem to have a problem with the three year buy back. He said he felt most dealerships didn't have three year old inventory. He asked Mr. Dowling to explain his objections to the bill.

Mr. Dowling said the parts were the problem. 30-11-703, sub-section 7, says they must buy back inventory items that had been in stock for thirty-six months or more.

Senator Lynch asked why so many businesses were included in the bill? Why not just snowmobiles? Representative Johnson said, in the House hearing, all of the dealers had been represented, and their testimony revealed the problem to be widespread.

Chairman Thayer inquired of Representative Johnson if boat and motor dealers were also represented? Representative Johnson said there had been a representative testify in the House.

Chairman Thayer stated he had received a telephone call from Mr. Ron Stone of the Marine Manufacturers Association in Washington D.C. He said, Mr. Smith had stated he was representing boat and motor dealers and they were vigorously opposed to the bill.

Senator Noble said he felt the testimony was telling the committee was to tell the manufacturers and distributors of Yamaha to be more selective in choosing dealers. Did that mean it is too easy to get a franchise without enough business back ground? Mr. Neibauer said Montana had been having a lot of waves. He felt that on a poor year, the oldest, most established dealers probably weren't going to sell a lot, especially RVs. He said if the manufacturers were not satisfied, they could move the franchise to a new dealer. Thus, leaving the old dealer with all of his inventory. He said that once you lost the franchise, you could no longer do warranty work because you lacked authorization. He said that left the dealers no recourse in disposing of his inventory.

Senator Boylan said RV's don't change models as often as cars. He felt they were similar from year to year. He asked if that wasn't quite different from automobiles. Mr. Neibauer agreed, the structure didn't change as often.

Senator Williams asked if the language on page 1, line 6, made it necessary to have a good reason to cancel a dealership. Senator Lynch, though Senator William's

suggestion, would create what he called a "lawyer's dream".

Senator Noble asked if the manufacturer canceled the dealership, they would have to buy the inventory. If the dealer decides not to handle the product, could he send the inventory back? He also asked if the dealers losing their franchises in Montana, were they going bankrupt or were they just going out of business?

Mr. Markegard said a lot of the Montana dealers had borrowed on everything they owned, to purchase their franchise. So when they lost it, he assumed they were broke. Some really weren't business people and they shouldn't have been sold the franchise in the beginning.

Senator Williams asked Mr. Markegard if after having been a dealer for seventeen years, did he receive any previous notice, or was he just notified of cancellation? He said he was just terminated, so he filed suit with the state, to register his objection.

Senator Williams wondered if any American manufacturers' franchises were terminated in the same manner? Mr. Markegard said he hadn't heard of any, but wasn't sure he was qualified to answer.

Senator Lynch asked what the reason was for an immediate effective date upon passage and approval? He wondered if Representative Johnson was fearful that Yamaha, and others would remove all their dealerships before the normal October date? Representative Johnson replied that it wasn't a threat of pulled franchises, but dumping of materials. He said he would like to comment on the question of repayment. He said 30-11-702 M.C.A. stated that if the retailer cancelled, the manufacturer could credit his account. He said the retailer has an outstanding liability to the wholesaler or distributor. The wholesaler or distributor was paid first, so the amount the retailer paid for the inventory and the amount he received from the buy back were not equal.

Chairman Thayer questioned Bonnie Tippy in regards to the retailer abusing the conditions of the proposed legislation by rejecting franchises to cover poor management of his business. Ms. Tippy said the potential for abuse certainly was there, but she hadn't heard of any in the several years of buy back provisions already in the statute. She said she could see no reason to suspect retailer abuse from RV dealers either. From the statutes, the manufacturer only had to accept new, unused, and undamaged equipment.

Chairman Thayer asked Mr. Holas to respond to the same question. Mr. Holas, also, said he was not aware of any previous abuses by the retailers, so seemingly the law was appropriate. He interjected the thought that he was also a Honda dealer, and in their franchise agreement they say they will repurchase all their products and parts. He said that was their philosophy, and in almost every other state in the Union, they have to do it anyway.

Warren Hoffman replied to the question of the ease of obtaining an RV dealership. He said the amount of money involved, because of the requirements by the manufacturer, made the purchase of franchises quite difficult to finance.

Chairman Thayer, upon recalling the phone call, said he had been informed that if HB 150 passed, people would have to go out of state to purchase boats. Mr. Niebauer stated he didn't feel that was true. He said the major manufacturers of marine products are New Brunswick Corp, Mercury, OMC Corp., Johnson, Evenrude. Most of the American manufacturers have gone outside now, and Japanese companies have moved in. He said he was sure, as marine dealers in the state, they would support HB 150.

Senator Noble wondered if passage of HB 150 would help improve the business climate in Montana. He thought marine and motor home dealers could have presented some testimony.

Senator Williams asked Representative Johnson to clarify reasons for cancellation of franchises. Representative Johnson said he didn't want to become involved in the question of "do cause".

Mary McCue explained that adding language addressing "do cause" would affect existing legislation, and include a whole additional requirement. The people already included would have an interest in having the substance of the law changed and would have to be notified as such. She didn't think changes of that type could be done because it was beyond the purpose and title of the bill.

Closing by Sponsor: Representative Johnson stated the problem wasn't localized, it was state wide. He stated that before the session started, he had heard talk about economic development of competition for small business. He said, HB 150 will help small businesses

retain their dealerships, or at least give them a tool to recapture some of their investment. He urged a do pass on HB 150.

## DISPOSITION OF HOUSE BILL 150

Discussion: Senator Thayer said we will hold this bill for further study.

Amendments and Votes: None

Recommendation and Vote: None

## DISPOSITION OF SENATE BILL 151

Discussion: Mary McCue reviewed the bill and amendments for the committee.

Senator Lynch stated, booth rental caused him some concern. He said he didn't think the landlord should be liable for booth renters. He stated, they are independent businesses, and should be liable for their own actions.

Senator Meyer said booth renters should be responsible for their own telephone, insurance, record appointments, and all the other details of an independent business.

Senator Williams explained renting business space was different than renting living space. If five people, operating individual businesses in one building, would each have to be licensed by the city, state, as well as being licensed to practice their business? He wondered if passage of HB 151 would mandate all businesses involved had all the same licensing requirements as the salon owner? Mr. Tucker said all of the operators do business under the salon license, but each booth would require a booth license in order to practice individually. The obligation of the license holder of the salon was the same as any leaser. He said the individual inspections would be on each booth. If one or more couldn't pass, then the landlord would be responsible for removing the problem. He said the entire salon wouldn't be closed by the state inspector. He also asked permission to hand out copies of a letter he had received concerning SB 151. See exhibit #9.

Chairman Thayer wondered if the salon owner conducted a business within, or just booth rental. Mr. Tucker said either way would qualify.

Chairman Thayer asked if each booth, as it was being rented now, had their own phone and conducted their own business totally? Mr. Tucker said they didn't have a private phone, but kept their own appointment calendar.

Ms. Baltarola said as a landlord, the renters can have their own phone, but didn't have to. She said they were required to carry insurance individually and be licensed. She stated they were completely responsible for themselves, and that was explicitly stated in the lease contract. The only money paid to the landlord was the rental itself.

Senator Noble asked Mrs. Baltarola, why rent booths, why not just rent the building as a landlord? She said she supplied each booth with the large equipment and provided the sanitary conditions for each booth. She said the expense would be prohibitive for most cosmetologists to be on their own, but the rental was feasible.

Senator Williams wondered why the legislation was requested if the system was already working? Mrs. Baltarola said it was for licensing each booth operator individually, instead of under the single salon license. Therefore, they would be inspected in the same manner. As a salon owner, she said she couldn't dictate business management because they were independent businesses.

Senator Lynch spoke of the expansion of the Board of Cosmetology to include manicurists and electrologists. He said he thought the electrologists should, as they had requested, be under the Medical Board, but didn't know if they would be accepted. Senator Boylan explained there was a bill requesting manicurists and electrologists to be placed under the Medical Board, but doubted its passage. On the other hand, passage of both laws was possible.

Mr. Tucker stated he didn't think there would be an electrologist appointed to the Board of Cosmetology if the electrologists were accepted by the Medical Board. He said the problem could be corrected in the next legislative session.

Mary McCue said language changes could be added to the bill, or it could be caught in the process and straightened out before it became law.

Amendments and Votes: Senator McLane moved to amend HB 151 (See exhibit # 8) Senator Noble seconded the motion. The vote carried unanimously.

Recommendation and Vote: Senator Lynch moved HB 151 BE  
CONCURRED IN AS AMENDED. Senator Boylan seconded the  
motion. The vote was six members were in favor of the  
concurrence and three members opposed the motion.  
Those who opposed the motion were Senator Williams,  
Senator Meyer and Senator Thayer. The motion carried.

ADJOURNMENT

Adjournment At: 11:27 a.m.

  
\_\_\_\_\_  
SENATOR GENE THAYER, Chairman

GT/ct

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

DATE 1/27/89

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
SENATOR DARRYL MEYER	✓		
SENATOR PAUL BOYLAN	✓		
SENATOR JERRY NOBLE	✓		
SENATOR BOB WILLIAMS	✓		
SENATOR TOM HAGER	✓		
SENATOR HARRY MC LANE	✓		
SENATOR CECIL WEEDING			✓
SENATOR JOHN "J.D." LYNCH	✓		
SENATOR GENE THAYER	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

January 27, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration HB 129 (third reading copy -- blue), respectfully report that HB 129 be amended and as so amended be concurred in:  
Sponsor: Stang (Lynch)


1. Title, line 8.

Strike: "AND PROVIDING AN EFFECTIVE DATE"

2. Page 2, lines 3 and 4.

Strike: section 3 in its entirety

AND AS AMENDED BE CONCURRED IN

Signed:   
Gene Thayer, Chairman

4/C.  
1/27/89  
30  
P  
SCRBB129.127



SENATE STANDING COMMITTEE REPORT

January 27, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration SB 151 (first reading copy -- white), respectfully report that SB 151 be amended and as so amended do pass:

1. Page 6, line 24.  
Strike: "and given"

2. Page 7, line 8.  
Strike: "conducted"  
Insert: "supervised"

AND AS AMENDED DO PASS

Signed: *Gene Thayer*  
Gene Thayer, Chairman

*J.C.  
1/27/89  
1:30 p.m.*

SENATE STANDING COMMITTEE REPORT

January 27, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration HB 130 (third reading copy -- blue), respectfully report that HB 130 be concurred in.

Sponsor: Stang (Noble)

BE CONCURRED IN

Signed: *Gene Thayer*  
Gene Thayer, Chairman

MARVIN HOLAS  
GLEN DIVE SALES CORP D. B. A. HOLAS MID AMERICA SPORT CENTER  
GLEN DIVE, MONTANA

PROPONENT

OUR PROBLEMS AS A MOTORCYCLE, SNOWMOBILE AND ATV DEALER ARE VERY SIMILAR TO THE FRANCHISE PROBLEMS THAT AUTOMOBILE AND TRUCK DEALERS HAD WHEN THEIR FRANCHISE AGREEMENTS WERE TERMINATED OR CANCELLED BY A MANUFACTURER OR DISTRIBUTOR. FRANCHISE AGREEMENTS ARE DRAFTED FOR A MANUFACTURER OR DISTRIBUTOR BY THEIR LEGAL COUNSEL AND ARE ONE SIDED FOR THE MANUFACTURER OR DISTRIBUTOR. THE DEALER DOES NOT HAVE EQUAL BARGAINING POWER AND THEREFORE, NEEDS THE FRANCHISE PROTECTION OFFERED IN SECTION 30-11-701 M. C. A. WHICH STATES THAT IF A MANUFACTURER, DISTRIBUTOR, WHOLESALER CANCELS A DEALER, THEY WILL HAVE TO REPURCHASE THE DEALERS INVENTORY AND PARTS.

FOR EXAMPLE:

A. IN EASTERN MONTANA WE HAVE HAD DROUGHT CONDITIONS AND VERY LITTLE SNOWFALL, THE LAST 3 YEARS. THEREFORE, SNOWMOBILE SALES HAVE BEEN SLOW. IF A MANUFACTURER OR DISTRIBUTOR FEELS THE DEALER DOES NOT ORDER ENOUGH PRODUCT AND MEET QUOTAS, THEY CAN TERMINATE THE FRANCHISE. WITHOUT THE PROTECTION OF THIS SECTION, WE AS DEALERS WOULD BE STUCK WITH OUR REMAINING NEW INVENTORY AND PARTS. IF A DEALER IS STUCK WITH INVENTORY AFTER BEING CANCELLED BY A MANUFACTURER OR DISTRIBUTOR, IT WOULD BE VERY DIFFICULT TO SELL NEW PRODUCT FROM A POSITION OF NO LONGER BEING A FRANCHISED DEALER FOR THAT PRODUCT. THIS WOULD COMPOUND THE PROBLEM OF GETTING RID OF INVENTORY AND, IN ADDITION, INTEREST AND INSURANCE ON THIS PRODUCT WOULD CONTINUE TIL THE PRODUCTS WERE SOLD. THIS

(Ex 1-pg 2)  
1/27/89

CAN BE VERY COSTLY. IF WE WERE AMENDED INTO THIS SECTION AND THE MANUFACTURER OR DISTRIBUTOR CHOSE TO CANCEL THE FRANCHISE, THEY WOULD HAVE TO REPURCHASE INVENTORY AND PARTS.

B. ANOTHER PROBLEM: A SALES REP FOR A MANUFACTURER OR DISTRIBUTOR CAN ALSO USE MONTANA'S LACK OF FRANCHISE PROTECTION TO THEIR ADVANTAGE TO FORCE A DEALER TO ORDER PRODUCTS BY THREATS OF TERMINATION OR CANCELLATION OF A DEALER FRANCHISE AGREEMENT. THE DEALER KNOWS IF THIS HAPPENS, THE DEALER WILL BE STUCK WITH INVENTORY AND PARTS. I FEEL A DEALER KNOWS BEST WHAT HIS MARKET WILL BEAR AND IF THE DEALER FEELS HE CAN SELL THE PRODUCT, HE WILL ORDER PRODUCT. HE IS IN BUSINESS TO MAKE A PROFIT.

NORTH DAKOTA HAS MOTORCYCLE, ATV, AND SNOWMOBILE REPURCHASE LAWS. IF THE FRANCHISE IS CANCELLED BY THE MANUFACTURER OR DISTRIBUTOR, THE PRODUCTS AND PARTS MUST BE REPURCHASED UNDER TITLE 51, CHAPTER 20, PART 01, NORTH DAKOTA CENTURY CODE.

I FEEL OUR PRODUCTS SHOULD BE AMENDED INTO SECTION 30-11-701 M.C.A., WHICH NOW INCLUDES FARM IMPLEMENTS, INDUSTRIAL AND CONSTRUCTION EQUIPMENT, AUTOMOBILES AND TRUCKS. WE ALSO NEED THE PROTECTION OF THIS MONTANA LAW.

# M & R Cycles

RTE. 1 - BOX 174A - SIDNEY, MT 59270 - (406) 482-2398

DLI-#216970.

3-17-87

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 1/27/89

BILL NO. HB150

Yamaha Motor Corp.  
6555 Kattella Ave  
Cypress Ca. 90630

Dear Sirs

Since you have found it necessary to cancel us as a Yamaha motorcycle, ATV, & snowmobile dealer, I am enclosing a list of parts we have in stock.

Please let me know at your earliest convenience when & where I can send these parts and how many dollars I can expect.

Also please advise what to do with special tools & equipment.

Sincerely,

John A. Zolack



YAMAHA MOTOR CORPORATION, U.S.A. *SB150*

6555 KATELLA AVENUE • CYPRESS, CALIFORNIA 90630  
MAIL ADDRESS: P.O. BOX 6555, CYPRESS, CALIFORNIA 90630  
PHONE: (714) 761-7300

EXHIBIT NO. *3*  
DATE *1/27/89*

March 27, 1987

John Zaback  
M & R Cycles  
Route 1, Box 174A  
Sidney, MT 59207

Dear Mr. Zaback:

Your letter of March 17, 1987, has been referred to my desk for review. Under the contract we have the option, but not the obligation to repurchase product and parts. We are choosing not to exercise this option, and do not intend to repurchase your parts or tools.

Don Baldwin, your ex District Manger, may be able to suggest dealers to you which may be interested in purchasing your parts. You should contact Mr. Baldwin on this, directly.

Sincerely,

A handwritten signature in cursive script that reads "Russell D. Jura".

RUSSELL D. JURA  
General Counsel

RDJ:sm

cc: Jim Musser  
Don Baldwin

BEFORE THE DEPARTMENT OF JUSTICE  
DIVISION OF MOTOR VEHICLES  
STATE OF MONTANA

---

YAMAHA MOTOR CORPORATION, U.S.A.,	)	
	)	
	)	
Petitioner,	)	
	)	
-vs-	)	Docket No. 820
	)	
GREAT NORTHWEST RECREATION CENTER.	)	
	)	
Respondent.	)	

---

MOTION TO COMPEL DISCOVERY AND  
SUPPORTING MEMORANDUM

COMES NOW Great Northwest Recreation Center ("Great Northwest") and moves for entry of an order compelling Yamaha Motor Corporation, U.S.A. ("Yamaha") to answer certain interrogatories and produce certain documents under Rule 37 of the Montana Rules of Civil Procedure. Yamaha should be compelled to fully answer Great Northwest's discovery requests for the following reasons:

STATEMENT OF FACTS

Yamaha filed answers to Great Northwest's First Interrogatories, First Request for Production of Documents and Second Request for Production of Documents on May 31, 1988. In its answers to Great Northwest's discovery requests, Yamaha objected in whole or in part to:

(1) Great Northwest's Interrogatories No. 6, 13, 14 and 15;

(2) Great Northwest's First Request for Production of Documents No. 1, 2 and 6; and

(3) Great Northwest's Second Request for Production of Documents No. 1, 2, 4 and 5.

The Hearing Officer has advised that copies of Yamaha's responses to Great Northwest's discovery requests have been filed with him. Accordingly, copies of Yamaha's answers have not been attached to this memorandum.

In some cases Yamaha objected to Great Northwest's discovery requests but then provided the answers or documents in question without waiving the right to assert those objections at the hearing (see, for example, Yamaha's objections to Great Northwest Interrogatory No. 6 and First Request for Production No. 1). In other instances, Yamaha objected to Great Northwest's discovery requests and indicated that copies of the documents in question would be made available for inspection at Yamaha's Cypress, California offices provided that no such inspection would constitute a waiver of Yamaha's objection to the discovery request (see, for example, Yamaha's objections to Great Northwest's First Request for Production No. 1 and 3). Yamaha has objected and refused to produce any documents or answers in response to Interrogatories No. 13 and 15 and Second



1/27/87

Request for Production No. 1, 2, 4 and 5).

ARGUMENT

Great Northwest's discovery requests will result in the production of relevant and material evidence concerning Yamaha's real reasons for terminating Great Northwest's franchise. Great Northwest readily admits that it has suffered through some glum financial times as a result of the depressed Montana economy, the devastating national decrease in the sales of motorcycles and the poor snowmobile market in Montana over the past several winters. Great Northwest has been a faithful Yamaha dealer for over 16 years and Great Northwest will recover from these tough economic times if Yamaha is prevented from driving Great Northwest out of business.

Yamaha's termination notice, answers to discovery and the testimony of Don Baldwin at his June 6, 1988 deposition would have the Department believe that Yamaha's reasons for termination relate to alleged breaches of the franchise agreements between Yamaha and Great Northwest. These alleged breaches are not the real reason Yamaha wants to terminate Great Northwest's franchises. Yamaha stated in its objection to interrogatory No. 6 that it would refuse to provide information about similarly situated dealers because its decision to terminate Great Northwest's franchise agreements was based on Great Northwest's activities from the date of

1/27/89

approval of Great Northwest's Chapter 11 plan only." Great Northwest's Chapter 11 plan was approved by the Montana Bankruptcy Court on June 8, 1987. Yamaha's decision to terminate Great Northwest's franchises was made before June of 1987 and for reasons unrelated to Great Northwest's alleged breaches of the franchise agreements. Yamaha's real reasons for terminating Great Northwest's franchises relate to its desire to drive Great Northwest out of business and establish a new dealer who, overloaded with ITT Yamaha credit, will sell more units but only survive for two or three years. Great Northwest's discovery requests to Yamaha are designed to produce information that will document this fact.

Don Baldwin is Yamaha's Senior District Manager for Montana and Northern Wyoming. At Mr. Baldwin's deposition on June 6, 1988, he was asked a series of questions concerning a January 24, 1987 telephone conversation between Mr. Baldwin and Harvey Markegard, owner of Great Northwest (copies of Mr. Baldwin's deposition will not be available until the hearing). That telephone conversation took place almost 6 months before Great Northwest's bankruptcy plan was approved. The telephone conversation was taped by Mr. Markegard and Mr. Baldwin's statements during that telephone conversation contradict his deposition testimony. (A copy of the complete tape will be introduced at the hearing and is available for

1/27/89

review at the law offices of counsel for Great Northwest.) Mr. Baldwin denied during his deposition that it was Yamaha's intention to drive Great Northwest out of business. Mr. Baldwin further denied that he told Mr. Markegard that the sales department of Yamaha believes "new blood" is needed in the Billings Yamaha dealership. Mr. Baldwin said exactly the opposite on January 24, 1987:

BALDWIN: And Yamaha's direction, Harvey, I'll tell you, absolutely, it is to take you out of the business. Because that is what Rod Stout and the credit department and Jim Musser and everyone in that area, these are the guys that are pushing you out of business. They do not want you because you broke the trust. You know, they just, they don't trust you anymore, for whatever, I don't know what the reason is but when they have a dealer do that, they don't want anything to do with the dealership. So, that's what you're up against, very, very honestly, that is the feeling I get from, you know, the credit department.

HARVEY: Have you actually talked to this guy in Chicago?

BALDWIN: Well, yeah, but he, I have talked to him a couple of times, and really all I do is just say, well Helena is open and I heard that Great Falls might want to sell and he called Great Falls and Chris doesn't want to sell now, he's relocated, he's got the missile base and everything is looking very positive up there. Uh, I said, I asked him, you know, what you had said, and you just said you weren't interested, that is as much as I can say there.

HARVEY: Yeah.

BALDWIN: He said well it's not for sale. Evidently you were very emphatic about it.

HARVEY: About that time I was, but Jesus, you know, that was before I really found out what Yamaha's attitude was.

1/27/89

BALDWIN: Yeah. Well, then you put yourself in my shoes, okay, as a DM. And a guy who is out here keeping his job strictly with sales and the sales volume, and I have a dealer in Billings, Montana that has ordered 1 snowmobile this year. And I don't know what you would order next year, but I'll bet you wouldn't order more than a dozen snowmobiles if you really got ripping next year. And, I know, that if I had a different dealer in Billings, Montana, a new dealer, the guy is going to step up and order 30-40 sleds.

HARVEY: Uh-hum.

BALDWIN: Okay, so I have to look at that and, of course, I'm the sales department as much as Don Morey is or anyone else and that's all of the mentality in the thinking in sales department is, we need new blood, we need a change in Billings, Montana. And, so its not just in credit, it is also sales that is pushing this.

[Verbatim transcript of January 24, 1987 telephone conversation between Donald Baldwin and Harvey Markegard.]

Mr. Baldwin also denied during his June 6, 1988 deposition that he told Mr. Markegard that Yamaha doesn't care whether its dealers make it financially because Yamaha will simply start a new guy in business who will purchase a bunch of new units but only survive for two or three years. Mr. Baldwin made the following statements to Mr. Markegard on January 24, 1987:

BALDWIN: So, I am trying to be very upfront and, you know, being very honest with you, I am very candid, I think, to a fault many times.

HARVEY: Do they realize what the economy is around here, especially,

BALDWIN: I don't think it makes any difference, Harvey. They realize that if another dealer comes in there that that dealer would stay alive another two or three years, they're going to move a lot of products

through him, and they're going to break him, they're going to put somebody else in. It happens, it just perpetuates itself, it's a beautiful system the Japanese live on. You know, uh, one guy doesn't make it, they'll find someone else who will go in and do it. And until he saturates his market or he burns out, and there's a great deal of burn out out there.

HARVEY: Um-huh.

BALDWIN: You know, where the dealers are just so discouraged, a lot of the burn out comes because they are so financially strapped that they can't do anything. If you started a new store and you came into business with \$50,000 operating capital and you had that left after you got a Yamaha dealership, and you had your doors open, boy you could do a lot of things, couldn't you?

HARVEY: Um-huh.

BALDWIN: Promote, advertise and just go great guns just like this little guy up here in Columbia Falls did. Uh, they just took on outboard motors and \_\_\_\_\_, so here again, I think that is their salvation because, like I've told them, I think that you're going to find some saturation in your market, you sold so damned many four wheelers last year that that market has got to fall for you a little bit. The only real salvation for their retail business is to diversify a little bit and find a broader customer base with a different product, which is exactly what you've done with your stereo.

HARVEY: Um-huh [Id.].

It is clear that Yamaha has embarked upon a course of action designed to drive Great Northwest out of business. Yamaha has appealed the Bankruptcy Court's approval of Great Northwest's reorganization plan to Judge Battin. Just a few days after the hearing officer in this matter ruled that the snowmobile and power generation franchise agreements were not subject to the Department of Justice's jurisdiction under Title

1/27/89

61, Chapter 4, MCA, Yamaha terminated those franchise agreements (see May 27, 1988 letter to Great Northwest from Yamaha attached as Exhibit 1). Now Yamaha has imposed a greater financial burden on Great Northwest by objecting to legitimate and timely discovery requests from Great Northwest.

Great Northwest's Interrogatories No. 13 and 15, First Request for Production No. 1, 2 and 3, and Second Request for Production No. 1, 2, 4 and 5 are of great relevance to the matters just discussed. These discovery requests seek information regarding the recruitment, retention, longevity, financing and termination of Yamaha dealers. It is clear from Mr. Baldwin's conversation with Harvey Markegard on January 24, 1987 that it is Yamaha's policy to "burn out" dealers through market saturation or over extension of credit and start up a new dealer every two or three years. Don Baldwin admitted during his deposition that every dealer in his district except Great Northwest finances with ITT Yamaha. Mr. Baldwin further indicated that the average floor plan financing for each of those dealers is between \$200,000.00 and \$250,000.00. He also testified that 16 of the 32 dealers in his district had been in business five years or less (Mr. Baldwin testified at the bankruptcy hearing on March 24, 1987 that there were 27 dealers in his district). Dealer history and the financing and termination of those dealerships are relevant issues in this

Ex. 4  
1/27/89

proceeding.

Yamaha has even objected to producing copies of "all policy statements, memoranda, meeting minutes, letters, or other written documents concerning Yamaha's analysis or discussions of the termination of the franchise agreements with Great Northwest" (see Great Northwest's Second Request for Production No. 1). Great Northwest is not asking Yamaha to produce privileged information, although the question of what documents are protected by the attorney-client privilege is a matter that should be decided by the Hearing Examiner and not Yamaha. It is inconceivable that the internal discussion of the termination of Great Northwest's franchises would be the subject of only two interoffice memoranda (see Exhibit 16 attached to Yamaha's answers to Great Northwest's discovery requests). Great Northwest respectfully requests that all documents be produced and that any claims of privilege be decided by the Hearing Examiner.

For all of the foregoing reasons Great Northwest respectfully requests that the Hearing Examiner enter an order requiring Yamaha to answer fully and completely:

- (1) Great Northwest's Interrogatories 6, 13, 14 and 15;
- (2) Great Northwest's First Request for Production of Documents No. 1, 2 and 6;

Ex. 4

1/27/89

(3) Great Northwest's Second Request for Production of Documents No. 1, 2, 4 and 5; and

(4) That Yamaha be directed to pay the reasonable attorney fees and costs incurred by Great Northwest in filing this motion to compel discovery.

Respectfully submitted this 7th day of June, 1988.




G. Steven Brown  
1313 Eleventh Avenue  
Helena, MT 59601  
Attorney for Great Northwest  
Recreation Center

CERTIFICATE OF SERVICE

I, G. Steven Brown, Attorney for the Great Northwest Recreation Center, hereby certify that I did, on the 7th day of June, 1988, serve a copy by mail of the foregoing and attached Motion to Compel Discovery upon opposing counsel as follows:

Lawrence A. Murphy  
Attorney at Law  
520 St. John's Building  
25 South Ewing  
Helena, MT 59601

Hand Delivered  
6/7/88  
approx. 4:30  
PM.  
65



G. Steven Brown  
Attorney for Great Northwest  
Recreation Center







**MOTORCYCLE  
INDUSTRY  
COUNCIL, INC.**

1235 Jefferson Davis Hwy., Suite 600, Arlington, VA 22202 • (703) 521-0444 • FAX (703) 521-1023

**TALKING POINTS ON HB 150**

The Motorcycle Industry Council (MIC) is a non-profit trade association representing nearly 100 manufacturers and distributors of motorcycles, motorcycle parts and accessories, as well as members of allied trades, the majority of whom do business in the State of Montana.

The MIC opposes passage of HB 150.

The bill does not promote, and in fact will be detrimental to, the public interest, as HB 150, if enacted, will inevitably result in higher prices which consumers must pay for motorcycles and other recreational vehicles, parts and accessories.

HB 150 will substantially raise the cost of doing business by a motor vehicle manufacturer or distributor, who becomes, under the bill, a financial guarantor for the motor vehicle dealer. For example:

This bill would require the manufacturer to repurchase vehicles at 100% of the purchase price and repair parts at 85% of the purchase price. Moreover, the manufacturer would have this obligation regardless of the reason for termination; whether termination was for good cause, or whether it was the dealer, or the manufacturer, who sought termination.

Consider this not unusual scenario. A dealer has been in business for many years. Through poor management, the dealer has, over the years, ordered too many parts and now has a parts

Ex. 6

1127189

department in complete disarray, bloated with useless parts, fully depreciated. Now, the dealer desires to retire. Under this bill, that dealer can elect to terminate and force the manufacturer to repurchase all of his repair parts, regardless of fair market value, at 85% of the current price charged for such items.

This bill also will tend to eliminate the independent after-market suppliers of parts and accessories. Dealers will buy such products only from their franchisors, not from the independent suppliers, as the dealers can demand return at 85% of the purchase price from their franchisors, while the independent supplier would be under no such obligation.

It is apparent that HB 150 is an attempt by the dealers to shift the cost and risk of doing business in the free enterprise system to their manufacturers and distributors. This is grossly unfair, not only to the manufacturer or the distributor, but also to the consumer, who will pay for his anomalous situation with higher prices for the motor vehicle products.

There is no justification for HB 150. The dealers in Montana became dealers voluntarily. In becoming dealers, they did not pay any franchise fee to the manufacturer or distributor for the privilege of becoming a dealer. Accordingly, there is no reason why the motor vehicle dealer should be able to force its supplier (i.e., the motor vehicle dealer manufacturer or distributor), to guarantee the success of its business when all other businessmen assume that risk in the free enterprise system.

Ex. 6

1/27/89

The MIC respectfully urges you to consider this bill carefully, duly noting that it benefits merely a handful of dealers in Montana, while adversely effecting all of the state's consumers.

A2MTMDR.KVK

(This sheet to be used by those testifying on a bill.)

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 7

DATE 4/27/79

NAME: WARREN HOFFMANN

DATE BILL NO. HB 150

ADDRESS: 1100 CHERRY AVE HELENA

PHONE: 449-7449 OR 227-8429

REPRESENTING WHOM? GOLD RUSH CYCLES/HELENA CYCLE CO., INC.

APPEARING ON WHICH PROPOSAL: HB 150

DO YOU: SUPPORT? YES AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENT: SEE ATTACHED STATEMENT  
EXHIBIT #7

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE BUSINESS & INDUSTRY  
EXHIBIT NO. 11/27  
DATE 11/27  
BY HB15

ATTN: GLEN MINOLESTAD  
Warren Hoffmann  
Representing Gold Rush Cycle  
& Helena Cycle

OWNER

PROPONENT

OUR PROBLEMS AS A MOTORCYCLE, SNOWMOBILE AND ATV DEALER ARE VERY SIMILAR TO THE FRANCHISE PROBLEMS THAT AUTOMOBILE AND TRUCK DEALERS HAD WHEN THEIR FRANCHISE AGREEMENTS WERE TERMINATED OR CANCELLED BY A MANUFACTURER OR DISTRIBUTOR. FRANCHISE AGREEMENTS ARE DRAFTED FOR A MANUFACTURER OR DISTRIBUTOR BY THEIR LEGAL COUNSEL AND ARE ONE SIDED FOR THE MANUFACTURER OR DISTRIBUTOR. THE DEALER DOES NOT HAVE EQUAL BARGAINING POWER AND THEREFORE, NEEDS THE FRANCHISE PROTECTION OFFERED IN SECTION 30-11-701 M.C.A. WHICH STATES THAT IF A MANUFACTURER, DISTRIBUTOR, WHOLESALER CANCELS A DEALER, THEY WILL HAVE TO REPURCHASE THE DEALERS INVENTORY AND PARTS.

FOR EXAMPLE:

A. IN EASTERN MONTANA WE HAVE HAD DROUGHT CONDITIONS AND VERY LITTLE SNOWFALL, ← THE LAST 3 YEARS. THEREFORE, SNOWMOBILE SALES HAVE BEEN SLOW. IF A MANUFACTURER OR DISTRIBUTOR FEELS THE DEALER DOES NOT ORDER ENOUGH PRODUCT AND MEET QUOTAS, THEY CAN TERMINATE THE FRANCHISE. WITHOUT THE PROTECTION OF THIS SECTION, WE AS DEALERS WOULD BE STUCK WITH OUR REMAINING NEW INVENTORY AND PARTS. IF A DEALER IS STUCK WITH INVENTORY AFTER BEING CANCELLED BY A MANUFACTURER OR DISTRIBUTOR, IT WOULD BE VERY DIFFICULT TO SELL NEW PRODUCT FROM A POSITION OF NO LONGER BEING A FRANCHISED DEALER FOR THAT PRODUCT. THIS WOULD COMPOUND THE PROBLEM OF GETTING RID OF INVENTORY AND, IN ADDITION, INTEREST AND INSURANCE ON THIS PRODUCT WOULD CONTINUE TIL THE PRODUCTS WERE SOLD. THIS

CAN BE VERY COSTLY. IF WE WERE AMENDED INTO THIS SECTION AND THE MANUFACTURER OR DISTRIBUTOR CHOSE TO CANCEL THE FRANCHISE, THEY WOULD HAVE TO REPURCHASE INVENTORY AND P. RTS.

B. ANOTHER PROBLEM: A SALES REP FOR A MANUFACTURER OR DISTRIBUTOR CAN ALSO USE MONTANA'S LACK OF FRANCHISE PROTECTION TO THEIR ADVANTAGE TO FORCE A DEALER TO ORDER PRODUCTS BY THREATS OF TERMINATION OR CANCELLATION OF A DEALER FRANCHISE AGREEMENT. THE DEALER KNOWS IF THIS HAPPENS, THE DEALER WILL BE STUCK WITH INVENTORY AND PARTS. I FEEL A DEALER KNOWS BEST WHAT HIS MARKET WILL BEAR AND IF THE DEALER FEELS HE CAN SELL THE PRODUCT, HE WILL ORDER PRODUCT. HE IS IN BUSINESS TO MAKE A PROFIT.

NORTH DAKOTA HAS MOTORCYCLE, ATV, AND SNOWMOBILE REPURCHASE LAWS. IF THE FRANCHISE IS CANCELLED BY THE MANUFACTURER OR DISTRIBUTOR, THE PRODUCTS AND PARTS MUST BE REPURCHASED UNDER TITLE 51, CHAPTER 20, PART 01, NORTH DAKOTA CENTURY CODE.

I FEEL OUR PRODUCTS SHOULD BE AMENDED INTO SECTION 30-11-701 M.C.A., WHICH NOW INCLUDES FARM IMPLEMENTS, INDUSTRIAL AND CONSTRUCTION EQUIPMENT, AUTOMOBILES AND TRUCKS. WE ALSO NEED THE PROTECTION OF THIS MONTANA LAW.

*Page II*

SENATE STANDING COMMITTEE REPORT

January 27, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration SB 151 (first reading copy - white), respectfully report that SB 151 be amended and as so amended do pass:

1. Page 6, line 24.

Strike: "and given"

2. Page 7, line 8.

Strike: "conducted"

Insert: "supervised"

AND AS AMENDED DO PASS

Signed: [Signature]  
Cecil Thayer, Chairman

*H.C.*  
*1/27/89*  
*1:30*  
*P.M.*





**Burrington Insurance Agency**

P.O. Box 798 • 600 N. Park Ave.  
Helena, Montana 59624 • Phone 406-442-1118  
Fax 406-449-4662

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 9

DATE 1/27/89

BILL NO. SB 151

January 26, 1989

ATTN: RICK TUCKER

In regards to an inquiry to a hypothetical situation concerning beauticians who lease their station from the owner of the building and the availability of liability for these beauticians is the question posed.

Liability is available to these individual beauticians through various insurance companies. We are not at liberty to specifically name the insurance companies since as is the case for any type of insurance, underwriting information has to be submitted to insurance companies and based on the information submitted, the insurance company in turn makes the decision if that particular applicant qualifies for their product.

Under normal circumstances this type of insurance is not difficult to obtain.

  
JOAN C. BURRINGTON  
BURRINGTON INSURANCE AGENCY, INC.

