

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 377

By: Frix

AS INTRODUCED

An Act relating to equipment contracts; amending 15 O.S. 2021, Sections 245, as amended by Section 1, Chapter 62, O.S.L. 2024, 245A, 245A.1, and 245A.2 (15 O.S. Supp. 2024, Section 245), which relate to the Fair Practices of Equipment Manufacturers, Distributors, Wholesalers and Dealers Act; modifying definitions; updating statutory references; modifying certain prohibited actions; modifying certain consent requirements; updating statutory language; and providing an effective date.

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

SECTION 1. AMENDATORY 15 O.S. 2021, Section 245, as amended by Section 1, Chapter 62, O.S.L. 2024 (15 O.S. Supp. 2024, Section 245), is amended to read as follows:

Section 245. For the purposes of the Fair Practices of Equipment Manufacturers, Distributors, Wholesalers and Dealers Act:

1. "Current net parts price" means, with respect to current parts, the price for repair parts listed in the supplier's price

1 list or ~~catalogue~~ catalog in effect at the time the dealer agreement  
2 is terminated or discontinued, or for purposes of Section 9 245A.5  
3 of this ~~act~~ title, the price list or ~~catalogue~~ catalog in effect at  
4 the time the repair parts were ordered. Current net parts price  
5 means, with respect to superseded repair parts, the price listed in  
6 the supplier's price list or catalogue in effect at the time the  
7 dealer agreement is terminated or discontinued for the part that  
8 performs the same function and purpose as the superseded part, but  
9 is simply listed under a different part number;

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

14 3. "Dealer" means any person primarily engaged in the business  
15 of:

- 16 a. selling or leasing equipment or repair parts to the  
17 ultimate consumer, and
- 18 b. repairing or servicing equipment;

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

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

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

14 7. "Equipment" means:

- 15 a. all-terrain vehicles, utility task vehicles and  
16 recreational off-highway vehicles, in each case,  
17 regardless of how used, and  
18 b. other machinery, equipment, implements or attachments  
19 therefor, used for or in connection with the following  
20 purposes:  
21 (1) lawn, garden, golf course, landscaping or grounds  
22 maintenance,

- 1 (2) planting, cultivating, irrigating, harvesting,  
2 and producing of agricultural and/or forestry  
3 products,  
4 (3) raising, feeding, tending to or harvesting  
5 products from livestock or any other activity in  
6 connection therewith, or  
7 (4) industrial, construction, maintenance, mining or  
8 utility activities or applications.

9 Equipment shall not mean trailers or self-propelled vehicles  
10 designed primarily for the transportation of persons or property on  
11 a street or highway, or items constituting fixtures or otherwise  
12 customarily intended to be permanently affixed to or incorporated  
13 into real property and improvements attached thereto, and related  
14 repair parts;

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

17 9. "Good cause" has the meaning as set forth in Section 5  
18 245A.1 or 6 of this ~~act~~ title, as applicable; provided, that:

- 19 a. a change in the executive management of the dealer  
20 shall not constitute good cause unless the supplier  
21 can demonstrate that the change is detrimental to the  
22 representation of the supplier's products, and  
23 b. for purposes of subsection B of Section 245A.2 of this  
24 title, good cause means showing that such sale or  
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1                   transfer would be detrimental to the representation of  
2                   the supplier's product;

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

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

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

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

1 as of the date of delivery multiplied by the dealer's  
2 standard labor rate;

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

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

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

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

16 a. purchased construction, industrial, forestry and  
17 mining equipment from a single-line supplier  
18 constituting seventy-five percent (75%) of the  
19 dealer's new equipment that is construction,  
20 industrial, forestry and mining equipment, calculated  
21 on the basis of net equipment cost, and

22 b. a total annual average sales volume of equipment  
23 acquired from the single-line supplier in excess of  
24 ~~Twenty-Five~~ Twenty-five Million Dollars

1 (\$25,000,000.00) for the five (5) calendar years  
2 immediately preceding the applicable determination  
3 date; provided, however, the ~~Twenty-Five-Million-~~  
4 ~~Dollar~~ twenty-five-million-dollar threshold will be  
5 increased each year by an amount equal to the then  
6 current threshold multiplied by the percentage  
7 increase in the Index from January of the immediately  
8 preceding year to January of the current year;

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

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

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

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

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

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

23           22. "Terminate" or "termination" means to terminate, cancel,  
24 fail to renew or substantially change the competitive circumstances  
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1 of a dealer agreement. For purposes of ~~Section 9 of this act and~~  
2 Sections 245A.5, 246, and 247 of this title, the terms shall not  
3 include the phrase "substantially change the competitive  
4 circumstances of"; and

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

- 6 a. ten percent (10%) of the dealer's gross sales revenue,  
7 or  
8 b. Three Hundred Fifty Thousand Dollars (\$350,000.00), in  
9 each case based on net sales of the dealership during  
10 the ~~one-year~~ one-year period ending on the last day of  
11 the calendar month immediately preceding the effective  
12 date of the termination of the dealer agreement;  
13 provided, however, the ~~Three Hundred Fifty Thousand~~  
14 ~~Dollar~~ three-hundred-fifty-thousand-dollar amount will  
15 be increased each year by an amount equal to the then  
16 current amount multiplied by the percentage increase  
17 in the Index from January of the immediately preceding  
18 year to January of the current year.

19 SECTION 2. AMENDATORY 15 O.S. 2021, Section 245A, is  
20 amended to read as follows:

21 Section 245A. It shall be a violation of the Fair Practices of  
22 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act  
23 for a supplier to take any one or more of the following actions:  
24  
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1 1. To coerce, compel or require any dealer to accept delivery  
2 of any equipment or repair parts which the dealer has not  
3 voluntarily ordered, except as required by any applicable law or  
4 unless such equipment or repair parts are safety features required  
5 by a supplier;

6 2. To require any dealer to purchase goods or services as a  
7 condition to the sale by the supplier to the dealer of any  
8 equipment, repair parts or other goods or services, provided that  
9 nothing herein shall prohibit a supplier from requiring the dealer  
10 to purchase all repair parts, special tools and training reasonably  
11 necessary to maintain the safe operation or quality of operation in  
12 the field of any equipment offered for sale by the dealer;

13 3. ~~To coerce any dealer into a refusal to purchase equipment~~  
14 ~~manufactured by another supplier. However, prevent a dealer from~~  
15 ~~being a party to a dealer agreement, or holding an investment in a~~  
16 ~~person that is a party to such a dealer agreement, that authorizes~~  
17 ~~the dealer to sell competing product lines or makes of equipment or~~  
18 ~~performing the dealer's obligations, or to require a dealer to~~  
19 ~~provide separate facilities for competing product lines or makes of~~  
20 ~~equipment. If a dealer purchased equipment from a supplier~~  
21 ~~constituting ninety percent (90%) of the dealer's new equipment,~~  
22 ~~calculated on the basis of net equipment cost, at a retail sales~~  
23 ~~facility operated by such dealer and the total annual sales volume~~  
24 ~~of equipment acquired from such supplier exceeds Five Million~~

1 Dollars (\$5,000,000.00), subject to adjustment after the effective  
2 date of this act on the same basis as calculated in subparagraph b  
3 of paragraph 16 of Section 245 of this title for single-line  
4 dealers, at such retail sales facility for the five (5) calendar  
5 years immediately preceding the applicable determination date, then  
6 it shall not be a violation of this section to ~~require separate~~  
7 ~~facilities, financial statements or sales staff for major competing~~  
8 ~~lines so long as the dealer is given at least three (3) years notice~~  
9 ~~of such requirement~~ the extent the dealer is prevented from selling  
10 such competing product line or makes of equipment at such retail  
11 sales facility;

12 4. To refuse to deliver in reasonable quantities and within a  
13 reasonable time, after receipt of the dealer's order, to any dealer  
14 having a dealer agreement for the retail sale of new equipment sold  
15 or distributed by such supplier, equipment covered by such dealer  
16 agreement specifically advertised or represented by such supplier to  
17 be available for immediate delivery. The failure to deliver any  
18 such equipment will not be considered a violation of the Fair  
19 Practices of Equipment Manufacturers, Distributors, Wholesalers and  
20 Dealers Act if such failure is due to prudent and reasonable  
21 restrictions on extensions of credit by the supplier to the dealer,  
22 an act of nature, work stoppage or delay due to a strike or labor  
23 difficulty, a bona fide shortage of materials, freight embargo, or  
24 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  
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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 a dealer to assent to a release, assignment,  
7 novation, waiver, or estoppel which would relieve any person from  
8 liability imposed by ~~this act~~ the Fair Practices of Equipment  
9 Manufacturers, Distributors, Wholesalers and Dealers Act.

10 SECTION 3. AMENDATORY 15 O.S. 2021, Section 245A.1, is  
11 amended to read as follows:

12 Section 245A.1. A. The dealer must give the supplier at least  
13 thirty (30) ~~days~~ days' prior written notice of termination. No  
14 supplier may terminate a dealer agreement without good cause.

15 Except as otherwise specifically provided in the Fair Practices of  
16 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act,  
17 "good cause" means the failure by a dealer to substantially comply  
18 with essential and reasonable requirements imposed upon the dealer  
19 by the dealer agreement, provided such requirements are not  
20 different from those requirements imposed on other similarly  
21 situated dealers either by their terms or in the manner of their  
22 enforcement. In addition, good cause shall exist whenever:

23 1. The dealer or dealership has transferred a controlling  
24 ownership interest in its business without the supplier's consent  
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1 unless the supplier does not have the right to withhold consent  
2 under either the dealer agreement or under the terms of this act;

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

9 3. There has been a deletion, addition or change in dealer or  
10 dealership locations without the prior written approval of the  
11 supplier;

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

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

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

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

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

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

13           SECTION 4.           AMENDATORY           15 O.S. 2021, Section 245A.2, is  
14 amended to read as follows:

15           Section 245A.2. A. Except as otherwise provided in this  
16 section, a supplier must provide a dealer at least one hundred  
17 eighty (180) ~~days~~ days' prior written notice of termination of a  
18 dealer agreement. The notice must state all reasons constituting  
19 good cause for such termination and must state that the dealer has  
20 sixty (60) days in which to cure any claimed deficiency. If the  
21 deficiency is rectified within sixty (60) days, the notice will be  
22 void. A supplier, other than a specialty agricultural equipment  
23 supplier, may not terminate a dealer agreement for the reason set  
24 forth in paragraph 8 of subsection A of Section ~~5~~ 245A.1 of this ~~act~~

1 title unless the supplier gives the dealer notice of such action at  
2 least two (2) years before the effective date of the action. If the  
3 dealer achieves the supplier's requirements for reasonable standards  
4 or performance objectives before the expiration of the two-year  
5 notice period, the notice will be void and the dealer agreement will  
6 continue in full force and effect. The notice and right to cure  
7 provisions under this section shall not apply if the reason for  
8 termination is for any reason set forth in paragraphs 1 through 7 of  
9 subsection A of Section ~~5~~ 245A.1 of this ~~act~~ title.

10 B. If a supplier has contractual authority to approve or deny a  
11 request for a sale or transfer of a dealer's business or an equity  
12 ownership interest therein, the supplier shall approve or deny such  
13 a request within sixty (60) days after receiving a written request  
14 from the dealer. If the supplier has neither approved nor denied  
15 the request within the sixty-day period, the request will be deemed  
16 approved. The dealer's request shall include reasonable financial,  
17 personal background, character references and work history  
18 information for the acquiring persons. If a supplier denies a  
19 request made pursuant to this subsection, the supplier must provide  
20 the dealer with a written notice of the denial that states the  
21 reasons for the denial. A supplier may ~~only deny~~ not unreasonably  
22 withhold consent to a request ~~based on the failure of the proposed~~  
23 ~~transferees to meet the reasonable requirements consistently imposed~~  
24 ~~by the supplier in determining approval of the transfer and/or~~



1 ~~approvals of new dealers~~ for a sale or transfer of a dealer's  
2 business or an equity ownership interest in such business, and such  
3 consent may only be withheld for good cause. The supplier shall  
4 have the burden to prove that the denial of the request for sale or  
5 transfer complied with the requirements of this subsection. A  
6 supplier may not withhold consent to a proposed transfer of a non-  
7 controlling equity ownership interest in the dealer's business.

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

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

1 SECTION 5. This act shall become effective November 1, 2025.

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