

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 53rd Legislature

4 ENGROSSED SENATE
5 BILL NO. 789

By: Brecheen of the Senate

and

Jackson of the House

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10 An Act relating to specialty equipment; amending 15
11 O.S. 2001, Sections 245, as last amended by Section
12 1, Chapter 130, O.S.L. 2010, 245A, 246, 247, 248,
13 249, 250 and 250A (15 O.S. Supp. 2010, Section 245),
14 which relate to definitions, prohibited acts,
15 repurchase of inventory, exceptions to repurchase,
16 failure to repurchase inventory, purchase of deceased
17 retailer inventory, security interests, and dealer
18 warranty services; deleting, modifying, expanding and
19 replacing certain provisions; creating the Fair
20 Practices of Equipment Manufacturers, Distributors,
21 Wholesalers and Dealers Act; providing short title;
22 stating legislative findings and determination;
23 defining terms; providing violations; providing for
24 certain notice; prohibiting suppliers from
 terminating certain agreements without good cause;
 defining term; stating when good cause exists;
 stating certain provisions do not apply to certain
 agreements between a single-line dealer and its
 single-line supplier; providing for notice of
 termination of a dealer agreement by a supplier;
 providing certain time to cure certain deficiencies;
 providing termination notice be void upon certain
 cure; prohibiting termination under certain
 circumstances; stating when notice and right to cure
 shall not apply; providing procedures for supplier
 with contractual authority or an equity ownership
 interest therein to approve or deny certain request
 for sale or transfer of a dealer's business;
 providing procedures for supplier with contractual

1 authority or an equity ownership interest therein to
2 approve or deny certain request for sale or transfer
3 of a dealer's business upon the death of a dealer;
4 stating certain provisions do not apply to certain
5 agreements between a single-line dealer and its
6 single-line supplier; stating certain provisions
7 shall apply to certain dealer agreements between a
8 single-line dealer and its single-line supplier;
9 prohibiting supplier from terminating certain dealer
10 agreements without good cause; defining term; stating
11 when good cause exists; providing procedures for
12 notice of certain termination; providing certain time
13 to cure certain deficiencies; providing termination
14 notice be void upon certain cure; providing for
15 certain reasonable period of time for certain good
16 cause; stating when notice and right to cure shall
17 not apply; providing procedures for a supplier to
18 consider and make certain determination relating to
19 certain request by a family member upon the death of
20 a dealer; requiring certain agreements relating to
21 succession rights be observed; providing for the
22 acceptance or rejection of certain warranty claims;
23 providing for certain disapproved claims; providing
24 for compensation of certain warranty work; stating
what will be deemed to create certain warranty
claims; providing for certain audits of warranty
claims; stating when certain requirements apply to
certain warranty claims and when such claims are
unreasonable; providing for certain alternate
reimbursement terms and conditions; providing for
certain payments to a supplier if certain agreements
are cancelled; providing for the title to certain
inventory to pass to a supplier; providing for
certain payments for certain credit due; providing
for certain refusal to repurchase certain inventory;
providing for certain payment for certain shipping;
providing for the retainage of certain lien;
construing language; stating certain repurchase shall
not be required under certain circumstances;
providing for violations; stating certain actions
shall be void; stating what dealer agreements the act
shall apply to; stating that provisions of the act
shall be supplemental to certain dealer agreements;
allowing dealer to pursue certain remedies; providing
for codification; and providing an effective date.

1 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

2 SECTION 1. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 244 of Title 15, unless there is
4 created a duplication in numbering, reads as follows:

5 This act shall be known and may be cited as the "Fair Practices
6 of Equipment Manufacturers, Distributors, Wholesalers and Dealers
7 Act".

8 SECTION 2. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 244A of Title 15, unless there
10 is created a duplication in numbering, reads as follows:

11 The Legislature finds and declares that the retail distribution,
12 sales and rental of agricultural, construction, utility, industrial,
13 mining, outdoor power, forestry and lawn and garden equipment
14 utilizing independent dealers operating under contract with the
15 supplier, vitally affects the general economy of this state, the
16 public interest and the public welfare. Therefore, the Legislature
17 has determined that it is necessary to regulate the business
18 relations between the independent dealers and the equipment
19 suppliers as contemplated in the Fair Practices of Equipment
20 Manufacturers, Distributors, Wholesalers and Dealers Act and that
21 any action taken in violation of this act will result in a violation
22 of an important public policy of this state.

23

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1 SECTION 3. AMENDATORY 15 O.S. 2001, Section 245, as
2 last amended by Section 1, Chapter 130, O.S.L. 2010 (15 O.S. Supp.
3 2010, Section 245), is amended to read as follows:

4 Section 245. For the purposes of ~~Sections 245 through 251 of~~
5 ~~this title~~ the Fair Practices of Equipment Manufacturers,
6 Distributors, Wholesalers and Dealers Act:

7 1. ~~"Actual dealer cost" means the original invoice price the~~
8 ~~retailer paid for the merchandise to the manufacturer, wholesaler or~~
9 ~~distributor, less all applicable discounts allowed, plus the freight~~
10 ~~cost from the location of the manufacturer, wholesaler or~~
11 ~~distributor to the location of the retailer;~~

12 2. ~~"Dealer agreement" means an oral or written contract or~~
13 ~~agreement of definite or indefinite duration, between a supplier and~~
14 ~~an equipment dealer, which provides for the rights and obligations~~
15 ~~of the parties with respect to purchase or sale of equipment;~~

16 3. ~~"Inventory" means farm tractors, farm implements, utility~~
17 ~~and industrial tractors, all-terrain vehicles, forestry,~~
18 ~~construction, industrial, maintenance, paving, outdoor power and~~
19 ~~lawn and garden equipment sold by retailers as defined herein, and~~
20 ~~the attachments and repair parts thereto;~~

21 4. ~~"Current model" means a model listed in the current sales~~
22 ~~manual of the manufacturer, wholesaler or distributor or any~~
23 ~~supplements to the current sales manual;~~

1 ~~5. "Current net price" means the price listed in the printed~~
2 ~~price list or catalog of the manufacturer, wholesaler or distributor~~
3 ~~in effect at the time the dealer agreement is canceled or~~
4 ~~discontinued, less any applicable trade and cash discounts or, for~~
5 ~~purposes of Section 250A of this title, at the time a claim for~~
6 ~~payment is made for services performed for a customer pursuant to a~~
7 ~~warranty issued by a supplier;~~

8 ~~6. "Retailer" or "equipment dealer" or "equipment dealership"~~
9 ~~means any person having a dealer agreement for selling and retailing~~
10 ~~farm tractors, utility and industrial tractors, farm implements,~~
11 ~~forestry, construction, industrial, maintenance, paving, outdoor~~
12 ~~power and lawn and garden equipment and the attachments or repair~~
13 ~~parts thereto. Provided however, "retailer" or "equipment dealer"~~
14 ~~or "equipment dealership" shall not mean a "single line dealer";~~

15 ~~7. "Single line dealer" means a person, partnership,~~
16 ~~corporation, association or other business enterprise that:~~

17 ~~a. has purchased seventy five percent (75%) or more of~~
18 ~~the dealer's total new product inventory from a single~~
19 ~~supplier, and~~

20 ~~b. has a total annual average sales volume for the~~
21 ~~previous three (3) years in excess of Twenty Million~~
22 ~~Dollars (\$20,000,000.00) for the entire territory for~~
23 ~~which the dealer is responsible;~~

1 ~~8. "Supplier" means a person, partnership, corporation,~~
2 ~~association or other business enterprise engaged in the~~
3 ~~manufacturing, assembly or wholesale distribution of equipment. The~~
4 ~~term shall also include any successor in interest, including a~~
5 ~~purchaser of assets or stock, or a surviving corporation resulting~~
6 ~~from a merger, liquidation or reorganization of the original~~
7 ~~supplier~~ "Current net parts price" means, with respect to current
8 parts, the price for repair parts listed in the supplier's price
9 list or catalogue in effect at the time the dealer agreement is
10 terminated or discontinued, or for purposes of Section 9 of this
11 act, the price list or catalogue in effect at the time the repair
12 parts were ordered. Current net parts price means, with respect to
13 superseded repair parts, the price listed in the supplier's price
14 list or catalogue in effect at the time the dealer agreement is
15 terminated or discontinued for the part that performs the same
16 function and purpose as the superseded part, but is simply listed
17 under a different part number;

18 2. "Current net parts cost" means the current net parts price
19 less any trade or cash discounts typically given to the dealer with
20 respect to such dealer's normal, ordinary course orders of repair
21 parts;

22 3. "Dealer" means any person primarily engaged in the business
23 of:
24

1 a. selling or leasing equipment or repair parts to the
2 ultimate consumer, and

3 b. repairing or servicing equipment;

4 4. "Dealer agreement" means either an oral or written agreement
5 or arrangement for a definite or indefinite period between a dealer
6 and a supplier that provides for the rights and obligations of the
7 parties with respect to the purchase or sale of equipment or repair
8 parts. Notwithstanding the foregoing, if a dealer has more than one
9 business location covered by the same dealer agreement, the
10 requirements of the Fair Practices of Equipment Manufacturers,
11 Distributors, Wholesalers and Dealers Act will be applied to the
12 repurchase of a dealer's inventory at a particular location upon the
13 closing of such location, unless the closing of the location occurs
14 without the permission of the supplier;

15 5. "Dealership" means the retail sale business engaged in by a
16 dealer under a dealer agreement;

17 6. "Demonstrator" means equipment in a dealer's inventory that
18 has never been sold at retail, but has had its usage demonstrated to
19 potential customers, either without charge or pursuant to a short-
20 term rental agreement, with the intent of encouraging the person to
21 purchase the equipment and which has been authorized for the use by
22 the supplier;

23 7. "Equipment" means:
24

- 1 a. all-terrain vehicles, utility task vehicles and
2 recreational off-highway vehicles, in each case,
3 regardless of how used, and
4 b. other machinery, equipment, implements or attachments
5 therefor, used for or in connection with the following
6 purposes:
7 (1) lawn, garden, golf course, landscaping or grounds
8 maintenance,
9 (2) planting, cultivating, irrigating, harvesting,
10 and producing of agricultural and/or forestry
11 products,
12 (3) raising, feeding, tending to or harvesting
13 products from livestock or any other activity in
14 connection therewith, or
15 (4) industrial, construction, maintenance, mining or
16 utility activities or applications.

17 Equipment shall not mean trailers or self-propelled vehicles
18 designed primarily for the transportation of persons or property on
19 a street or highway;

20 8. "Family member" means a spouse, child, son-in-law, daughter-
21 in-law or lineal descendant;

22 9. "Good cause" has the meaning as set forth in Section 5 or 6
23 of this act, as applicable;
24

1 10. "Index" means the United States Bureau of Labor Statistics
2 Producer Price Index (industry data) for construction machinery,
3 series identification number pcu333120333120 or any successor Index
4 measuring substantially similar information;

5 11. "Inventory" means equipment, repair parts, data processing
6 hardware or software, and specialized service or repair tools;

7 12. "Net equipment cost" means the price the dealer actually
8 paid to the supplier for equipment, plus:

- 9 a. freight, at the cost stated on the invoice, if
10 available, and if not the truckload rates in effect as
11 of the effective date of the termination of a dealer
12 agreement, if freight was paid by the dealer from the
13 supplier's location to the dealer's location, and
14 b. reimbursement for labor incurred in preparing the
15 equipment for retail sale or rental, also known as
16 set-up costs, which labor will be reimbursed at the
17 dealer's standard labor rate charged by the dealer to
18 its customers for nonwarranty repair work; provided,
19 however, if a supplier has established a reasonable
20 set-up time, such labor will be reimbursed at an
21 amount equal to the reasonable set-up time in effect
22 as of the date of delivery multiplied by the dealer's
23 standard labor rate;

1 13. "New equipment" means, for purposes of determining whether
2 a dealer is a single-line dealer, any equipment that could be
3 returned to the supplier upon a termination of a dealer agreement
4 pursuant to Sections 246 and 247 of this title;

5 14. "Person" means a natural person, corporation, partnership,
6 limited liability company, company, trust or any and all other forms
7 of business enterprise, including any other entity in which it has a
8 majority interest or of which it has control, as well as the
9 individual officers, directors and other persons in active control
10 of the activities of each entity;

11 15. "Repair parts" means all parts related to the repair of
12 equipment, including superseded parts;

13 16. "Single-line dealer" means a dealer that has:

- 14 a. purchased construction, industrial, forestry and
15 mining equipment from a single-line supplier
16 constituting seventy-five percent (75%) of the
17 dealer's new equipment that is construction,
18 industrial, forestry and mining equipment, calculated
19 on the basis of net equipment cost, and
20 b. a total annual average sales volume of equipment
21 acquired from the single-line supplier in excess of
22 Twenty-Five Million Dollars (\$25,000,000.00) for the
23 five (5) calendar years immediately preceding the
24 applicable determination date; provided, however, the

1 Twenty-Five-Million-Dollar threshold will be increased
2 each year by an amount equal to the then current
3 threshold multiplied by the percentage increase in the
4 Index from January of the immediately preceding year
5 to January of the current year;

6 17. "Single-line dealer agreement" means a dealer agreement
7 between a single-line dealer and a single-line supplier that only
8 provides for the rights and obligations of the parties with respect
9 to the purchase and sales of equipment that is construction,
10 forestry, industrial and mining equipment;

11 18. "Single-line supplier" means the supplier that is selling
12 the single-line dealer construction, industrial, forestry and mining
13 equipment constituting seventy-five percent (75%) of the dealer's
14 new equipment that is construction, industrial, forestry and mining
15 equipment;

16 19. "Specialty agricultural equipment" means equipment that is
17 designed for and used in:

- 18 a. planting, cultivating, irrigating, harvesting and
19 producing of the agricultural products, or
20 b. raising, feeding, tending to or harvesting products
21 from livestock;

22 20. "Specialty agricultural equipment supplier" means a
23 supplier of specialty agricultural equipment whose gross sales
24 revenue to the dealer is less than the threshold amount and whose

1 product line does not include farm tractors or combines and whose
2 sales of outdoor power equipment to the dealer does not exceed ten
3 percent (10%) of its total sales to the dealer during the one-year
4 period ending on the last day of the calendar month immediately
5 preceding the effective date of the termination of the dealer
6 agreement. Whether a supplier qualifies as a specialty agricultural
7 equipment supplier is determined on a case by case basis depending
8 on the sales of the applicable dealer and to the applicable dealer
9 by such specialty agricultural equipment supplier;

10 21. "Supplier" means any person engaged in the business of
11 manufacturing, assembly or wholesale distribution of equipment or
12 repair parts. The term shall also include any successor in
13 interest, including any receiver, trustee, liquidator, assignee,
14 purchaser of assets or stock, or a surviving corporation resulting
15 from a merger, liquidation or reorganization of the original
16 supplier. Purchasers of all, or substantially all, of the inventory
17 of a supplier or a supplier's division or product line will
18 constitute a purchaser of all or substantially all of the supplier's
19 assets;

20 22. "Terminate" or "termination" means to terminate, cancel,
21 fail to renew or substantially change the competitive circumstances
22 of a dealer agreement. For purposes of Section 9 of this act and
23 Sections 246 and 247 of this title, the terms shall not include the
24 phrase "substantially change the competitive circumstances of"; and

1 23. "Threshold amount" means that the lesser of:

2 a. ten percent (10%) of the dealer's gross sales revenue,

3 or

4 b. Three Hundred Fifty Thousand Dollars (\$350,000.00), in

5 each case based on net sales of the dealership during

6 the one year period ending on the last day of the

7 calendar month immediately preceding the effective

8 date of the termination of the dealer agreement;

9 provided, however, the Three-Hundred-Fifty-Thousand-

10 Dollar amount will be increased each year by an amount

11 equal to the then current amount multiplied by the

12 percentage increase in the Index from January of the

13 immediately preceding year to January of the current

14 year.

15 SECTION 4. AMENDATORY 15 O.S. 2001, Section 245A, is

16 amended to read as follows:

17 Section 245A. ~~A.~~ It shall be a violation of ~~Section 245 et~~
18 ~~seq. of this title~~ the Fair Practices of Equipment Manufacturers,
19 Distributors, Wholesalers and Dealers Act for a supplier to take any
20 one or more of the following actions:

21 1. ~~Except as required by any applicable law or unless such~~
22 ~~special features or accessories are safety features or accessories~~
23 ~~required by a supplier, to coerce or compel any equipment dealer to~~
24 ~~order or accept delivery of any equipment or parts or any equipment~~

1 ~~with special features or accessories not included in the base list~~
2 ~~price of such equipment as publicly advertised by the supplier which~~
3 ~~the equipment dealer has not voluntarily ordered;~~

4 ~~2. To coerce or compel any equipment dealer to enter into any~~
5 ~~agreement, warranty agreement or otherwise, whether written or oral,~~
6 ~~supplementary to an existing dealer agreement with the supplier~~
7 ~~unless the supplementary or amendatory agreement is imposed on all~~
8 ~~other similarly situated dealers in this state;~~

9 ~~3. To discriminate in the delivery of any equipment to any~~
10 ~~dealer in reasonable quantities and within a reasonable time after~~
11 ~~receipt of the equipment dealer's order, if such equipment covered~~
12 ~~by such dealer agreement was specifically represented by such~~
13 ~~supplier to be available for immediate delivery; however, the~~
14 ~~failure to deliver any such equipment shall not be considered a~~
15 ~~violation of Section 245 et seq. of this title if such failure is~~
16 ~~due to restrictions on extension of credit by the supplier to the~~
17 ~~equipment dealer, any breach of or default under the agreement by~~
18 ~~the equipment dealer, an act of God, work stoppage or delay due to a~~
19 ~~strike or labor difficulty, a bona fide shortage of materials,~~
20 ~~freight embargo, or other cause over which the supplier has no~~
21 ~~control;~~

22 ~~4. To coerce or compel an equipment dealer to accept late~~
23 ~~delivery of backordered items of equipment, when said backordered~~
24 ~~equipment is of special value in a particular time of year because~~

1 ~~of predictable seasonal demand, and when equipment is substantially~~
2 ~~less marketable and less valuable after the seasonal demand period~~
3 ~~has ended, provided, if such backordered equipment is received by~~
4 ~~the retailer after the seasonal demand period has ended, and if the~~
5 ~~retailer requests the same in writing within ten (10) days of~~
6 ~~receipt of such backordered equipment, then the supplier shall take~~
7 ~~back any unwanted backordered equipment at no cost to the retailer,~~
8 ~~unless the supplier has given notice to the dealer of the status of~~
9 ~~the backordered equipment prior to the actual shipment to the~~
10 ~~dealer;~~

11 ~~5. To terminate, cancel, or fail to renew a dealer agreement or~~
12 ~~substantially change the competitive circumstances of the dealer~~
13 ~~agreement without cause;~~

14 ~~6. To require as a condition of renewal or extension of a~~
15 ~~dealership agreement that the dealer complete substantial renovation~~
16 ~~of the dealer's place of business, or acquire new or additional~~
17 ~~space to serve as the dealer's place of business, unless the~~
18 ~~supplier provides at least one (1) year's written notice of the~~
19 ~~condition which states all grounds supporting the condition; the~~
20 ~~supplier, further, must provide a reasonable time for the dealer to~~
21 ~~complete the renovation or acquisition;~~

22 ~~7. To sell or offer to sell any new equipment to any retail~~
23 ~~outlet in which the supplier has any ownership interest at a lower~~
24 ~~actual price therefor than the actual price sold or offered to any~~

1 ~~other equipment dealer for the same equipment identically equipped~~
2 ~~or to utilize any device, including but not limited to sale~~
3 ~~promotion plans or programs, which results in such lesser actual~~
4 ~~price, or results in a fixed price predetermined solely by the~~
5 ~~supplier; provided, however, the provisions of this paragraph shall~~
6 ~~not apply to sales to an equipment dealer for resale to any unit or~~
7 ~~agency of the United States government, this state, or any of its~~
8 ~~political subdivisions, or any municipality located within this~~
9 ~~state or to any major fleet account, or to any organization for~~
10 ~~testing or demonstration;~~

11 ~~8. To prevent by contract or otherwise, any equipment dealer or~~
12 ~~any officer, member, partner, or stockholder of any equipment dealer~~
13 ~~from selling or transferring any part of the interest of any of them~~
14 ~~to any other party or parties; however, no equipment dealer,~~
15 ~~officer, partner, member, or stockholder shall have the right to~~
16 ~~sell, transfer, or assign the equipment dealership or power of~~
17 ~~management or control thereunder without the written consent of the~~
18 ~~supplier, except that such consent shall not be unreasonably~~
19 ~~withheld;~~

20 ~~9. To unreasonably withhold consent, in the event of the death~~
21 ~~of the equipment dealer or the principal owner of the equipment~~
22 ~~dealership, to the transfer of the equipment dealer's interest in~~
23 ~~the equipment dealership to a member or members of the family of the~~
24 ~~equipment dealer or the principal owner of the equipment dealership~~

~~if the family member meets the reasonable financial, business experience and character standards of the supplier; provided, if a supplier determines that the designated family member is not acceptable, the supplier shall provide the equipment dealer with written notice of the supplier's objection and specific reasons for withholding its consent; provided, a supplier shall have ninety (90) days to consider an equipment dealer's request to make a transfer to a family member; further provided, as used in this paragraph, "family" means and includes a spouse, parents, siblings, children, stepchildren, sons in law, daughters in law, and lineal descendants, including those by adoption of the equipment dealer or principal owner of the equipment dealership; and further provided, that notwithstanding the foregoing, in the event that a supplier and equipment dealer have duly executed an agreement concerning succession rights prior to the equipment dealer's death, and if such agreement has not been revoked or otherwise terminated by either party, such agreement shall be observed; or~~

~~10.~~ To coerce, compel or require any dealer to accept delivery of any equipment or repair parts which the dealer has not voluntarily ordered, except as required by any applicable law or unless such equipment or repair parts are safety features required by a supplier;

2. To require any dealer to purchase goods or services as a condition to the sale by the supplier to the dealer of any

1 equipment, repair parts or other goods or services, provided that
2 nothing herein shall prohibit a supplier from requiring the dealer
3 to purchase all repair parts, special tools and training reasonably
4 necessary to maintain the safe operation or quality of operation in
5 the field of any equipment offered for sale by the dealer;

6 3. To coerce any dealer into a refusal to purchase equipment
7 manufactured by another supplier. However, it shall not be a
8 violation of this section to require separate facilities, financial
9 statements or sales staff for major competing lines so long as the
10 dealer is given at least three (3) years notice of such requirement;

11 4. To refuse to deliver in reasonable quantities and within a
12 reasonable time, after receipt of the dealer's order, to any dealer
13 having a dealer agreement for the retail sale of new equipment sold
14 or distributed by such supplier, equipment covered by such dealer
15 agreement specifically advertised or represented by such supplier to
16 be available for immediate delivery. The failure to deliver any
17 such equipment will not be considered a violation of the Fair
18 Practices of Equipment Manufacturers, Distributors, Wholesalers and
19 Dealers Act if such failure is due to prudent and reasonable
20 restrictions on extensions of credit by the supplier to the dealer,
21 an act of nature, work stoppage or delay due to a strike or labor
22 difficulty, a bona fide shortage of materials, freight embargo, or
23 other cause over which the supplier has no control or a business

1 decision by the supplier to limit the production volume of the
2 equipment;

3 5. To discriminate, directly or indirectly, in filling an order
4 placed by a dealer for retail sale or lease of new equipment under a
5 dealer agreement as between dealers of the same product line;

6 6. To discriminate, directly or indirectly, in price between
7 different dealers with respect to purchases of equipment or repair
8 parts of like grade and quality and identical brand, where the
9 effect of such discrimination may be to substantially lessen
10 competition, tend to create a monopoly in any line of commerce, or
11 injure, destroy or prevent competition with any dealer who either
12 grants or knowingly receives the benefit of such discrimination;
13 provided, however, different prices may be charged if:

14 a. such differences are due to differences in the cost of
15 manufacture, sale or delivery of the equipment or
16 repair parts,

17 b. the supplier can show that its lower price was made in
18 good faith to meet an equally low price of a
19 competitor, or

20 c. such differences are related to the volume of
21 equipment purchased by dealers or market share
22 obtained by dealers;

23 7. To prevent by contract or otherwise, any dealer from
24 changing its capital structure or the means by or through which the

1 dealer finances its operations, so long as the dealer gives prior
2 notice to the supplier, and provided the dealer at all times meets
3 any reasonable capital standards required by the supplier pursuant
4 to a right granted in the dealer agreement and imposed on similarly
5 situated dealers; and

6 8. To require ~~an equipment~~ a dealer to assent to a release,
7 assignment, novation, waiver, or estoppel which would relieve any
8 person from liability imposed by ~~Section 245 et seq.~~ of this title
9 act.

10 ~~B. Notwithstanding the provisions of paragraphs 8 and 9 of~~
11 ~~subsection A of this section, the supplier may determine that a~~
12 ~~dealer's area of responsibility or trade area does not afford~~
13 ~~sufficient sales potential to continue to reasonably support a~~
14 ~~dealer.~~

15 SECTION 5. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 245A.1 of Title 15, unless there
17 is created a duplication in numbering, reads as follows:

18 A. The dealer must give the supplier at least thirty (30) days
19 prior written notice of termination. No supplier may terminate a
20 dealer agreement without good cause. Except as otherwise
21 specifically provided in the Fair Practices of Equipment
22 Manufacturers, Distributors, Wholesalers and Dealers Act, "good
23 cause" means the failure by a dealer to substantially comply with
24 essential and reasonable requirements imposed upon the dealer by the

1 dealer agreement, provided such requirements are not different from
2 those requirements imposed on other similarly situated dealers
3 either by their terms or in the manner of their enforcement. In
4 addition, good cause shall exist whenever:

5 1. The dealer or dealership has transferred a controlling
6 ownership interest in its business without the supplier's consent;

7 2. The dealer has filed a voluntary petition in bankruptcy or
8 has had an involuntary petition in bankruptcy filed against it which
9 has not been discharged within thirty (30) days after the filing, or
10 there has been a closeout or sale of a substantial part of the
11 dealer's assets related to the business, or there has been a
12 commencement of dissolution or liquidation of the dealer;

13 3. There has been a deletion, addition or change in dealer or
14 dealership locations without the prior written approval of the
15 supplier;

16 4. The dealer has defaulted under any chattel mortgage or other
17 security agreement between the dealer and the supplier, or there has
18 been a revocation of any guarantee of the dealer's present or future
19 obligations to the supplier; provided, however, good cause will not
20 exist if a person revokes any guarantee in connection with or
21 following the transfer of such person's entire ownership interest in
22 the dealer unless the supplier requires the person to execute a new
23 guarantee of the dealer's present or future obligations in
24 connection with the transfer of ownership interest;

1 5. The dealer has failed to operate in the normal course of
2 business for seven (7) consecutive days or has otherwise abandoned
3 its business;

4 6. The dealer has pleaded guilty to or has been convicted of a
5 felony affecting the relationship between the dealer and supplier;

6 7. The dealer has engaged in conduct which is injurious or
7 detrimental to the dealer's customers or to the public welfare or
8 the representation or reputation of the supplier's product; or

9 8. The dealer has consistently failed to meet and maintain the
10 supplier's requirements for reasonable standards and performance
11 objectives, so long as the supplier has given the dealer reasonable
12 standards and performance objectives that are based on the
13 manufacturer's experience in other comparable market areas.

14 B. The provisions of this section will not apply to single-line
15 dealer agreements.

16 SECTION 6. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 245A.2 of Title 15, unless there
18 is created a duplication in numbering, reads as follows:

19 A. Except as otherwise provided in this section, a supplier
20 must provide a dealer at least one hundred eighty (180) days prior
21 written notice of termination of a dealer agreement. The notice
22 must state all reasons constituting good cause for such termination
23 and must state that the dealer has sixty (60) days in which to cure
24 any claimed deficiency. If the deficiency is rectified within sixty

1 (60) days, the notice will be void. A supplier, other than a
2 specialty agricultural equipment supplier, may not terminate a
3 dealer agreement for the reason set forth in paragraph 8 of
4 subsection A of Section 5 of this act unless the supplier gives the
5 dealer notice of such action at least two (2) years before the
6 effective date of the action. If the dealer achieves the supplier's
7 requirements for reasonable standards or performance objectives
8 before the expiration of the two-year notice period, the notice will
9 be void and the dealer agreement will continue in full force and
10 effect. The notice and right to cure provisions under this section
11 shall not apply if the reason for termination is for any reason set
12 forth in paragraphs 1 through 7 of subsection A of Section 5 of this
13 act.

14 B. If a supplier has contractual authority to approve or deny a
15 request for a sale or transfer of a dealer's business or an equity
16 ownership interest therein, the supplier shall approve or deny such
17 a request within sixty (60) days after receiving a written request
18 from the dealer. If the supplier has neither approved nor denied
19 the request within the sixty-day period, the request will be deemed
20 approved. The dealer's request shall include reasonable financial,
21 personal background, character references and work history
22 information for the acquiring persons. If a supplier denies a
23 request made pursuant to this subsection, the supplier must provide
24 the dealer with a written notice of the denial that states the

1 reasons for the denial. A supplier may only deny a request based on
2 the failure of the proposed transferees to meet the reasonable
3 requirements consistently imposed by the supplier in determining
4 approval of the transfer and/or approvals of new dealers.

5 C. If a dealer dies and the supplier has contractual authority
6 to approve or deny a request for a sale or transfer of the dealer's
7 business or equity ownership interest therein, the dealer's estate,
8 or such other person with authority to transfer assets of the
9 dealer, will have one hundred eighty (180) days to submit to the
10 supplier a written request for a sale or transfer of the business or
11 equity ownership interest. If the request is timely submitted, the
12 supplier shall approve or deny the request in accordance with
13 subsection B of this section. Notwithstanding anything to the
14 contrary contained in the Fair Practices of Equipment Manufacturers,
15 Distributors, Wholesalers and Dealers Act, any attempt by the
16 supplier to terminate the dealer or the dealership as a result of
17 the death of a dealer will be delayed until there has been
18 compliance with the terms of this section or the one-hundred-eighty-
19 day period has expired, as applicable.

20 D. The provisions of this section shall not apply to single-
21 line dealer agreements.

22 SECTION 7. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 245A.3 of Title 15, unless there
24 is created a duplication in numbering, reads as follows:

1 A. This section will only apply to single-line dealer
2 agreements.

3 B. No supplier may terminate a dealer agreement without good
4 cause. For purposes of this section and Section 8 of this act only,
5 "good cause" means failure by a dealer to comply with requirements
6 imposed upon the dealer by the dealer agreement if such requirements
7 are not different from those imposed on other similarly situated
8 dealers. In addition, good cause exists whenever:

9 1. There has been a closeout or sale of a substantial part of
10 the dealer's assets related to the equipment business, or there has
11 been a commencement of a dissolution or liquidation of the dealer;

12 2. The dealer has changed its principal place of business or
13 added additional locations without prior approval of the supplier,
14 which shall not be unreasonably withheld;

15 3. The dealer has substantially defaulted under a chattel
16 mortgage or other security agreement between the dealer and the
17 supplier, or there has been a revocation or discontinuance of a
18 guarantee of a present or future obligation of the dealer to the
19 supplier;

20 4. The dealer has failed to operate in the normal course of
21 business for seven (7) consecutive days or has otherwise abandoned
22 its business;

23

24

1 5. The dealer has pleaded guilty to or has been convicted of a
2 felony affecting the relationship between the dealer and the
3 supplier; or

4 6. The dealer transfers an interest in the dealership, or a
5 person with a substantial interest in the ownership or control of
6 the dealership, including an individual proprietor, partner or major
7 shareholder, withdraws from the dealership or dies, or a substantial
8 reduction occurs in the interest of a partner or major shareholder
9 in the dealership; provided, however, good cause does not exist if
10 the supplier consents to an action described in this paragraph.

11 C. Except as otherwise provided in this subsection, a supplier
12 shall provide a dealer with at least ninety (90) days written notice
13 of termination. The notice must state all reasons constituting good
14 cause for such termination and must state that the dealer has sixty
15 (60) days in which to cure any claimed deficiency. If the
16 deficiency is rectified within sixty (60) days, the notice will be
17 void. Notwithstanding the foregoing, if the good cause for
18 termination is due to the dealer's failure to meet or maintain the
19 supplier's requirements for market penetration, a reasonable period
20 of time shall have existed where the supplier has worked with the
21 dealer to gain the desired market share. The notice and right to
22 cure provisions under this paragraph shall not apply if the reason
23 for termination is for any reason set forth in paragraphs 1 through
24 6 of subsection B of this section.

1 SECTION 8. NEW LAW A new section of law to be codified

2 in the Oklahoma Statutes as Section 245A.4 of Title 15, unless there
3 is created a duplication in numbering, reads as follows:

4 A. This section shall only apply to single-line dealer
5 agreements.

6 B. If a dealer dies, a supplier shall have ninety (90) days in
7 which to consider and make a determination on a request by a family
8 member to enter into a new dealer agreement to operate the
9 dealership. If the supplier determines that the requesting family
10 member is not acceptable, the supplier shall provide the family
11 member with a written notice of its determination with the stated
12 reasons for nonacceptance. This section does not entitle an heir,
13 personal representative or family member to operate a dealership
14 without the specific written consent of the supplier.

15 C. Notwithstanding the foregoing, if a supplier and dealer have
16 previously executed an agreement concerning succession rights prior
17 to the dealer's death, and if such agreement is still in effect, the
18 agreement shall be observed even if it designates someone other than
19 the surviving spouse or heirs of the decedent as the successor.

20 SECTION 9. NEW LAW A new section of law to be codified

21 in the Oklahoma Statutes as Section 245A.5 of Title 15, unless there
22 is created a duplication in numbering, reads as follows:

23 A. If a dealer submits a warranty claim to a supplier while the
24 dealer agreement is in effect or within sixty (60) days after the

1 termination of the dealer agreement, if the claim is for work
2 performed before the termination or expiration of the dealer
3 agreement, the supplier must accept or reject such warranty claim by
4 written notice to the dealer within forty-five (45) days after the
5 supplier's receipt thereof. If the supplier does not reject the
6 warranty claim in the time period specified above, the claim will be
7 deemed to be accepted. If the supplier accepts the warranty claim,
8 the supplier must pay or credit to the dealer's account all amounts
9 owed with respect to the claim to the dealer within thirty (30) days
10 after it is accepted. If the supplier rejects a warranty claim, the
11 supplier must give the dealer written or electronic notice of the
12 grounds for rejection, which reasons must be consistent with the
13 supplier's reasons for rejecting warranty claims of other dealers,
14 both in their terms and manner of enforcement. If no grounds for
15 rejection are given, the claim will be deemed to be accepted.

16 B. Any claim which is disapproved by the supplier based upon
17 the dealer's failure to properly follow the procedural or technical
18 requirements for submission of warranty claims may be resubmitted in
19 proper form by the dealer within thirty (30) days of receipt by the
20 dealer of the supplier's notification of the disapproval.

21 C. Warranty work performed by the dealer shall be compensated
22 in accordance with the reasonable and customary amount of time
23 required to complete the work, expressed in hours and fractions
24 thereof multiplied by the dealer's established customer hourly

1 retail labor rate for non-warranty repair work, which shall have
2 previously been made known to the supplier. Parts used in warranty
3 repair work shall be reimbursed at the current net parts cost plus
4 fifteen percent (15%).

5 D. For purposes of the Fair Practices of Equipment
6 Manufacturers, Distributors, Wholesalers and Dealers Act, any repair
7 work or installation of replacement parts performed with respect to
8 the dealer's equipment in inventory or equipment of the dealer's
9 customers at the request of the supplier, including work performed
10 pursuant to a product improvement program (PIP), will be deemed to
11 create a warranty claim for which the dealer shall be paid pursuant
12 to this section.

13 E. A supplier may audit warranty claims submitted by its
14 dealers for a period of up to one (1) year following payment of the
15 claims, and may charge back to its dealers any amounts paid based
16 upon claims shown by audit to be misrepresented. If a warranty
17 claim is misrepresented, then warranty claims submitted within the
18 three-year period ending with the date a claim is shown by audit to
19 be misrepresented may be audited.

20 F. The requirements of subsections A, B and C of this section
21 apply to all warranty claims submitted by a dealer to a supplier in
22 which the dealer has complied with the supplier's reasonable
23 policies and procedures for warranty reimbursement and such claims
24 are warranted claims under the supplier's warranty policy. A

1 supplier's warranty reimbursement policies and procedures will be
2 deemed unreasonable to the extent they conflict with any of the
3 provisions of this section.

4 G. A dealer may choose to accept alternate reimbursement terms
5 and conditions in lieu of the requirements of subsections A, B and C
6 of this section if there is a written dealer agreement between the
7 supplier and the dealer that requires the supplier to compensate the
8 dealer for warranty labor costs either as:

9 a. a discount in the pricing of the equipment to the
10 dealer, or

11 b. a lump sum payment to the dealer that is made to the
12 dealer within ninety (90) days of the sale of the
13 supplier's new equipment. The discount or lump sum
14 must be no less than five percent (5%) of the
15 suggested retail price of the equipment.

16 If the requirements of this subsection are met and alternate
17 terms and conditions are in place, subsections A, B and C of this
18 section do not apply and the alternate terms and conditions are
19 enforceable. Nothing contained in this subsection shall be deemed
20 to affect the supplier's obligation to reimburse the dealer for
21 parts in accordance with subsection C of this section.

22 SECTION 10. AMENDATORY 15 O.S. 2001, Section 246, is
23 amended to read as follows:
24

1 Section 246. A. ~~If any retailer enters into a dealer agreement~~
2 ~~with a supplier and subsequently the dealer agreement is terminated,~~
3 ~~the supplier shall repurchase the inventory as provided in this act.~~
4 ~~The retailer may keep the inventory if he desires and has a~~
5 ~~contractual right to do so. Upon such termination, the supplier~~
6 ~~shall accept or reject all warranty claims made by the retailer~~
7 ~~within forty five (45) days after receipt and shall pay accepted~~
8 ~~claims within sixty (60) days after receipt. All claims not~~
9 ~~specifically rejected within forty five (45) days after receipt~~
10 ~~shall be deemed to have been accepted~~ Whenever any dealer enters
11 into a dealer agreement with a supplier and either the supplier or
12 the dealer desires to terminate, or otherwise discontinue the dealer
13 agreement, the supplier shall pay to the dealer or credit to the
14 dealer's account, if the dealer has outstanding any sums owing the
15 supplier, unless the dealer should desire to keep such equipment or
16 repair parts:

17 1. A sum equal to one hundred percent (100%) of the net
18 equipment cost of all new, unsold, undamaged equipment, less a
19 downward adjustment for such equipment between twenty-four (24)
20 months and thirty-six (36) months old that reflects a reasonable
21 allowance for refurbishment and the price another dealer will pay
22 for such equipment, one hundred percent (100%) of the net equipment
23 cost of all unsold, undamaged demonstrators, less a downward
24 adjustment to reflect a reasonable allowance for refurbishment and

1 the price another dealer will pay for such equipment, and ninety
2 percent (90%) of the current net parts cost on new, unsold,
3 undamaged repair parts, that had previously been purchased from the
4 supplier and held by the dealer on the date that the dealer
5 agreement terminates or expires. Notwithstanding anything to the
6 contrary contained herein, demonstrators with less than fifty (50)
7 hours, for machines with hour meters, of use will be considered new,
8 unsold, undamaged equipment subject to repurchase under this
9 paragraph;

10 2. A sum equal to five percent (5%) of the current net parts
11 price of all repair parts returned to compensate the dealer for the
12 handling, packing and loading of such repair parts for return to the
13 supplier; provided, however, the five percent (5%) will not be paid
14 or credited to the dealer if the supplier elects to perform the
15 handling, packing and loading of the repair parts itself;

16 3. The fair market value of any specific data processing
17 hardware or software that the supplier required the dealer to
18 acquire or purchase to satisfy the requirements of the supplier,
19 including computer equipment required and approved by the supplier
20 to communicate with the supplier. Fair market value of property
21 subject to repurchase pursuant to this paragraph will be deemed to
22 be the acquisition cost thereof, including any shipping, handling
23 and set-up fees, less straight line depreciation of the acquisition
24 cost over three (3) years. If the dealer purchased data processing

1 hardware or software that exceeded the supplier's minimum
2 requirements, the acquisition cost of the data processing hardware
3 or software will be deemed to be the acquisition cost of hardware or
4 software of similar quality that did not exceed the minimum
5 requirements of the supplier; or

6 4. A sum equal to seventy-five (75%) of the net cost, including
7 shipping, handling and set-up fees, of all specialized service or
8 repair tools previously purchased pursuant to requirements of the
9 supplier within fifteen (15) years prior to the date of the
10 applicable notification of termination of the dealer agreement. The
11 specialized service or repair tools must be unique to the supplier's
12 product line and must be complete and in good operating condition.

13 ~~B. The supplier shall repurchase that inventory previously~~
14 ~~purchased from him and held by the retailer on the date of~~
15 ~~termination of the dealer agreement. The supplier shall pay to the~~
16 ~~retailer one hundred percent (100%) of the actual dealer cost of all~~
17 ~~new, unsold, undamaged and complete farm tractors, farm implements,~~
18 ~~utility and industrial tractors, and the attachments thereto or~~
19 ~~outdoor power equipment, lawn and garden equipment and attachments~~
20 ~~thereto, and eighty five percent (85%) of the current net price on~~
21 ~~new, unused and undamaged repair parts. The retailer shall, within~~
22 ~~one hundred twenty (120) days after notice of termination by either~~
23 ~~party, provide to the supplier a detailed listing, including trade~~
24 ~~names, descriptions and serial numbers where applicable, of whole~~

1 ~~goods merchandise furnished by the supplier, and in possession of~~
2 ~~the retailer, of such merchandise which qualifies under this act for~~
3 ~~reimbursement or credit memorandum by the supplier. The supplier~~
4 ~~shall have sixty (60) days from the date shown on the retailer's~~
5 ~~listing of merchandise to question any item. Any item of~~
6 ~~merchandise not protested in writing and received by the retailer~~
7 ~~within the sixty day period shall be deemed to have been accepted by~~
8 ~~the supplier as part of the inventory in question. After the~~
9 ~~expiration of sixty (60) days, the supplier shall have thirty (30)~~
10 ~~additional days to tender the amount due to the retailer or to the~~
11 ~~retailer's named financial institution. If the retailer has any~~
12 ~~outstanding debts to the supplier, then the repurchase amount may be~~
13 ~~credited to the account of the retailer. The supplier shall pay the~~
14 ~~retailer five percent (5%) of the current net price on all new,~~
15 ~~unused and undamaged repair parts returned to cover the cost of~~
16 ~~handling, packing and loading. The supplier shall have the option~~
17 ~~of performing the handling, packing and loading in lieu of paying~~
18 ~~the five percent (5%) for these services. The retailer and the~~
19 ~~supplier shall share equally the freight costs for the return of the~~
20 ~~merchandise to such supplier or to such other retailers to whom the~~
21 ~~supplier wishes to send merchandise. The retailer's share of the~~
22 ~~cost of returning merchandise to other retailers shall be his share~~
23 ~~of the actual transportation costs, but not to exceed the retailer's~~
24 ~~share of the cost of returning the merchandise to the principal site~~

1 ~~of business of the supplier. Within sixty (60) days of the~~
2 ~~effective date of termination of a dealer agreement, a supplier~~
3 ~~shall advise the dealer in writing of the destination or~~
4 ~~destinations to which inventory items which qualify for~~
5 ~~reimbursement or credit memoranda are to be sent~~ Upon the payment or
6 allowance of credit to the dealer's account of the sums required by
7 this section, the title to all inventory purchased hereunder shall
8 pass to the supplier making such payment, and the supplier shall be
9 entitled to the possession of the inventory. All payments or
10 allowances of credit due dealers shall be paid or credited within
11 ninety (90) days after receipt by the supplier of property required
12 to be repurchased hereunder. Any payments or allowances of credit
13 due dealers that are not paid within the ninety-day period will
14 accrue interest at the maximum rate allowed by law. The supplier
15 may withhold payments due under this subsection during the period of
16 time in which the dealer fails to comply with its contractual
17 obligations to remove any signage indicating that the dealer is an
18 authorized dealer of the supplier.

19 C. ~~The supplier shall repurchase at its fair market value or~~
20 ~~assume the lease responsibilities of any specific data processing~~
21 ~~hardware and software that the supplier required the retailer to~~
22 ~~purchase or lease, including computers, related software and~~
23 ~~peripheral equipment required and approved by the supplier to~~
24 ~~communicate with the supplier, to satisfy the minimum requirements~~

1 ~~of the dealership, and further that the supplier shall repurchase at~~
2 ~~seventy five percent (75%) of the net retailer cost of specialized~~
3 ~~repair tools previously purchased in the previous three (3) years~~
4 ~~pursuant to requirements of the supplier and held by the retailer on~~
5 ~~the date of termination. Such specialized repair tools must be~~
6 ~~unique to the supplier product line and must be complete and in~~
7 ~~salable condition~~ If any supplier refuses to repurchase any
8 inventory covered under the provisions of the Fair Practices of
9 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act
10 after termination or discontinuance of the dealer agreement, the
11 supplier will be civilly liable to the dealer for one hundred ten
12 percent (110%) of the amount that would have been due for the
13 inventory if the supplier had timely complied with this act, any
14 freight charges paid by the dealer, interest accrued, and the
15 dealer's actual costs of any court or arbitration proceeding,
16 including costs for attorney fees and costs for arbitrators.

17 D. ~~Upon payment of the repurchase amount to the retailer, the~~
18 ~~ownership and right of possession to the repurchased inventory shall~~
19 ~~transfer to the supplier who repurchases the inventory~~ The supplier
20 and dealer will each pay fifty percent (50%) of the costs of
21 freight, at truckload rates, to ship any equipment or repair parts
22 returned to the supplier pursuant to this act.

23 E. ~~The time periods allowed in this section for action by any~~
24 ~~parties involved in the termination process of a retailer shall be~~

1 ~~considered as minimum standards which may be shortened or exceeded~~
2 ~~in a written agreement signed by both the supplier and the retailer~~
3 ~~executed after the effective date of the termination agreement~~
4 Notwithstanding any provision to the contrary in the Uniform
5 Commercial Code adopted by this state, the dealer will retain title
6 to and have a first and prior lien against all inventory returned by
7 the dealer to the supplier under the provisions of this act until
8 the dealer is paid all amounts owed by the supplier for the
9 repurchase of such inventory required under the provisions of this
10 act and the supplier shall hold the proceeds of such inventory in
11 trust for the benefit of the dealer.

12 F. The provisions of this section shall not be construed to
13 affect in any way any security interest which the supplier may have
14 in the inventory of the dealer, and any repurchase hereunder shall
15 not be subject to the provisions of the bulk sales law or to the
16 claims of any secured or unsecured creditors of the supplier or any
17 assignee of the supplier until such time as the dealer has received
18 full payment or credit, as applicable, due hereunder.

19 G. The provisions of this section shall not apply to a
20 specialty agricultural equipment supplier if the dealer terminates
21 the dealer agreement and such termination is without good reason. A
22 dealer has good reason to terminate the dealer agreement for any of
23 the following reasons:

24 1. The death or disability of a majority owner of a dealership;

1 2. The dealership terminates the dealer agreement and:

2 a. substantially all of the dealership assets or all
3 shares of stock of the dealership are sold to a new
4 owner, and

5 b. no owner of the terminated dealership continues to own
6 an interest in the continuing dealership;

7 3. The filing of bankruptcy by or against the dealership which
8 has not been discharged within thirty (30) days after the filing,
9 the appointment of a receiver or assignment for the benefit of
10 creditors; or

11 4. The specialty agricultural equipment supplier:

12 a. abandons the market or withdraws from the market by no
13 longer selling to the dealer a type of equipment
14 previously sold to the dealer that constituted a
15 material part of the specialty agricultural equipment
16 sold by such supplier,

17 b. consistently sells product to the dealer that is
18 defective or breaches the implied warranty of
19 merchantability,

20 c. consistently fails to provide adequate product support
21 for the type and use of the product, which includes,
22 but is not limited to, technical assistance, operator
23 and repair manuals, and part lists and diagrams,

- 1 d. consistently fails to provide adequate training,
2 required by such supplier, for maintenance, repair, or
3 usage of such supplier's product,
- 4 e. consistently fails to provide marketing and marketing
5 support for such supplier's product and marketing is a
6 requirement of the dealer contract,
- 7 f. consistently fails to meet such supplier's warranty
8 obligations to the dealer as required by contract or
9 law including obligations under the Fair Practices of
10 Equipment Manufacturers, Distributors, Wholesalers and
11 Dealers Act,
- 12 g. engaged in conduct that is injurious or detrimental to
13 the dealer's customers, the public welfare or the
14 reputation of the dealer,
- 15 h. made material misrepresentations or falsification of
16 any record, or
- 17 i. breached the dealer agreement or a violated a
18 provision of the Fair Practices of Equipment
19 Manufacturers, Distributors, Wholesalers and Dealers
20 Act.

21 Nothing in this subsection shall be construed to limit a
22 specialty agricultural equipment supplier's obligation to repurchase
23 a dealer's inventory as provided in this section if such supplier
24 terminates or otherwise discontinues a dealer agreement.

1 SECTION 11. AMENDATORY 15 O.S. 2001, Section 247, is
2 amended to read as follows:

3 Section 247. The provisions of ~~this act~~ the Fair Practices of
4 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act
5 shall not require the repurchase from a ~~retailer~~ dealer of:

6 1. Any repair part ~~which has a limited storage life or is~~
7 ~~otherwise subject to deterioration, such as rubber items, gaskets or~~
8 ~~batteries unless such items were purchased from the supplier within~~
9 ~~the twenty-four (24) months prior to date of termination~~ which is in
10 a broken or damaged package; provided, however, the supplier will be
11 required to repurchase a repair part in a broken or damaged package,
12 for a repurchase price that is equal to eighty-five percent (85%) of
13 the current net parts cost for the repair part, if the aggregate
14 current net parts cost for the entire package of repair parts is
15 Seventy-five Dollars (\$75.00) or higher;

16 2. Any repair part ~~which is in a broken or damaged package~~
17 because of its condition is not resalable as a new part without
18 repackaging or reconditioning;

19 3. ~~Any single repair part which is priced as a set of two or~~
20 ~~more items;~~

21 4. ~~Any repair part which, because of its condition, is not~~
22 ~~resalable as a new part without repackaging or reconditioning;~~

23 5. Any inventory for which the ~~retailer~~ dealer is unable to
24 furnish evidence, satisfactory to the supplier, of clear title free

1 and clear of all claims, liens and encumbrances unless such
2 inventory will be free and clear of all claims, liens and
3 encumbrances immediately upon payment by the supplier of amounts due
4 herein to such lien holders;

5 ~~6.~~ 4. Any inventory which the ~~retailer~~ dealer desires to keep,
6 provided the ~~retailer~~ dealer has a contractual right to do so;

7 ~~7. Any farm tractors, farm implements, utility and industrial~~
8 ~~tractors, and the attachments thereto, or outdoor power and lawn and~~
9 ~~garden equipment and attachments thereto which are not current~~
10 ~~models or which are not in new, undamaged or complete condition;~~

11 ~~8.~~ 5. Any equipment or repair parts which are not in new,
12 ~~unused,~~ unsold, undamaged ~~or,~~ complete condition, subject, however,
13 to the provisions of this act relating to the demonstrators;

14 ~~9. Any farm tractors, farm implements, utility and industrial~~
15 ~~tractors, or the attachments thereto, or outdoor power and lawn and~~
16 ~~garden equipment and attachments thereto which were purchased more~~
17 ~~than twenty-four (24) months prior to notice of termination of the~~
18 ~~dealer agreement;~~

19 ~~10. Any inventory which was ordered by the retailer on or after~~
20 ~~the date of notification of termination of the dealer agreement; and~~

21 ~~11. Any inventory which was acquired by the retailer from any~~
22 ~~source other than the supplier~~

1 6. Any equipment delivered to the dealer prior to the beginning
2 of the thirty-six-month period immediately preceding the date of
3 notification of termination;

4 7. Any equipment or repair parts which were ordered by the
5 dealer on or after the date of notification of termination;

6 8. Any equipment or repair parts which were acquired by the
7 dealer from any source other than the supplier unless such equipment
8 or repair parts were ordered from, or invoiced to the dealer by, the
9 supplier; or

10 9. Any equipment or repair parts which are not returned to the
11 supplier within ninety (90) days after the later of:

12 a. the effective date of termination of a dealer
13 agreement, and

14 b. the date the dealer receives from the supplier all
15 information, documents or supporting materials
16 required by the supplier to comply with the supplier's
17 return policy; provided, however, this paragraph will
18 not be applicable to a dealer if the supplier did not
19 give the dealer notice of the ninety-day deadline at
20 the time the applicable notice of termination was sent
21 to the dealer.

22 SECTION 12. AMENDATORY 15 O.S. 2001, Section 248, is
23 amended to read as follows:
24

1 Section 248. ~~If any manufacturer, wholesaler or distributor~~
2 ~~fails or refuses to repurchase any inventory covered under the~~
3 ~~provisions of this act within sixty (60) days after shipment of such~~
4 ~~inventory, he shall be liable for one hundred percent (100%) of the~~
5 ~~current net price of the inventory, plus any freight charges paid by~~
6 ~~the retailer, attorney's fees of the retailer, court costs and~~
7 ~~interest on the current net price computed at the legal interest~~
8 ~~rate from the sixty first day after shipment~~ supplier violates any
9 provision of this act, a dealer may bring an action against such
10 supplier in a court of competent jurisdiction for damages sustained
11 by the dealer as a consequence of the supplier's violation,
12 including, but not limited to, damages for lost profits, together
13 with the actual costs of the action, including the dealer's attorney
14 and paralegal fees and costs of arbitrators, and the dealer also may
15 be granted injunctive relief against unlawful termination. The
16 remedies set forth in this section shall not be deemed exclusive and
17 shall be in addition to any other remedies permitted by law.

18 SECTION 13. AMENDATORY 15 O.S. 2001, Section 249, is
19 amended to read as follows:

20 Section 249. ~~In the event of the death of the retailer or the~~
21 ~~majority stockholder of a corporation or a partner in a partnership~~
22 ~~operating as a retailer, the manufacturer, wholesaler or distributor~~
23 ~~shall, at the option of the heirs, repurchase the inventory from the~~
24 ~~heirs of the retailer or majority stockholder as if the~~

1 ~~manufacturer, wholesaler or distributor had terminated the~~
2 ~~franchise. The heirs shall have two hundred seventy (270) days from~~
3 ~~the date of the death of the retailer or majority stockholder to~~
4 ~~exercise their options under this act. Nothing in this act shall~~
5 ~~require the repurchase of any inventory if the heirs and the~~
6 ~~manufacturer, wholesaler or distributor enter into a new franchise~~
7 ~~to operate the retail dealership~~ An attempted waiver of a provision
8 of this act or application of this act shall be void. Any provision
9 in a dealer agreement that purports to elect the application of the
10 law of a state other than this state shall be void. Any provision
11 in a dealer agreement that requires a dealer to pay attorney fees
12 incurred by a supplier shall be void.

13 SECTION 14. AMENDATORY 15 O.S. 2001, Section 250, is
14 amended to read as follows:

15 Section 250. The provisions of ~~this act~~ the Fair Practices of
16 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act
17 ~~shall not be construed to affect in any way any security interest~~
18 ~~which the manufacturer, wholesaler or distributor may have in the~~
19 ~~inventory of the retailer. The retailer, manufacturer, wholesaler~~
20 ~~or distributor shall furnish a representative to inspect all parts~~
21 ~~and certify their acceptability when packed for shipment~~ apply to:

22 1. All dealer agreements now in effect which have no expiration
23 date and are continuing contracts; and

1 2. All other dealer agreements entered into or renewed after
2 November 1, 2011.

3 All other dealer agreements shall be governed by the law as it
4 existed prior to this act.

5 SECTION 15. AMENDATORY 15 O.S. 2001, Section 250A, is
6 amended to read as follows:

7 Section 250A. ~~A. This section shall apply to a claim for~~
8 ~~payment for services performed for a customer pursuant to a warranty~~
9 ~~issued by the dealer's supplier.~~

10 ~~1. While a~~ The provisions of the Fair Practices of Equipment
11 Manufacturers, Distributors, Wholesalers and Dealers Act shall be
12 supplemental to any dealer agreement is in effect which authorizes
13 the dealer to perform services pursuant to a warranty; or

14 ~~2. After the termination of a dealer agreement, if the claim is~~
15 ~~for work performed before the effective date of the termination.~~

16 ~~B. Not later than thirty (30) days after the date a supplier~~
17 ~~receives a warranty claim from a dealer, the supplier shall accept~~
18 ~~or reject the claim. A claim rejected after the deadline is deemed~~
19 ~~accepted.~~

20 ~~C. Not later than thirty (30) days after the date a claim is~~
21 ~~accepted or rejected, the supplier shall.~~

22 ~~1. Pay an accepted claim; or~~

23 ~~2. Send the dealer written notice of the reason for rejection~~
24 ~~of the claim.~~

1 ~~D. A supplier who pays a claim may not pay less than the amount~~
2 ~~the dealer regularly charges for the labor and other expenses~~
3 ~~involved in performing the same or similar services for a retail~~
4 ~~customer who does not assert a warranty and the dealer's current net~~
5 ~~price plus fifteen percent (15%) for parts. The number of hours of~~
6 ~~labor claimed may not exceed one and three tenths (1 3/10) times the~~
7 ~~supplier's recommended hours for the repair involved. Other~~
8 ~~expenses shall not include items that are expressly excluded under~~
9 ~~the supplier's warranty to the customer.~~

10 ~~E. After payment of a claim, a supplier may not charge back,~~
11 ~~set off, or otherwise attempt to recover all or part of the amount~~
12 ~~of the claim unless:~~

13 ~~1. The claim was fraudulent;~~

14 ~~2. The services for which the claim was made were not properly~~
15 ~~performed or were unnecessary to comply with the warranty; or~~

16 ~~3. The dealer did not substantiate the claim according to the~~
17 ~~written requirements of the supplier in effect when the claim arose~~
18 between the dealer and the supplier which provides the dealer with
19 greater protection. The dealer can elect to pursue its contract
20 remedy or the remedy provided by state law, or both, and an election
21 by the dealer to pursue such remedies shall not bar its right to
22 exercise any other remedies that may be granted at law or in equity.

SECTION 16. This act shall become effective November 1, 2011.

COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM AND
FINANCIAL SERVICES, dated 04-07-2011 - DO PASS, As Coauthored.