

56:10-24

**LEGISLATIVE HISTORY CHECKLIST**

**NJSA:** 56:10-24 (MV franchise act-- protests each location-- pay own costs)

**LAWS OF:** 1987 **CHAPTER:** 274

**Bill No:** A3897

**Sponsor(s):** Shusted and others

**Date Introduced:** March 12, 1987

**Committee:** **Assembly:** Law, Public Safety and Defense

**Senate:** Judiciary

**Amended during passage:** Yes Amendments during passage denoted by asterisks.

**Date of Passage:** **Assembly:** June 8, 1987

**Senate:** June 25, 1987

**Date of Approval:** September 11, 1987

**Following statements are attached if available:**

**Sponsor statement:** Yes

**Committee statement:** **Assembly** Yes

**Senate** Yes

**Fiscal Note:** No

**Veto Message:** No

**Message on Signing:** No

**Following were printed:**

**Reports:** No

**Hearings:** No

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 3897

STATE OF NEW JERSEY

INTRODUCED MARCH 12, 1987

By Assemblymen SHUSTED, ROCCO, Kavanaugh and Doyle

AN ACT concerning motor vehicle franchises and amending P. L.  
1982, c. 156.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. Section 9 of P. L. 1982, c. 156 (C. 56:10-24) is amended to  
2 read as follows:

3 **[**The committee shall award reasonable litigation costs and rea-  
4 sonable attorney fees to any person ultimately prevailing, either as  
5 petitioner or respondent, in any administrative proceeding under  
6 this act.] *\*In any administrative proceeding under this act, each*  
7 *party shall be responsible for his own litigation costs and \*\****[rea-**  
8 **sonable]\*\*** *attorney fees.\** The committee shall assess **[**from the  
9 person ultimately not prevailing] *and equally apportion among the*  
10 *parties to the hearing,* and shall transfer to the Office of Adminis-  
11 trative Law, the administrative hearing costs resulting from a  
12 protest filed pursuant to this act. Administrative hearing costs  
13 shall be based on a billing rate established by the Office of Ad-  
14 ministrative Law and approved by the Director of Budget and  
15 Accounting.

1 2. This act shall take effect immediately and shall apply to  
2 every administrative proceeding pending on or commenced after  
3 the effective date.

LAW AND PUBLIC SAFETY—GENERAL

Provides each party pay own costs in protest of motor vehicle  
franchise location.

**EXPLANATION**—Matter enclosed in bold-faced brackets **[thus]** in the above bill  
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendment adopted May 21, 1987.

\*\*—Senate committee amendment adopted June 22, 1987.

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STATEMENT

In 1982, the Motor Vehicle Franchise Committee was established by P. L. 1982, c. 156 (C. 56:10-16 et seq.) to provide motor vehicle franchisees with the opportunity to protest the location or relocation of a franchise within eight miles of an existing franchise. The committee was established to provide a forum for disputes that

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may arise between motor vehicle franchisors and franchisees concerning the establishment of new motor vehicle dealerships within certain geographical areas.

This bill revokes the committee's authority to make the losing party in a protest pay all the litigation costs and attorney fees for the prevailing party and to assess to the losing party all the administrative hearing costs. Under this bill, each party would be responsible for his own legal costs and the administrative hearing costs would be apportioned equally among the parties.

Because of the dramatic contrast between the legal costs of franchisors and those of protesting franchisees, protestors face the chilling prospects of paying legal costs which are many times more than their own legal costs if they do not prevail in a protest. This has prevented many franchisees from seeking the protection provided in P. L. 1982, c. 156.

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#### LAW AND PUBLIC SAFETY—GENERAL

Provides each party pay own costs in protest of motor vehicle franchise location.

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ASSEMBLY LAW, PUBLIC SAFETY, DEFENSE AND  
CORRECTIONS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3897**

with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 21, 1987

The Assembly Law, Public Safety, Defense and Corrections Committee favorably reports Assembly Bill No. 3897 with amendments.

Assembly Bill No. 3897 amends section 9 of P. L. 1982, c. 156 (C. 56:10-24) to revoke the Motor Vehicle Franchise Committee's authority to require that the losing party in a protest pay all the litigation costs and attorney fees for the prevailing party and to assess the losing party for all the administrative hearing costs. Under the provisions of the bill, each party would be responsible for his own legal costs. The administrative hearing costs are to be apportioned equally among the parties.

The Motor Vehicle Franchise Committee was established in 1982 to provide motor vehicle franchise holders with a mechanism and a forum to protest the location of a franchise within eight miles of an existing franchise. In its current form, the law provides that the committee is to require the losing party in a dispute to pay all the litigation costs and attorney fees for the prevailing party and to assess to the losing party all the administrative costs associated with the hearing.

The committee amendment clarifies and reenforces the sponsor's intent.

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ASSEMBLY, No. 3897

STATE OF NEW JERSEY

INTRODUCED MARCH 12, 1987

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9 ultimately not prevailing**]** *and equally apportion among the par-*  
10 *ties to the hearing, and shall transfer to the Office of Administra-*  
11 *tive Law, the administrative hearing costs resulting from a pro-*  
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SENATE JUDICIARY COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3897**

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**STATE OF NEW JERSEY**

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DATED: JUNE 22, 1987

The Senate Judiciary Committee reports favorably and with committee amendments Assembly Bill No. 3897 OCR.

The Motor Vehicle Franchises Committee was established in 1982 to provide motor vehicle franchise holders with a mechanism and forum to protest the location of a new franchise by an auto manufacturer within certain geographical limits of an existing franchise. Membership on the committee consists of the Director of the Division of Motor Vehicles, the Commissioner of the Department of Commerce and Economic Development and the Director of the Division of Consumer Affairs.

Presently, the committee is authorized to require that a losing party in a protest concerning the location of a motor vehicle franchise pay all the litigation costs and attorney fees for the prevailing party and to assess the losing party all costs resulting from any administrative hearing. This bill would eliminate this provision and thus provide that each party in a dispute concerning the location of a franchise be responsible for his own legal costs. Any administrative costs incurred would be apportioned equally among the parties.

The amendment adopted by the committee was of a technical nature and was intended to clarify that each party would be responsible for all of their own legal costs and attorney fees.

[SENATE REPRINT]

ASSEMBLY, No. 3897

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