

FEB 7 2002
COMMERCE AND REGULATION

HOUSE FILE 2251
BY JOHNSON

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to business relationships between persons
2 involved in the sale of certain vehicles, including
3 franchisers and franchisees of all-terrain vehicles.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2251

1 Section 1. Section 322D.1, Code 2001, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 01. "All-terrain vehicle" means the same
4 as defined in section 321G.1.

5 Sec. 2. Section 322D.1, subsection 1, Code 2001, is
6 amended to read as follows:

7 1. "Attachment" means a machine or part of a machine
8 designed to be used on and in conjunction with a farm
9 implement, ~~or a~~ motorcycle, or all-terrain vehicle.

10 Sec. 3. Section 322D.1, subsection 3, paragraphs b and e,
11 Code 2001, are amended to read as follows:

12 b. The franchisee is granted the right to offer and sell
13 farm implements, ~~or motorcycles,~~ all-terrain vehicles, or
14 related parts or attachments manufactured or distributed by
15 the franchiser.

16 e. The operation of the franchisee's business is
17 substantially reliant on the franchiser for the continued
18 supply of farm implements, motorcycles, all-terrain vehicles,
19 or related parts, or attachments.

20 Sec. 4. Section 322D.1, subsections 4 through 6, Code
21 2001, are amended to read as follows:

22 4. "Franchisee" means a person who receives farm
23 implements, ~~or motorcycles,~~ all-terrain vehicles, or related
24 parts for-farm-implements-or-motorcycles or attachments from
25 the franchiser under a franchise and who offers and sells the
26 farm implements, ~~or motorcycles,~~ all-terrain vehicles, or
27 their related parts or attachments to the general public.

28 5. "Franchiser" means a person who manufactures,
29 wholesales, or distributes farm implements, ~~or motorcycles,~~
30 all-terrain vehicles, or related parts for-farm-implements-or
31 motorcycles or attachments, and who enters into a franchise.

32 6. "Motorcycle" ~~has-the-same-meaning~~ means a motor vehicle
33 as defined in section 321.17--subsection-407--paragraph-"a"
34 other than an all-terrain vehicle, which has a saddle or seat
35 for the use of a rider and that is designed to travel on not

1 more than two wheels in contact with the ground, but excluding
2 a motorized bicycle as defined in section 321.1.

3 Sec. 5. Section 322D.2, Code 2001, is amended to read as
4 follows:

5 322D.2 FRANCHISEE'S RIGHTS TO PAYMENT.

6 1. A franchisee who enters into a written franchise with a
7 franchiser to maintain a stock of farm implements,
8 motorcycles, all-terrain vehicles, or related parts, or
9 ~~attachments, farm implements, or motorcycles~~ has the following
10 rights to payment, at the option of the franchisee, if the
11 franchise is terminated:

12 a. One hundred percent of the net cost of new unused
13 complete farm implements, or motorcycles, ~~including all-~~
14 terrain vehicles, or related attachments, which were purchased
15 from the franchiser, ~~and in.~~ In addition, the franchisee
16 shall have a right of payment for transportation charges on
17 the farm implements, or motorcycles, or all-terrain vehicles
18 which have been paid by the franchisee.

19 b. Eighty-five percent of the net prices of any repair
20 parts, including superseded parts, which were purchased from
21 the franchiser and held by the franchisee on the date of that
22 ~~the termination of the franchise~~ terminated.

23 c. Five percent of the net prices of the parts resold
24 under paragraph "b" for handling, packing, and loading of the
25 parts ~~except that.~~ However, this payment shall not be due to
26 the franchisee if the franchiser elects to perform the
27 handling, packing, and loading.

28 2. Upon receipt of the payments due under subsection 1,
29 the franchiser is entitled to possession of and title to the
30 farm implements, motorcycles, all-terrain vehicles, or related
31 parts or attachments, ~~or parts.~~

32 3. The cost of farm implements, motorcycles, all-terrain
33 vehicles, or related attachments and the price of repair parts
34 shall be determined by reference to the franchiser's price
35 list or catalog in effect at the time of the franchise

1 termination.

2 Sec. 6. Section 322D.3, subsections 7 and 9, Code 2001,
3 are amended to read as follows:

4 7. A farm implement, or motorcycle, or all-terrain vehicle
5 which is not in new, unused, undamaged, or complete condition.

6 9. A farm implement, or motorcycle, or all-terrain vehicle
7 which was purchased twenty-four months or more prior to the
8 termination of the franchise.

9 Sec. 7. NEW SECTION. 322D.9 APPLICATION -- ALL-TERRAIN
10 VEHICLES.

11 The rights under section 322D.2, subsection 1, shall apply
12 to a franchise for all-terrain vehicles as follows:

13 1. All franchises in effect on the effective date of this
14 Act that have no expiration date and are continuing
15 franchises.

16 2. Franchises that have been executed or renewed on or
17 after the effective date of this Act, but only for all-terrain
18 vehicles and related parts or attachments purchased on or
19 after the effective date of this Act.

20 EXPLANATION

21 This bill provides for agreements for persons merchandising
22 all-terrain vehicles. Code chapter 322D governs agricultural
23 equipment and motorcycle franchises. According to Code
24 section 322D.7, for agricultural equipment franchises, the
25 provisions are transitional. Code chapter 322F replaces Code
26 chapter 322D's authority over franchise relationships based on
27 agreements executed or renewed on or after July 1, 1990, or
28 agreements without any expiration date. Code chapter 322D
29 still governs motorcycle dealerships and agricultural
30 dealership agreements executed prior to July 1, 1990, that
31 expire on a certain date.

32 Code chapter 322D refers to the merchandisers as
33 franchisees and their agreements with franchisers as franchise
34 agreements. The bill provides that the term "all-terrain
35 vehicle" means the same as defined in Code section 321G.1.

1 That provision states that an all-terrain vehicle is a
2 motorized flotation-tire vehicle with not less than three low-
3 pressure tires, but not more than six low-pressure tires, or a
4 two-wheeled off-road motorcycle, that is limited in engine
5 displacement to less than 800 cubic centimeters and in total
6 dry weight to less than 750 pounds and that has a seat or
7 saddle designed to be straddled by the operator and handlebars
8 for steering control.

9 The bill provides that for any remaining franchises of
10 agricultural equipment and for all franchises of motorcycles
11 governed under Code chapter 322D, those provisions apply to
12 govern all-terrain vehicles.

13 Generally, Code chapter 322D regulates business
14 relationships between franchisees and franchisors by providing
15 for the terms and conditions of franchise agreements. These
16 terms and conditions relate to causes for termination of a
17 franchise agreement. The Code chapter provides requirements
18 relating to the repurchase and repossession of equipment
19 following termination of a franchise agreement. The Code
20 chapter specifies rights and obligations for franchisees and
21 franchisers. The Code chapter places restrictions on
22 franchiser practices, and provides for liability and remedies
23 available to the franchisee.

24 Under Code chapter 322D, the provisions applying to all
25 all-terrain vehicles apply to those agreements in effect that
26 have no expiration date and all other agreements entered into
27 or renewed on or after the effective date of the bill.

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