

SB 276

Senate Bill No. 276
As Amended

SENATE BILL NO. 276 - By: Gumm and Bingman of the Senate and
Thompson of the House.

[motor vehicles - Fair Practices of Equipment
Manufacturers, Distributors, Wholesalers and Dealers Act -
codification - effective date]

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 16-1000 of Title 47, unless
there is created a duplication in numbering, reads as follows:

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

SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 16-1001 of Title 47, unless
there is created a duplication in numbering, reads as follows:

The Legislature finds and declares that the retail distribution,
sales and rental of agricultural, construction, utility, industrial,
mining, outdoor power, forestry and lawn and garden equipment,
utilizing independent dealers operating under contract with the
supplier vitally affects the general economy of this state, the
public interest and the public welfare. Therefore, the Legislature

1 has determined that it is necessary to regulate the business
2 relations between the independent dealers and the equipment
3 suppliers as contemplated in the Fair Practices of Equipment
4 Manufacturers, Distributors, Wholesalers and Dealers Act and that
5 any action taken in violation of this act will result in a violation
6 of an important public policy of this state.

7 SECTION 3. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 16-1002 of Title 47, unless
9 there is created a duplication in numbering, reads as follows:

10 As used in the Fair Practices of Equipment Manufacturers,
11 Distributors, Wholesalers and Dealers Act:

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

16 2. "Current net parts price" means, with respect to current
17 parts, the price for repair parts listed in the supplier's price
18 list or catalogue in effect at the time the dealer agreement is
19 cancelled or discontinued, or for purposes of Section 9 of this act,
20 the price list or catalogue in effect at the time the repair parts
21 were ordered. "Current net parts price" means, with respect to
22 superseded repair parts, the price listed in the supplier's price
23 list or catalogue in effect at the time the dealer agreement is

1 cancelled or discontinued for the part that performs the same
2 function and purpose as the superseded part, but is simply listed
3 under a different part number;

4 3. "Dealer" means any person primarily engaged in the business
5 of:

6 a. selling or leasing equipment or repair parts therefor
7 to the ultimate consumer thereof, and

8 b. repairing or servicing equipment;

9 4. "Dealer agreement" means either an oral or written agreement
10 or arrangement for a definite or indefinite period between a dealer
11 and a supplier that provides for the rights and obligations of the
12 parties with respect to the purchase or sale of equipment or repair
13 parts. Notwithstanding the foregoing, if a dealer has more than one
14 business location covered by the same dealer agreement, the
15 requirements of the Fair Practices of Equipment Manufacturers,
16 Distributors, Wholesalers and Dealers Act will be applied to the
17 repurchase of a dealer's inventory at a particular location upon the
18 closing of such location;

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

21 6. "Demonstrator" means equipment in a dealer's inventory that
22 has never been sold at retail, but has had its usage demonstrated to
23 potential customers, either without charge or pursuant to a short-

1 term rental agreement, with the intent of encouraging the person to
2 purchase the equipment and which has been authorized for the use by
3 the supplier;

4 7. "Equipment" means:

5 a. all-terrain vehicles, regardless of how used, and
6 b. other machinery, equipment, implements or attachments
7 therefor, used for or in connection with the following
8 purposes:

9 (1) lawn, garden, golf course, landscaping or grounds
10 maintenance,

11 (2) planting, cultivating, irrigating, harvesting,
12 and producing of agricultural and/or forestry
13 products,

14 (3) raising, feeding, tending to or harvesting
15 products from livestock or any other activity in
16 connection therewith, or

17 (4) industrial, construction, maintenance, mining or
18 utility activities or applications.

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

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

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

3 10. "Index" means the United States Bureau of Labor Statistics
4 purchase price index (industry data) for construction machinery,
5 series identification number pcu333120333120 or any successor index
6 measuring substantially similar information;

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

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

- 12 a. freight, at truckload rates in effect as of the
13 effective date of the termination of a dealer
14 agreement, if freight was paid by the dealer from the
15 supplier's location to the dealer's location, and
16 b. reimbursement for labor incurred in preparing the
17 equipment for retail sale or rental, also known as
18 set-up costs, which labor will be reimbursed at the
19 dealer's standard labor rate charged by the dealer to
20 its customers for nonwarranty repair work; provided,
21 however, if a supplier has established a reasonable
22 set-up time, such labor will be reimbursed at an
23 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 10 and 11 of this act;

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 supplier constituting
18 seventy-five percent (75%) of the dealer's new
19 equipment, calculated on the basis of net cost, and
20 b. a total annual average sales volume in excess of
21 Twenty Million Dollars (\$20,000,000.00) for the three
22 (3) calendar years immediately preceding the
23 applicable determination date; provided, however, the

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

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

10 18. "Supplier" means any person engaged in the business of
11 manufacturing, assembly or wholesale distribution of equipment or
12 repair parts. The term "supplier" and the provisions of this act
13 shall be interpreted liberally and will not be limited to
14 traditional doctrines of corporate successor liability or take into
15 account whether:

- 16 a. a successor expressly assumed the liabilities of the
17 supplier, or
18 b. there has been one or more intermediate successors to
19 the initial supplier.

20 The obligations of a supplier hereunder shall consequently apply
21 to any actual or effective successor in interest to a supplier,
22 including, but not limited to, a purchaser of all or substantially
23 all of the assets of a supplier or all or substantially all of the

1 assets of any division or product line of a supplier, any receiver,
2 trustee, liquidator or assignee of the supplier or any surviving
3 corporation resulting from a merger, liquidation or reorganization
4 of the original or any intermediate successor supplier. Purchasers
5 of all, or substantially all, of the inventory of a supplier or a
6 supplier's division or product line will constitute a purchaser of
7 all or substantially all of the supplier's assets; and

8 19. "Terminate" means to terminate, cancel, fail to renew or
9 substantially change the competitive circumstances of a dealer
10 agreement.

11 SECTION 4. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 16-1003 of Title 47, unless
13 there is created a duplication in numbering, reads as follows:

14 It shall be a violation of the Fair Practices of Equipment
15 Manufacturers, Distributors, Wholesalers and Dealers Act for a
16 supplier to take any one or more of the following actions:

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

22 2. To require any dealer to purchase goods or services as a
23 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;

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

1 which the dealer finances its operations, so long as the dealer
2 gives prior notice to the supplier, and provided the dealer at all
3 times meets any reasonable capital standards agreed to between the
4 dealer and the supplier and imposed on similarly situated dealers,
5 and provided such change by the dealer does not result in a change
6 in the person with actual or effective control of a majority of the
7 voting interests of the dealer; and

8 8. To require a dealer to assent to a release, assignment,
9 novation, waiver or estoppel which would relieve any person from
10 liability imposed by the Fair Practices of Equipment Manufacturers,
11 Distributors, Wholesalers and Dealers Act.

12 SECTION 5. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 16-1004 of Title 47, unless
14 there is created a duplication in numbering, reads as follows:

15 A. A dealer may terminate a dealer agreement without cause.
16 The dealer must give the supplier at least thirty (30) days prior
17 written notice of termination. No supplier may terminate a dealer
18 agreement without good cause. Except as otherwise specifically
19 provided in the Fair Practices of Equipment Manufacturers,
20 Distributors, Wholesalers and Dealers Act, "good cause" means the
21 failure by a dealer to substantially comply with essential and
22 reasonable requirements imposed upon the dealer by the dealer
23 agreement, provided such requirements are not different from those

1 requirements imposed on other similarly situated dealers either by
2 their terms or in the manner of their enforcement. In addition,
3 good cause shall exist whenever:

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

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

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

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

17 SECTION 6. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 16-1005 of Title 47, unless
19 there is created a duplication in numbering, reads as follows:

20 A. Except as otherwise provided in this section, a supplier
21 must provide a dealer at least one hundred eighty (180) days prior
22 written notice of termination of a dealer agreement. The notice
23 must state all reasons constituting good cause for such termination

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

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

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

21 D. The provisions of this section shall not apply to the dealer
22 agreements between a single-line dealer and its single-line
23 supplier.

1 SECTION 7. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 16-1006 of Title 47, unless
3 there is created a duplication in numbering, reads as follows:

4 A. This section will only apply to the dealer agreements
5 between a single-line dealer and its single-line supplier.

6 B. No supplier may terminate a dealer agreement without good
7 cause. For purposes of Sections 7 and 8 of this act only, "good
8 cause" means failure by a dealer to comply with requirements imposed
9 upon the dealer by the dealer agreement if such requirements are not
10 different from those imposed on other similarly situated dealers.

11 In addition, good cause exists whenever:

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

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

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

1 4. 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 5. The dealer has pleaded guilty to or has been convicted of a
5 felony affecting the relationship between the dealer and the
6 supplier; or

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

14 C. Except as otherwise provided in this subsection, a supplier
15 shall provide a dealer with at least ninety (90) days written notice
16 of termination. The notice must state all reasons constituting good
17 cause for such termination and must state that the dealer has sixty
18 (60) days in which to cure any claimed deficiency. If the
19 deficiency is rectified within sixty (60) days, the notice will be
20 void. Notwithstanding the foregoing, if the good cause for
21 termination is due to the dealer's failure to meet or maintain the
22 supplier's requirements for market penetration, a reasonable period
23 of time shall have existed where the supplier has worked with the

1 dealer to gain the desired market share. The notice and right to
2 cure provisions under this subsection shall not apply if the reason
3 for termination is for any reason set forth in paragraphs 1 through
4 6 of subsection B of this section.

5 SECTION 8. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 16-1007 of Title 47, unless
7 there is created a duplication in numbering, reads as follows:

8 A. This section will only apply to the dealer agreements
9 between a single-line dealer and its single-line supplier.

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

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

1 SECTION 9. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 16-1008 of Title 47, unless
3 there is created a duplication in numbering, reads as follows:

4 A. If a dealer submits a warranty claim to a supplier while the
5 dealer agreement is in effect or within sixty (60) days after the
6 termination of the dealer agreement, if the claim is for work
7 performed before the termination or expiration of the dealer
8 agreement, the supplier must accept or reject such warranty claim by
9 written notice to the dealer within thirty (30) days after the
10 supplier's receipt thereof. If the supplier does not reject the
11 warranty claim in the time period specified above, the claim will be
12 deemed to be accepted. If the supplier accepts the warranty claim,
13 the supplier must pay or credit to dealer's account all amounts owed
14 with respect to the claim to the dealer within thirty (30) days
15 after it is accepted. If the supplier rejects a warranty claim, the
16 supplier must give the dealer written or electronic notice of the
17 grounds for rejection, which reasons must be consistent with the
18 supplier's reasons for rejecting warranty claims of other dealers,
19 both in their terms and manner of enforcement. If no grounds for
20 rejection are given, the claim will be deemed to be accepted.

21 B. Any claim which is disapproved by the supplier based upon
22 the dealer's failure to properly follow the procedural or technical
23 requirements for submission of warranty claims may be resubmitted in

1 proper form by the dealer within thirty (30) days of receipt by the
2 dealer of the supplier's notification of the disapproval.

3 C. Warranty work performed by the dealer shall be compensated
4 in accordance with the reasonable and customary amount of time
5 required to complete the work, expressed in hours and fractions
6 thereof multiplied by the dealer's established customer hourly
7 retail labor rate, which shall have previously been made known to
8 the supplier. Parts used in warranty repair work shall be
9 reimbursed at the current net price plus fifteen percent (15%).

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

18 E. A supplier may audit warranty claims submitted by its
19 dealers for a period of up to one (1) year following payment of the
20 claims, and may charge back to its dealers any amounts paid based
21 upon claims shown by audit to be misrepresented. If a warranty
22 claim is misrepresented, then warranty claims submitted within the

1 three-year period ending with the date a claim is shown by audit to
2 be misrepresented may be audited.

3 F. The requirements of subsections A, B and C of this section
4 apply to all warranty claims submitted by a dealer to a supplier in
5 which the dealer has complied with the supplier's reasonable
6 policies and procedures for warranty reimbursement. A supplier's
7 warranty reimbursement policies and procedures will be deemed
8 unreasonable to the extent they conflict with any of the provisions
9 of this section.

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

- 15 1. A discount in the pricing of the equipment to the dealer; or
- 16 2. A lump-sum payment to the dealer that is made to the dealer
17 within ninety (90) days of the sale of the supplier's new equipment.
18 The discount or lump sum must be no less than five percent (5%) of
19 the suggested retail price of the equipment.

20 If the requirements of this subsection are met and alternate
21 terms and conditions are in place, subsections A, B and C of this
22 section do not apply and the alternate terms and conditions are
23 enforceable. Nothing contained in this subsection shall be deemed

1 to effect the supplier's obligation to reimburse the dealer for
2 parts in accordance with subsection C of this section.

3 SECTION 10. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 16-1009 of Title 47, unless
5 there is created a duplication in numbering, reads as follows:

6 A. Whenever any dealer enters into a dealer agreement with a
7 supplier and either the supplier or the dealer desires to cancel,
8 not renew or otherwise discontinue the dealer agreement, the
9 supplier shall pay to the dealer or credit to the dealer's account,
10 if the dealer has outstanding any sums owing the supplier, unless
11 the dealer should desire to keep such equipment or repair parts:

12 1. A sum equal to one hundred percent (100%) of the net
13 equipment cost of all new, unsold, undamaged equipment, one hundred
14 percent (100%) of the net equipment cost of all unsold, undamaged
15 demonstrators, less a downward adjustment to reflect a reasonable
16 allowance for depreciation due to usage of such demonstrators, which
17 adjustment will be based on published industry rental rates to the
18 extent the rates are available, and ninety percent (90%) of the
19 current net parts prices on new, unsold, undamaged repair parts,
20 that had previously been purchased from the supplier and held by the
21 dealer on the date that the dealer agreement terminates or expires.
22 Notwithstanding anything to the contrary contained herein,
23 demonstrators with less than fifty (50) hours, for machines with

1 hour meters, of use will be considered new, unsold, undamaged
2 equipment subject to repurchase under this paragraph;

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

9 3. The fair market value of any specific data processing
10 hardware or software that the supplier required the dealer to
11 acquire or purchase to satisfy the requirements of the supplier,
12 including computer equipment required and approved by the supplier
13 to communicate with the supplier. Fair market value of property
14 subject to repurchase pursuant to this paragraph will be deemed to
15 be the acquisition cost thereof, including any shipping, handling
16 and set-up fees, less straight line depreciation of the acquisition
17 cost over three (3) years. If the dealer purchased data processing
18 hardware or software that exceeded the supplier's minimum
19 requirements, the acquisition cost of the data processing hardware
20 or software will be deemed to be the acquisition cost of hardware or
21 software of similar quality that did not exceed the minimum
22 requirements of the supplier; or

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

9 B. Upon the payment or allowance of credit to the dealer's
10 account of the sums required by this section, the title to all
11 inventory purchased hereunder shall pass to the supplier making such
12 payment, and the supplier shall be entitled to the possession of the
13 inventory. All payments or allowances of credit due dealers shall
14 be paid or credited within ninety (90) days after receipt by the
15 supplier of property required to be repurchased hereunder. Any
16 payments or allowances of credit due dealers that are not paid
17 within the ninety-day period will accrue interest at the maximum
18 rate allowed by law. The supplier may withhold payments due under
19 this subsection during the period of time in which the dealer fails
20 to comply with its contractual obligations to remove any signage
21 indicating that the dealer is an authorized dealer of the supplier.

22 C. If any supplier refuses to repurchase any inventory covered
23 under the provisions of the Fair Practices of Equipment

1 Manufacturers, Distributors, Wholesalers and Dealers Act after
2 cancellation, nonrenewal or discontinuance of the dealer agreement,
3 the supplier will be civilly liable to the dealer for one hundred
4 ten percent (110%) of the amount that would have been due for the
5 inventory if the supplier had timely complied with the Fair
6 Practices of Equipment Manufacturers, Distributors, Wholesalers and
7 Dealers Act, any freight charges paid by the dealer, interest
8 accrued, and the dealer's actual costs of any court or arbitration
9 proceeding, including costs for attorney fees and costs for
10 arbitrators.

11 D. The supplier and dealer will each pay fifty percent (50%) of
12 the costs of freight, at truckload rates, to ship any equipment or
13 repair parts returned to the supplier pursuant to the Fair Practices
14 of Equipment Manufacturers, Distributors, Wholesalers and Dealers
15 Act.

16 E. Notwithstanding any provision to the contrary in the uniform
17 commercial code adopted by this state, the dealer will retain a
18 first and prior lien against all inventory returned by the dealer to
19 the supplier under the provisions of the Fair Practices of Equipment
20 Manufacturers, Distributors, Wholesalers and Dealers Act until the
21 dealer is paid all amounts owed by the supplier for the repurchase
22 of such inventory required under the provisions of the Fair

1 Practices of Equipment Manufacturers, Distributors, Wholesalers and
2 Dealers Act.

3 F. The provisions of this section shall not be construed to
4 affect in any way any security interest which the supplier may have
5 in the inventory of the dealer, and any repurchase hereunder shall
6 not be subject to the provisions of the bulk sales law or to the
7 claims of any secured or unsecured creditors of the supplier or any
8 assignee of the supplier until such time as the dealer has received
9 full payment or credit, as applicable, due hereunder.

10 SECTION 11. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 16-1010 of Title 47, unless
12 there is created a duplication in numbering, reads as follows:

13 The provisions of the Fair Practices of Equipment Manufacturers,
14 Distributors, Wholesalers and Dealers Act shall not require the
15 repurchase from a dealer of:

16 1. Any repair part which is in a broken or damaged package;
17 provided, however, the supplier will be required to repurchase a
18 repair part in a broken or damaged package, for a repurchase price
19 that is equal to eighty-five percent (85%) of the current net price
20 for the repair part, if the aggregate current net price for the
21 entire package of repair parts is Seventy-five Dollars (\$75.00) or
22 higher;

- 1 2. Any repair part which because of its condition is not
2 resalable as a new part without repackaging or reconditioning;
- 3 3. Any inventory for which the dealer is unable to furnish
4 evidence, satisfactory to the supplier, of clear title, free and
5 clear of all claims, liens and encumbrances;
- 6 4. Any inventory which the dealer desires to keep, provided the
7 dealer has a contractual right to do so;
- 8 5. Any equipment or repair parts which are not in new, unsold,
9 undamaged, complete condition, subject, however, to the provisions
10 of this act relating to the demonstrators;
- 11 6. Any equipment delivered to the dealer prior to the beginning
12 of the thirty-six-month period immediately preceding the date of
13 notification of termination;
- 14 7. Any equipment or repair parts which were ordered by the
15 dealer on or after the date of notification of termination;
- 16 8. Any equipment or repair parts which were acquired by the
17 dealer from any source other than the supplier unless such equipment
18 or repair parts were ordered from, or invoiced to the dealer by, the
19 supplier; or
- 20 9. Any equipment or repair parts which are not returned to the
21 supplier within ninety (90) days after the later of:
- 22 a. the effective date of termination of a dealer
23 agreement, and

1 b. the date the dealer receives from the supplier all
2 information, documents or supporting materials
3 required by the supplier to comply with the supplier's
4 return policy; provided, however, this paragraph will
5 not be applicable to a dealer if the supplier did not
6 give the dealer notice of the ninety-day deadline at
7 the time the applicable notice of termination was sent
8 to the dealer.

9 SECTION 12. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 16-1011 of Title 47, unless
11 there is created a duplication in numbering, reads as follows

12 If any supplier violates any provision of the Fair Practices of
13 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act,
14 a dealer may bring an action against such supplier in a court of
15 competent jurisdiction for damages sustained by the dealer as a
16 consequence of the supplier's violation, including, but not limited
17 to, damages for lost profits, together with the actual costs of the
18 action, including the dealer's attorney and paralegal fees and costs
19 of arbitrators, and the dealer also may be granted injunctive relief
20 against unlawful termination. The remedies set forth in this
21 section shall not be deemed exclusive and shall be in addition to
22 any other remedies permitted by law.

1 SECTION 13. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 16-1012 of Title 47, unless
3 there is created a duplication in numbering, reads as follows:

4 An attempted waiver of a provision of the Fair Practices of
5 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act
6 or application of the Fair Practices of Equipment Manufacturers,
7 Distributors, Wholesalers and Dealers Act shall be void. Any
8 provision in a dealer agreement that purports to elect the
9 application of the law of a state other than this state shall be
10 void. Any provision in a dealer agreement that requires a dealer to
11 pay attorney fees incurred by a supplier shall be void.

12 SECTION 14. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 16-1013 of Title 47, unless
14 there is created a duplication in numbering, reads as follows:

15 The provisions of the Fair Practices of Equipment Manufacturers,
16 Distributors, Wholesalers and Dealers Act shall apply to all dealer
17 agreements now in effect which have no expiration date and are a
18 continuing contract, and all other dealer agreements entered into or
19 renewed after November 1, 2009. All other dealer agreements shall
20 be governed by the law as it existed prior to the Fair Practices of
21 Equipment Manufacturers, Distributors, Wholesalers and Dealers Act.

1 SECTION 15. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 16-1014 of Title 47, unless
3 there is created a duplication in numbering, reads as follows:

4 The provisions of the Fair Practices of Equipment Manufacturers,
5 Distributors, Wholesalers and Dealers Act shall be supplemental to
6 any dealer agreement between the dealer and the supplier which
7 provides the dealer with greater protection. The dealer can elect
8 to pursue its contract remedy or the remedy provided by state law,
9 or both, and an election by the dealer to pursue such remedies shall
10 not bar its right to exercise any other remedies that may be granted
11 at law or in equity.

12 SECTION 16. This act shall become effective November 1, 2009.

13 COMMITTEE REPORT BY: COMMITTEE ON BUSINESS & LABOR, dated 2-9-09 -
14 DO PASS, As Amended and Coauthored.