1	ENGROSSED HOUSE AMENDMENT TO
2	ENGROSSED SENATE BILL NO. 550 By: Holt of the Senate
3	and
4	Newell of the House
5	
6	
7	[Unfair Sales Act - advertising and selling
8	merchandise below cost and penalties - changing name of act - modifying language - limiting unfair sales
9	provisions to gasoline, diesel fuel, and legend drug products - effective date]
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12	AUTHORS: Add the following House Coauthors: Hall and Walker
13	AMENDMENT NO. 1. Strike the stricken title, enacting clause and entire bill and insert
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15	
16	"An Act relating to contracts; amending 15 O.S. 2011, Sections 598.1, 598.2, 598.3, 598.4, 598.5, 598.6,
17	598.7 and 598.8, which relate to the Unfair Sales Act; modifying language; defining terms; limiting
18	unfair sales provisions to covered merchandise; providing punishment and fine for violation;
19	permitting civil relief for violation; exempting certain sales; permitting sale of covered
20	merchandise at certain price; modifying term; and providing an effective date.
21	providing an effective date.
22	
23	BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:
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1SECTION 1.AMENDATORY15 O.S. 2011, Section 598.1, is2amended to read as follows:

3 Section 598.1 This act shall be known and designated, and may 4 be cited as the "Unfair Sales Act".

5 SECTION 2. AMENDATORY 15 O.S. 2011, Section 598.2, is 6 amended to read as follows:

7 Section 598.2 For the purposes of the Unfair Sales Act:

When used in this act, the The term "cost to the retailer" 8 (a) 9 shall mean means the invoice cost of the merchandise to the retailer 10 or the replacement cost of the merchandise to the retailer, 11 whichever is the lower; less all trade discounts except customary 12 discounts for cash; to which shall be added (1) freight charges not 13 otherwise included in the invoice cost or the replacement cost of 14 the merchandise as herein set forth, and (2) cartage to the retail 15 outlet if done or paid for the retailer, which cartage cost, in the 16 absence of proof of a lesser cost, shall be deemed to be three-17 fourths of one percent (3/4 of 1%) of the cost to the retailer as 18 herein defined after adding thereto freight charges but before 19 adding thereto cartage, and taxes, (3) all state and federal taxes 20 not heretofore added to the cost as such, and (4) a markup to cover 21 a proportionate part of the cost of doing business, which markup, in 22 the absence of proof of a lesser cost, shall be six percent (6%) of 23 the cost of the retailer as herein set forth after adding thereto 24 freight charges and cartage but before adding thereto a markup-;

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1 When used in this act, the The term "cost to the (b) 2 wholesaler" shall mean means the invoice cost of the merchandise to 3 the wholesaler, or the replacement cost of the merchandise to the 4 wholesaler, whichever is the lower; less all trade discounts except 5 customary discounts for cash; to which shall be added, (1) freight charges, not otherwise included in the invoice cost or the 6 7 replacement cost of the merchandise as herein set forth, and (2) cartage to the retail outlet if done or paid for by the wholesaler, 8 9 which cartage cost, in the absence of proof of a lesser cost, shall 10 be deemed to be three-fourths of one percent (3/4 of 1%) of the cost 11 to the wholesaler as herein set forth after adding thereto freight 12 charges but before adding thereto cartage, and taxes, and (3) all state and federal taxes not heretofore added to the cost as such-; 13

(c) When used in this act the <u>The</u> term "replacement costs" shall mean <u>means</u> the cost per unit at which the merchandise sold or offered for sale could have been bought by the seller at any time within thirty (30) days prior to the date of sale or the date upon which it is offered for sale by the seller if bought in the same quantity or quantities as the seller's last purchase of said merchandise-;

(d) When one or more items are advertised, offered for sale, or sold with one or more other items at a combined price, or are advertised, offered as a gift, or given with the sale of one or more other items, each and all of said the items shall for the purposes

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1 of this act be deemed to be advertised, offered for sale, or sold,
2 and the price of each item named shall be governed by the provisions
3 of paragraphs (a) or (b) of Section 2 this section, respectively.;

4 The terms "sell at retail", "sales at retail", and "retail (e) 5 sale" shall mean mean and include include any transfer for a valuable consideration made in the ordinary course of trade or in 6 7 the usual prosecution of the seller's business of title to tangible personal property to the purchaser for consumption or use other than 8 9 resale or further processing or manufacturing. The above terms 10 shall include any transfer of such property where title is retained 11 by the seller as security for the payment of the purchase price \pm ;

12 The terms "sell at wholesale", "sales at wholesale", and (f) 13 "wholesale sales" shall mean mean and include include any transfer 14 for a valuable consideration made in the ordinary course of trade or 15 the usual conduct of the seller's business, of title to tangible 16 personal property to the purchaser for purposes of resale or further 17 processing or manufacturing. The above terms shall include any 18 transfer of such property where title is retained by the seller as 19 security for the payment of the purchase price-;

(g) The term "retailer" shall mean means and include includes every person, partnership, corporation or association engaged in the business of making sales at retail <u>of covered merchandise</u> within this state; provided that, in the case of a person, partnership, corporation or association engaged in the business of making both

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1 sales at retail and sales at wholesale, such term shall be applied 2 only to the retail portion of such business-;

3 The term "wholesaler" shall mean means and include includes (h) 4 every person, partnership, corporation, or association engaged in 5 the business of making sales at wholesale of covered merchandise within this state; provided that, in the case of a person, 6 7 partnership, corporation or association engaged in the business of making both sales at wholesale and sales at retail, such term shall 8 9 be applied only to the wholesale portion of such business; and 10 The term "covered merchandise" means any gasoline and (i) 11 diesel fuel; legend drug products; food and nonalcoholic beverages 12 sold for off-premise use or consumption; household soaps and 13 detergents; health and beauty aids; over-the-counter medicines, 14 vitamins, and health products excluding exercise equipment and 15 durable medical products; pet food and pet supplies; paper and 16 plastic goods; household cleaning agents and cleaning supplies; baby 17 supplies directly related to nutrition and food preservation, 18 consumption and disposal, including disposable diapers; and low-19 point beer, as defined in paragraph 1 of Section 163.2 of Title 37 20 of the Oklahoma Statutes, sold for off-premise use or consumption. 21 SECTION 3. AMENDATORY 15 O.S. 2011, Section 598.3, is 22 amended to read as follows: 23 Section 598.3 It is hereby declared that any advertising,

24 offer to sell, or sale of any <u>covered</u> merchandise, either by

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1 retailers or wholesalers, at less than cost as defined in this act 2 the Unfair Sales Act with the intent and purpose of inducing the purchase of other covered merchandise or of unfairly diverting trade 3 4 from a competitor or otherwise injuring a competitor, impair and 5 prevent fair competition, injure public welfare, are unfair competition and contrary to public policy and the policy of this act 6 7 the Unfair Sales Act, where the result of such advertising, offer or sale is to tend to deceive any purchaser or prospective purchaser, 8 9 or to substantially lessen competition, or to unreasonably restrain 10 trade, or to tend to create a monopoly in any line of commerce.

11SECTION 4.AMENDATORY15 O.S. 2011, Section 598.4, is12amended to read as follows:

13 Section 598.4 Any retailer who shall, in contravention of the 14 policy of this act the Unfair Sales Act, advertise, offer to sell or 15 sell at retail any item of covered merchandise at less than cost to 16 the retailer as defined in this act; or any wholesaler who shall in 17 contravention of the policy of this act the Unfair Sales Act, 18 advertise, offer to sell, or sell at wholesale any item of covered 19 merchandise at less than cost to the wholesaler as defined in this 20 act, shall be guilty of a misdemeanor and upon conviction thereof, 21 shall be punished by a fine of not more than Five Hundred Dollars 22 (\$500.00).

23 SECTION 5. AMENDATORY 15 O.S. 2011, Section 598.5, is 24 amended to read as follows:

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1 Section 598.5 (a) In addition to the penalties provided in 2 this act the Unfair Sales Act, any person injured by any violation, 3 or who shall suffer injury from any threatened violation of this act 4 the Unfair Sales Act, may maintain an action in any court of 5 equitable jurisdiction to prevent, restrain or enjoin such violation or threatened violation. If in such action a violation or 6 7 threatened violation of this act the Unfair Sales Act shall be established, the court shall enjoin and restrain or otherwise 8 9 prohibit, such violation or threatened violation and, in addition 10 thereto, shall assess in favor of the plaintiff and against the 11 defendant the cost of suit. In such action if damages are alleged 12 and proved, the plaintiff in said the action, in addition to such 13 injunctive relief and costs of suit, shall be entitled to recover 14 from the defendant the actual damages sustained by him or her.

15 (b) In the event no injunctive relief is sought or required, 16 any person injured by a violation of this act the Unfair Sales Act 17 may maintain an action for damages alone in any court of general 18 jurisdiction, and the measure of damages in such action shall be the 19 same as prescribed in subsection (a) of this section. Provided this 20 act the Unfair Sales Act shall not authorize suits or actions 21 against newspapers, radio broadcasters, or other advertising 22 agencies through which such advertisements are published, broadcast 23 or otherwise made.

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(c) Evidence of advertisement, offering to sell, or sale of

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1 <u>covered</u> merchandise by any retailer or wholesaler at less than cost 2 to <u>him</u> <u>such retailer or wholesaler</u>, shall be prima facie evidence of 3 intent to injure competitors and to destroy or substantially lessen 4 competition.

5 SECTION 6. AMENDATORY 15 O.S. 2011, Section 598.6, is 6 amended to read as follows:

7 Section 598.6 The provisions of this act the Unfair Sales Act 8 shall not apply to the following sales at retail or sales at 9 wholesale.:

10 (a) where seasonable merchandise is sold in bona fide clearance 11 sales, if advertised, marked, and sold as such;

12 (b) where perishable merchandise must be sold promptly in order 13 to forestall loss;

14 (c) where merchandise is imperfect or damaged or is being 15 discontinued and is advertised, marked and sold as such;

16 (d) where merchandise is sold upon the final liquidation of any 17 business;

18 (e) where merchandise is sold for charitable purposes or to
19 relief agencies;

20 (f) where merchandise is sold on contract to departments of the 21 government or governmental institutions;

(g) where merchandise is sold by any officer acting under the order or direction of any court;

24 (h) where merchandise is sold at any bona fide auction sale;

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1 and

2	(i) where a particular item of merchandise corresponding to a
3	unique identifier is sold at below cost for fifteen (15) or fewer
4	sequential days and where such sale does not occur more than ten
5	times in any twelve-month period. This exemption shall not apply to
6	the following types of merchandise: gasoline and diesel fuel; legend
7	drug products; food and nonalcoholic beverages sold for off-premise
8	use or consumption; household soaps and detergents; health and
9	beauty aids; over-the-counter medicines, vitamins, and health
10	products excluding exercise equipment and durable medical products;
11	pet food and pet supplies; paper and plastic goods; household
12	cleaning agents and cleaning supplies; baby supplies directly
13	related to nutrition and food preservation, consumption and
14	disposal, including disposable diapers; and low-point beer, as
15	defined in paragraph 1 of Section 163.2 of Title 37 of the Oklahoma
16	Statutes, sold for off-premise use or consumption.
17	SECTION 7. AMENDATORY 15 O.S. 2011, Section 598.7, is

18 amended to read as follows:

Section 598.7 Any retailer or wholesaler may advertise, offer to sell, or sell <u>covered</u> merchandise at a price made in good faith to meet the price of a competitor who is selling the same article <u>products</u> or <u>such</u> products of comparable quality at cost to him as a <u>such</u> wholesaler or retailer. The price of <u>covered</u> merchandise advertised, offered for sale or sold under the exemptions specified

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in Section 6 <u>598.6 of this title</u>, shall not be considered the price of a competitor and shall not be used as a basis for establishing prices below cost, nor shall the price established at a bankrupt sale be considered the price of a competitor within the purview of the first sentence of this section.

6 SECTION 8. AMENDATORY 15 O.S. 2011, Section 598.8, is 7 amended to read as follows:

Section 598.8 In establishing the cost of covered merchandise 8 9 to the retailer or wholesaler, the invoice cost of such covered 10 merchandise purchased at a forced, bankrupt, closeout sale, or other 11 sale outside of the ordinary channels of trade, may not be used as a 12 basis for justifying a price lower than one based upon the 13 replacement cost of the merchandise to the retailer or wholesaler, 14 within thirty (30) days prior to the date of sale, in the quantity 15 last purchased through the ordinary channels of trade.

SECTION 9. This act shall become effective November 1, 2013."

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1	Passed the House of Representatives the 17th day of April, 2013.
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4	Presiding Officer of the House of
5	Representatives
6	Passed the Senate the day of, 2013.
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9	Presiding Officer of the Senate
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1 ENGROSSED SENATE BILL NO. 550 By: Holt of the Senate 2 and 3 Newell of the House 4 5 [Unfair Sales Act - advertising and selling 6 merchandise below cost and penalties - changing name 7 of act - modifying language - limiting unfair sales provisions to gasoline, diesel fuel, and legend drug products - effective date] 8 9 10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA: 11 SECTION 10. AMENDATORY 15 O.S. 2011, Section 598.1, is 12 amended to read as follows: 13 Section 598.1. This act shall be known and designated, and may be cited as the "Unfair Fuel and Legend Drug Products Sales Act". 14 15 O.S. 2011, Section 598.2, is 15 SECTION 11. AMENDATORY amended to read as follows: 16 Section 598.2. For the purposes of the Unfair Fuel and Legend 17 18 Drug Products Sales Act: (a) When used in this act, the term "cost to the retailer" shall 19 mean means the invoice cost of the merchandise to the retailer or 20 the replacement cost of the merchandise to the retailer, whichever 21 is the lower; less all trade discounts except customary discounts 22 for cash; to which shall be added (1) freight charges not otherwise 23 included in the invoice cost or the replacement cost of the 24

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1 merchandise as herein set forth, and (2) cartage to the retail 2 outlet if done or paid for the retailer, which cartage cost, in the absence of proof of a lesser cost, shall be deemed to be three-3 fourths of one percent (3/4 of 1%) of the cost to the retailer as 4 5 herein defined after adding thereto freight charges but before adding thereto cartage, and taxes, (3) all state and federal taxes 6 not heretofore added to the cost as such, and (4) a markup to cover 7 a proportionate part of the cost of doing business, which markup, in 8 9 the absence of proof of a lesser cost, shall be six percent (6%) of 10 the cost of the retailer as herein set forth after adding thereto freight charges and cartage but before adding thereto a markup-; 11

(b) When used in this act, the term "cost to the wholesaler" 12 shall mean means the invoice cost of the merchandise to the 13 wholesaler, or the replacement cost of the merchandise to the 14 15 wholesaler, whichever is the lower; less all trade discounts except customary discounts for cash; to which shall be added, (1) freight 16 charges, not otherwise included in the invoice cost or the 17 replacement cost of the merchandise as herein set forth, and (2) 18 cartage to the retail outlet if done or paid for by the wholesaler, 19 which cartage cost, in the absence of proof of a lesser cost, shall 20 be deemed to be three-fourths of one percent (3/4 of 1%) of the cost 21 to the wholesaler as herein set forth after adding thereto freight 22 charges but before adding thereto cartage, and taxes, and (3) all 23 state and federal taxes not heretofore added to the cost as such-; 24

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(c) When used in this act the term "replacement costs" shall mean means the cost per unit at which the merchandise sold or offered for sale could have been bought by the seller at any time within thirty (30) days prior to the date of sale or the date upon which it is offered for sale by the seller if bought in the same quantity or quantities as the seller's last purchase of said merchandise-;

8 (d) When one or more items are advertised, offered for sale, or 9 sold with one or more other items at a combined price, or are 10 advertised, offered as a gift, or given with the sale of one or more 11 other items, each and all of said the items shall for the purposes 12 of this act be deemed to be advertised, offered for sale, or sold, 13 and the price of each item named shall be governed by the provisions 14 of paragraphs (a) or (b) of Section 2 this section, respectively-;

(e) The terms "sell at retail", "sales at retail", and "retail 15 sale" shall mean means and include includes any transfer for a 16 valuable consideration made in the ordinary course of trade or in 17 the usual prosecution of the seller's business of title to tangible 18 personal property to the purchaser for consumption or use other than 19 resale or further processing or manufacturing. The above terms shall 20 include any transfer of such property where title is retained by the 21 seller as security for the payment of the purchase price-; 22

(f) The terms "sell at wholesale", "sales at wholesale", and wholesale sales" shall mean means and include includes any transfer

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for a valuable consideration made in the ordinary course of trade or the usual conduct of the seller's business, of title to tangible personal property to the purchaser for purposes of resale or further processing or manufacturing. The above terms shall include any transfer of such property where title is retained by the seller as security for the payment of the purchase price-;

(g) The term "retailer" shall mean means and include includes 7 every person, partnership, corporation or association engaged in the 8 9 business of making sales at retail of gasoline, diesel fuel or 10 legend drug products within this state; provided that, in the case of a person, partnership, corporation or association engaged in the 11 business of making both sales at retail and sales at wholesale, such 12 term shall be applied only to the retail portion of such business; 13 14 and

15 (h) The term "wholesaler" shall mean means and include includes 16 every person, partnership, corporation, or association engaged in the business of making sales at wholesale of gasoline, diesel fuel 17 or legend drug products within this state; provided that, in the 18 case of a person, partnership, corporation or association engaged in 19 the business of making both sales at wholesale and sales at retail, 20 such term shall be applied only to the wholesale portion of such 21 business. 22

23 SECTION 12. AMENDATORY 15 O.S. 2011, Section 598.3, is 24 amended to read as follows:

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1 Section 598.3. It is hereby declared that any advertising, 2 offer to sell, or sale of any merchandise gasoline, diesel fuel or 3 legend drug products, either by retailers or wholesalers, at less than cost as defined in this act the Unfair Fuel and Legend Drug 4 5 Products Sales Act with the intent and purpose of inducing the purchase of other merchandise gasoline, diesel fuel or legend drug 6 products or of unfairly diverting trade from a competitor or 7 otherwise injuring a competitor, impair and prevent fair 8 9 competition, injure public welfare, are unfair competition and 10 contrary to public policy and the policy of this act the Unfair Fuel and Legend Drug Products Sales Act, where the result of such 11 12 advertising, offer or sale is to tend to deceive any purchaser or prospective purchaser, or to substantially lessen competition, or to 13 unreasonably restrain trade, or to tend to create a monopoly in any 14 line of commerce. 15 SECTION 13. 15 O.S. 2011, Section 598.4, is 16 AMENDATORY amended to read as follows: 17 Section 598.4. Any retailer who shall, in contravention of the 18 policy of this act the Unfair Fuel and Legend Drug Products Sales 19 Act, advertise, offer to sell or sell at retail any item of 20 merchandise gasoline, diesel fuel or legend drug products at less 21 than cost to the retailer as defined in this act; or any wholesaler 22 who shall in contravention of the policy of this act the Unfair Fuel 23 and Legend Drug Products Sales Act, advertise, offer to sell, or 24

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1 sell at wholesale any item of merchandise gasoline, diesel fuel or 2 <u>legend drug products</u> at less than cost to the wholesaler as defined 3 in this act, shall be guilty of a misdemeanor and, upon conviction, 4 thereof and shall be punished by a fine of not more than Five 5 Hundred Dollars (\$500.00).

6 SECTION 14. AMENDATORY 15 O.S. 2011, Section 598.5, is 7 amended to read as follows:

Section 598.5. (a) In addition to the penalties provided in 8 9 this act the Unfair Fuel and Legend Drug Products Sales Act, any 10 person injured by any violation, or who shall suffer injury from any threatened violation of this act the Unfair Fuel and Legend Drug 11 12 Products Sales Act, may maintain an action in any court of equitable jurisdiction to prevent, restrain or enjoin such violation or 13 threatened violation. If in such action a violation or threatened 14 15 violation of this act the Unfair Fuel and Legend Drug Products Sales Act shall be established, the court shall enjoin and restrain or 16 otherwise prohibit, such violation or threatened violation and, in 17 addition thereto, shall assess in favor of the plaintiff and against 18 the defendant the cost of suit. In such action if damages are 19 alleged and proved, the plaintiff in said the action, in addition to 20 such injunctive relief and costs of suit, shall be entitled to 21 recover from the defendant the actual damages sustained by him or 22 23 her.

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(b) In the event no injunctive relief is sought or required, any

1 person injured by a violation of this act the Unfair Fuel and Legend 2 Drug Products Sales Act may maintain an action for damages alone in 3 any court of general jurisdiction, and the measure of damages in such action shall be the same as prescribed in subsection (a) of 4 5 this section. Provided this act the Unfair Fuel and Legend Drug Products Sales Act shall not authorize suits or actions against 6 newspapers, radio broadcasters, or other advertising agencies 7 through which such advertisements are published, broadcast or 8 9 otherwise made.

10 (c) Evidence of advertisement, offering to sell, or sale of 11 merchandise by any retailer or wholesaler at less than cost to him 12 <u>such retailer or wholesaler</u>, shall be prima facie evidence of intent 13 to injure competitors and to destroy or substantially lessen 14 competition.

15 SECTION 15. AMENDATORY 15 O.S. 2011, Section 598.6, is 16 amended to read as follows:

Section 598.6. The provisions of this act the Unfair Fuel and Legend Drug Products Sales Act shall not apply to sales at retail or sales at wholesale. as follows:

(a) where seasonable merchandise is sold in bona fide clearancesales, if advertised marked, and sold as such;

(b) where perishable merchandise must be sold promptly in order to forestall loss;

24 (c) where merchandise is imperfect or damaged or is being

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1 discontinued and is advertised, marked and sold as such;

2 (d) where merchandise is sold upon the final liquidation of any 3 business;

4 (e) where merchandise is sold for charitable purposes or to
5 relief agencies;

6 (f) where merchandise is sold on contract to departments of the 7 government or governmental institutions;

8 (g) where merchandise is sold by any officer acting under the
9 order or direction of any court;

10 (h) where merchandise is sold at any bona fide auction sale.
11 SECTION 16. AMENDATORY 15 O.S. 2011, Section 598.7, is
12 amended to read as follows:

Section 598.7. Any retailer or wholesaler may advertise, offer 13 to sell, or sell merchandise gasoline, diesel fuel or legend drug 14 15 products at a price made in good faith to meet the price of a competitor who is selling the same article gasoline, diesel fuel or 16 legend drug products or such products of comparable quality at cost 17 to him as a such wholesaler or retailer. The price of merchandise 18 gasoline, diesel fuel, or legend drug products advertised, offered 19 for sale or sold under the exemptions specified in Section $\frac{6}{598.6}$ 20 of this title, shall not be considered the price of a competitor and 21 shall not be used as a basis for establishing prices below cost, nor 22 shall the price established at a bankrupt sale be considered the 23 price of a competitor within the purview of the first sentence of 24

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1 this section.

2 SECTION 17. AMENDATORY 15 O.S. 2011, Section 598.8, is 3 amended to read as follows:

Section 598.8. In establishing the cost of merchandise to the 4 5 retailer or wholesaler, the invoice cost of such merchandise gasoline, diesel fuel, or legend drug products purchased at a 6 forced, bankrupt, closeout sale, or other sale outside of the 7 ordinary channels of trade, may not be used as a basis for 8 9 justifying a price lower than one based upon the replacement cost of 10 the merchandise to the retailer or wholesaler, within thirty (30) 11 days prior to the date of sale, in the quantity last purchased 12 through the ordinary channels of trade. 13 SECTION 18. This act shall become effective November 1, 2013. Passed the Senate the 6th day of March, 2013. 14 15 16 Presiding Officer of the Senate 17 Passed the House of Representatives the day of _____ 18 2013. 19 20 21 Presiding Officer of the House of Representatives 22 23 24