

107TH CONGRESS
1ST SESSION

S. 1140

To amend chapter 1 of title 9, United States Code, to provide for greater fairness in the arbitration process relating to motor vehicle franchise contracts.

IN THE SENATE OF THE UNITED STATES

JUNE 29, 2001

Mr. HATCH (for himself, Mr. FEINGOLD, Mr. GRASSLEY, Mr. LEAHY, Mr. WARNER, Mr. BREAUX, Mr. BURNS, Mr. REID, Mr. CRAIG, Mr. TORRICELLI, Mr. BENNETT, Ms. SNOWE, Mr. DEWINE, Mr. THOMAS, and Mr. HUTCHINSON) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend chapter 1 of title 9, United States Code, to provide for greater fairness in the arbitration process relating to motor vehicle franchise contracts.

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 “Motor Vehicle Fran-
5 chise Contract Arbitration Fairness Act of 2001”.

1 **SEC. 2. ELECTION OF ARBITRATION.**

2 (a) MOTOR VEHICLE FRANCHISE CONTRACTS.—

3 Chapter 1 of title 9, United States Code, is amended by
4 adding at the end the following:

5 **“§ 17. Motor vehicle franchise contracts**

6 “(a) For purposes of this section, the term—

7 “(1) ‘motor vehicle’ has the meaning given such
8 term under section 30102(6) of title 49; and

9 “(2) ‘motor vehicle franchise contract’ means a
10 contract under which a motor vehicle manufacturer,
11 importer, or distributor sells motor vehicles to any
12 other person for resale to an ultimate purchaser and
13 authorizes such other person to repair and service
14 the manufacturer’s motor vehicles.

15 “(b) Whenever a motor vehicle franchise contract
16 provides for the use of arbitration to resolve a controversy
17 arising out of or relating to the contract, arbitration may
18 be used to settle such controversy only if after such con-
19 troversy arises both parties consent in writing to use arbi-
20 tration to settle such controversy.

21 “(c) Whenever arbitration is elected to settle a dis-
22 pute under a motor vehicle franchise contract, the arbi-
23 trator shall provide the parties to the contract with a writ-
24 ten explanation of the factual and legal basis for the
25 award.”.

1 (b) TECHNICAL AND CONFORMING AMENDMENT.—

2 The table of sections for chapter 1 of title 9, United States

3 Code, is amended by adding at the end the following:

“17. Motor vehicle franchise contracts.”.

4 **SEC. 3. EFFECTIVE DATE.**

5 The amendments made by section 2 shall apply to

6 contracts entered into, amended, altered, modified, re-

7 newed, or extended after the date of the enactment of this

8 Act.

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