

**House File 556 - Introduced**

HOUSE FILE 556  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 181)

**A BILL FOR**

1 An Act providing for the termination of dealership agreements  
2 involving agricultural equipment.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 322F.3, subsection 1, unnumbered  
2 paragraph 1, Code 2021, is amended to read as follows:

3 If a dealership agreement is terminated by cancellation or  
4 nonrenewal by either the dealer or supplier, the supplier must  
5 repurchase equipment and parts in the dealer's inventory and  
6 must repurchase special tools and computer hardware or software  
7 required for the dealership. The repurchase is subject to the  
8 following conditions:

9

EXPLANATION

10 The inclusion of this explanation does not constitute agreement with  
11 the explanation's substance by the members of the general assembly.

12 This bill amends a provision in Code chapter 322F, which  
13 regulates business relationships between suppliers and dealers  
14 of agricultural equipment associated with livestock or crop  
15 production, horticulture, or floriculture (Code section  
16 322F.1(1)). The parties' business relationship is governed by  
17 a dealership agreement which grants the dealer a right to sell,  
18 distribute, or service the supplier's equipment (Code section  
19 322F.1(5)). The Code chapter specifies a number of rights  
20 and obligations imposed upon dealers and suppliers, places  
21 restrictions upon certain supplier practices (Code section  
22 322F.7), and provides for supplier liability (Code section  
23 322F.8). A dealer may exercise a number of rights if the  
24 agreement is terminated. For example, the supplier must pay  
25 the dealer costs of unused complete equipment, repair parts,  
26 and computer devices (amended Code section 322F.3(1)). The  
27 bill specifies that the termination procedures apply regardless  
28 of which party terminated the agreement.