

House File 446

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1 3 AN ACT
1 4 RELATING TO DEALERSHIP AGREEMENTS, AND PROVIDING FOR THE
1 5 ACT'S APPLICABILITY.
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1 7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 8
1 9 Section 1. Section 322F.1, Code 2003, is amended by adding
1 10 the following new subsections:
1 11 NEW SUBSECTION. 0A. "Agricultural equipment" means a
1 12 device, part of a device, or an attachment of a device
1 13 designed to be principally used for an agricultural purpose.
1 14 "Agricultural equipment" includes but is not limited to
1 15 equipment associated with livestock or crop production,
1 16 horticulture, or floriculture. "Agricultural equipment"
1 17 includes but is not limited to tractors; trailers; combines;
1 18 tillage, planting, and cultivating implements; bailers,
1 19 irrigation implements; and all-terrain vehicles.
1 20 NEW SUBSECTION. 1A. "Construction equipment", "industrial
1 21 equipment", or "utility equipment" means a device, part of a
1 22 device, or an attachment to a device designed to be
1 23 principally used for a construction or industrial purpose.
1 24 "Construction equipment", "industrial equipment", or "utility
1 25 equipment" includes equipment associated with earthmoving,
1 26 industrial material handling, mining, forestry, highway
1 27 construction or maintenance, and landscaping. "Construction
1 28 equipment", "industrial equipment", or "utility equipment"
1 29 includes but is not limited to tractors, graders, excavators,
1 30 loaders, and backhoes.
1 31 NEW SUBSECTION. 7A. "Outdoor power equipment" means
1 32 equipment using small motors or engines, if the equipment is
1 33 used principally for outside service, including but not
1 34 limited to aerators, augers, blowers, brush clearers, brush
1 35 cutters, chain saws, dethatchers, edgers, hedge trimmers, lawn
2 1 mowers, pole saws, power rakes, snowblowers, and tillers.
2 2 Sec. 2. Section 322F.1, subsection 2, Code 2003, is
2 3 amended to read as follows:
2 4 2. "Dealer" or "dealership" means a person engaged in the
2 5 retail sale of equipment, ~~if the person sells equipment~~
~~2 6 designed to be principally used for agricultural operations,~~
~~2 7 including but not limited to livestock or crop production or~~
~~2 8 horticulture.~~
2 9 Sec. 3. Section 322F.1, subsection 4, Code 2003, is
2 10 amended by striking the subsection, and inserting in lieu
2 11 thereof following:
2 12 4. "Equipment" means agricultural equipment, construction
2 13 equipment, industrial equipment, utility equipment, or outdoor
2 14 power equipment. However, "equipment" does not include self=
2 15 propelled machines designed primarily for the transportation
2 16 of persons or property on a street or highway.
2 17 Sec. 4. Section 322F.2, subsection 1, Code 2003, is
2 18 amended to read as follows:
2 19 1. a. A supplier shall terminate a dealership agreement
2 20 for equipment other than outdoor power equipment by
2 21 cancellation, nonrenewal, or a substantial change in
2 22 competitive circumstances only upon good cause and upon at
2 23 least ninety days' prior written notice delivered to the
2 24 dealer by certified or registered mail or restricted certified
2 25 mail. A supplier shall terminate a dealership agreement for
2 26 outdoor power equipment by cancellation or nonrenewal only
2 27 upon good cause and upon at least ninety days' prior written
2 28 notice delivered to the dealer by restricted certified mail or
2 29 hand delivered by a representative of the supplier to the
2 30 dealer or a designated representative of the dealer.
2 31 b. ~~The A~~ written termination notice must specify each
2 32 deficiency constituting good cause for the action. The notice
2 33 must also state that the dealer has sixty days to cure a
2 34 specified deficiency. If the deficiency is cured within sixty
2 35 days from the date that the notice is delivered, the notice is
3 1 void. However, if the deficiency is based on a dealer's
3 2 inadequate representation of a manufacturer's product relating
3 3 to sales, as provided in section 322F.1, the notice must state
3 4 that the dealer has eighteen months to cure the deficiency.
3 5 If the deficiency based on inadequate representation of a

3 6 manufacturer's product relating to sales is cured within
3 7 eighteen months from the date that notice is delivered, the
3 8 notice is void.

3 9 Sec. 5. Section 322F.3, subsection 1, Code 2003, is
3 10 amended by adding the following new paragraph:

3 11 NEW PARAGRAPH. f. The supplier must pay to the dealer or
3 12 credit the dealer's account with one hundred percent of the
3 13 net cost of all equipment used in demonstrations, including
3 14 equipment leased primarily for demonstration or lease, at the
3 15 equipment's agreed-upon depreciated value, provided that such
3 16 equipment is in new condition and has not been abused.

3 17 Sec. 6. Section 322F.5, Code 2003, is amended to read as
3 18 follows:

3 19 322F.5 DEATH OR INCAPACITY OF DEALER.

3 20 If a dealer or a ~~person holding a majority shareholder of a~~
3 21 ~~corporation interest in a business entity~~ operating a
3 22 dealership dies or is incapacitated, the rights under this
3 23 chapter may be exercised as an option by the heirs at law if
3 24 the dealer or ~~shareholder majority interest holder~~ died
3 25 intestate, or by the executor under the terms of the dealer's
3 26 or ~~shareholder's majority interest holder's~~ will. If the
3 27 heirs or the executor do not exercise this option within
3 28 twelve months from the date of death of the dealer or
3 29 ~~shareholder majority interest holder~~, the supplier must
3 30 repurchase the equipment as if the supplier had terminated the
3 31 dealership agreement pursuant to section 322F.3. However,
3 32 this section does not entitle an heir, executor,
3 33 administrator, legatee, or devisee of a deceased dealer or
3 34 majority ~~shareholder interest holder~~ to continue to operate
3 35 the dealership without the consent of the supplier.

4 1 Sec. 7. Section 322F.7, subsection 7, Code 2003, is
4 2 amended to read as follows:

4 3 7. ~~a. Takes For a dealership agreement governing~~
4 4 ~~equipment other than outdoor power equipment, takes action~~
4 5 ~~terminating, canceling, failing to renew the dealership~~
4 6 ~~agreement, or substantially changing changes the competitive~~
4 7 ~~circumstances intended by the dealership agreement, due to the~~
4 8 ~~results of conditions beyond the dealer's control, including~~
4 9 ~~drought, flood, labor disputes, or economic recession.~~
4 10 ~~b. For a dealership agreement governing outdoor power~~
4 11 ~~equipment, takes action terminating, canceling, or failing to~~
4 12 ~~renew the dealership agreement due to the results of~~
4 13 ~~conditions beyond the dealer's control, including drought,~~
4 14 ~~flood, labor disputes, or economic recession.~~

4 15 This subsection shall not apply if the dealer is in default
4 16 of a security agreement in effect with the supplier.

4 17 Sec. 8. Section 322F.8, subsection 1, Code 2003, is
4 18 amended to read as follows:

4 19 1. A dealer may bring a legal action against a supplier
4 20 for damages sustained by the dealer as a consequence of the
4 21 supplier's violation of this chapter. A supplier violating
4 22 this chapter shall compensate the dealer for damages sustained
4 23 by the dealer as a consequence of the supplier's violation,
4 24 together with the actual costs of the action, including
4 25 reasonable ~~attorneys' attorney~~ fees.

4 26 ~~a. The For a dealership agreement governing equipment~~
4 27 ~~other than outdoor power equipment, a dealer may be granted~~
4 28 ~~injunctive relief against unlawful termination, cancellation,~~
4 29 ~~or the nonrenewal of the dealership agreement, or a~~
4 30 ~~substantial change of competitive circumstances as provided in~~
4 31 ~~section 322F.2.~~

4 32 ~~b. For a dealership agreement governing outdoor power~~
4 33 ~~equipment, a dealer may be granted injunctive relief against~~
4 34 ~~unlawful termination, cancellation, or the nonrenewal of the~~
4 35 ~~dealership agreement as provided in section 322F.2.~~

5 1 PARAGRAPH DIVIDED. The remedies in this section are in
5 2 addition to any other remedies permitted by law.

5 3 Sec. 9. Section 322F.8, subsection 2, paragraph b, Code
5 4 2003, is amended to read as follows:

5 5 b. If upon termination of a dealership agreement by
5 6 nonrenewal or cancellation, by a dealer or supplier, the
5 7 supplier fails to make payment or credit the account of the
5 8 dealer as provided in this chapter, the supplier is liable in
5 9 a civil action brought by the dealer for ~~one hundred percent~~
5 10 ~~of the net costs of the equipment the repurchase amount set~~
5 11 ~~forth in section 322F.3, plus interest as calculated pursuant~~
5 12 ~~to paragraph "a", and ninety percent of the net price of~~
5 13 ~~repair parts, plus interest as calculated pursuant to~~
5 14 ~~paragraph "a".~~

5 15 Sec. 10. Section 322F.9, subsection 2, Code 2003, is
5 16 amended to read as follows:

5 17 2. a. For all dealership agreements other than those
5 18 ~~provided for all-terrain vehicles, in this section, this~~
5 19 chapter applies to those dealership agreements in effect that
5 20 have no expiration date and all other dealership agreements
5 21 entered into or renewed on or after July 1, 1990. Any such
5 22 dealership agreement in effect on June 30, 1990, which by its
5 23 own terms will terminate on a subsequent date, shall be
5 24 governed by the law as it existed prior to July 1, 1990.

5 25 b. For all dealership agreements ~~for governing~~ all-terrain
5 26 vehicles, this chapter applies to those dealership agreements
5 27 in effect that have no expiration date and all other such
5 28 dealership agreements entered into or renewed on or after July
5 29 1, 2002. Any such dealership agreement in effect on July 1,
5 30 2002, which by its own terms will terminate on a subsequent
5 31 date, shall be governed by the law as it existed prior to July
5 32 1, 2002.

5 33 c. For all dealership agreements governing agricultural
5 34 equipment used principally for floriculture and for all
5 35 dealership agreements governing construction equipment,
6 1 industrial equipment, utility equipment, and outdoor power
6 2 equipment, this chapter applies to those dealership agreements
6 3 in effect that have no expiration date and all other such
6 4 dealership agreements entered into or renewed on or after the
6 5 effective date of this Act. Any dealership agreement in
6 6 effect on the effective date of this Act, which by its own
6 7 terms will terminate on a subsequent date, shall be governed
6 8 by the law as it existed prior to the effective date of this
6 9 Act.

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CHRISTOPHER C. RANTS
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and
is known as House File 446, Eightieth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved _____, 2003

THOMAS J. VILSACK
Governor