

N-3/17/98 Transportation  
H-3/23/98 No Pass  
FILED FEB 24 1998  
H36898 UNFINISHED BUSINESS CALENDAR

SENATE FILE 2317  
BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 2167)

(P. 717)  
Passed Senate, Date 3/16/98 Passed House, Date \_\_\_\_\_  
Vote: Ayes 48 Nays 0 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to compensation by manufacturers or distributors  
2 for warranty work on vessels and providing a remedy.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2317

1 Section 1. NEW SECTION. 322H.1 DEFINITIONS.

2 As used in this chapter, unless a different meaning appears  
3 from the context:

4 1. "Completed vessel" means a vessel which does not  
5 require any additional manufacturing operations to perform its  
6 intended function except minor finishing operations or the  
7 addition of readily attachable equipment or components.

8 2. "Distributor" means a person, resident or nonresident,  
9 who in whole or in part, sells or distributes vessels to  
10 vessel dealers, or who maintains distributor representatives.

11 3. "Manufacturer" means any person engaged in the business  
12 of fabricating or assembling vessels. "Manufacturer" does not  
13 include a person who converts, modifies, or alters a completed  
14 vessel manufactured by another person.

15 4. "Vessel" means every description of watercraft, other  
16 than a seaplane, used or capable of being used as a means of  
17 transportation on water or ice. Ice boats are watercraft.  
18 "Vessel" includes the hull, motor, engine, component parts,  
19 spars, sails, and accessories of a vessel.

20 5. "Watercraft" means any vessel which through the  
21 buoyance of water floats upon the water and is capable of  
22 carrying one or more persons.

23 Sec. 2. NEW SECTION. 322H.2 WARRANTY WORK COMPENSATION.

24 1. When a vessel dealer makes repairs to any vessel  
25 pursuant to any warranty provision, the dealer shall receive  
26 reasonable compensation from the manufacturer or distributor  
27 giving the warranty. Reasonable compensation includes the  
28 following:

29 a. The cost of labor at a rate no less than that posted by  
30 the dealer for labor not under warranty.

31 b. The cost of any part provided and any shipping cost for  
32 a part provided in an amount equal to one hundred percent of  
33 the retail price and shipping cost of the part to the dealer.

34 2. A claim for compensation by a dealer for any parts  
35 provided, shipping costs for parts provided, or labor

1 performed to satisfy a warranty must be approved or  
2 disapproved by the manufacturer or distributor in writing  
3 within thirty days of receipt of the claim by the manufacturer  
4 or distributor. Written notice of disapproval shall contain  
5 specific reasons for disapproval.

6 3. An approved claim must be paid by the manufacturer or  
7 distributor within thirty days after approval.

8 4. A vessel dealer may charge a manufacturer or  
9 distributor interest of up to the rate of one and one-half  
10 percent per month if the manufacturer or distributor fails to  
11 pay a warranty claim within thirty days after approval of the  
12 claim by the manufacturer or distributor.

13 Sec. 3. NEW SECTION. 322H.3 VIOLATIONS.

14 A manufacturer or distributor who violates this chapter is  
15 liable to a vessel dealer for any financial injury or other  
16 damage suffered by the dealer as a result of the violation.  
17 The liability provided under this section is in addition to  
18 any legal or equitable remedy available at law and any  
19 agreement between the manufacturer or distributor and the  
20 dealer.

21 EXPLANATION

22 This bill requires a vessel manufacturer or distributor to  
23 provide reasonable compensation to a dealer when the dealer  
24 makes repairs to a vessel pursuant to any warranty provision  
25 given by the manufacturer or distributor. Reasonable  
26 compensation includes labor costs no less than that charged by  
27 the dealer for labor not under warranty and the cost of parts  
28 and shipping equal to 100 percent of the retail price and  
29 shipping costs of the parts to the dealer.

30 The bill provides that a claim for compensation must be  
31 approved or disapproved by the manufacturer or distributor in  
32 writing within 30 days of receipt of the claim. Written  
33 notice of disapproval shall contain specific reasons for  
34 disapproval. An approved claim must be paid within 30 days  
35 after approval. If a manufacturer or distributor fails to pay

1 a warranty claim within 30 days after the claim was approved,  
2 the dealer may charge the manufacturer or distributor interest  
3 of up to the rate of one and one-half percent per month. A  
4 manufacturer or distributor is liable to the dealer for any  
5 financial injury or other injury suffered by the dealer as a  
6 result of a violation of any of the provisions in the bill.

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McKibben  
Drake  
Froise

SSB 2167  
Transportation  
SENATE FILE (S) HF 2317  
BY (PROPOSED COMMITTEE ON  
TRANSPORTATION BILL BY  
CHAIRPERSON DRAKE)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
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6 result of a violation of any of the provisions in the bill.

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