

House Study Bill 85 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON SODERBERG)

A BILL FOR

1 An Act relating to equipment dealership agreements by providing
2 for supplier liability.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 322F.7, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 8. Terminates a dealership agreement for
4 which the supplier is liable in a civil action as provided in
5 section 322F.8.

6 Sec. 2. Section 322F.8, subsection 1, paragraph a,
7 subparagraph (1), Code 2011, is amended to read as follows:

8 (1) A dealer may bring a legal action against a supplier
9 for damages sustained by the dealer as a consequence of
10 the supplier's violation of any provision of this chapter,
11 including but not limited to a violation described in section
12 322F.7. A supplier violating this chapter shall compensate the
13 dealer for damages sustained by the dealer as a consequence of
14 the supplier's violation, together with the actual costs of the
15 action, including reasonable attorney fees.

16 Sec. 3. Section 322F.8, subsection 2, paragraph b, Code
17 2011, is amended to read as follows:

18 b. (1) ~~If upon~~ Upon termination of a dealership agreement
19 by nonrenewal or cancellation, by a dealer or supplier, if
20 the supplier fails to make payment or credit the account of
21 the dealer as provided in any provision of this chapter, the
22 supplier is liable in a civil action brought by the dealer
23 for the repurchase amount set forth in section 322F.3, plus
24 interest as calculated pursuant to paragraph "a".

25 (2) Upon cancellation of a dealership agreement by a
26 supplier without good cause or cancellation of a dealership
27 agreement by a supplier in violation of any provision of this
28 chapter, if the supplier fails to make payment or credit the
29 account of the dealer as provided in any provision of this
30 chapter, the supplier is liable in a civil action brought by
31 the dealer for the repurchase amount set forth in section
32 322F.3, plus interest as calculated pursuant to paragraph "a".

33 EXPLANATION

34 This bill addresses supplier-dealership agreements under
35 Code chapter 322F, involving franchises for agricultural

1 equipment; all-terrain vehicles; and construction, industrial,
2 or utility equipment. Generally the Code chapter regulates
3 business relationships between dealerships and suppliers
4 by providing for the terms and conditions of dealership
5 agreements. Code section 322F.7 includes a list of supplier
6 violations and Code section 322F.8 provides a list of causes
7 for a supplier's liability, including for damages sustained
8 by a dealer as a consequence of a supplier's violation of the
9 Code chapter. The bill expressly provides that a violation of
10 the Code chapter and grounds for civil liability include the
11 cancellation of a dealership agreement without good cause (see
12 Code section 322F.1(7)) if the supplier fails to make payment
13 or credit the account of the dealer.