

SENATE FILE 324
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1090)
(COMPANION TO HF 373)

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

A BILL FOR

1 An Act relating to equipment dealerships, by providing for the
2 sale or transfer of a dealership and providing for the Act's
3 applicability.

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

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SF 324

1 Section 1. NEW SECTION. 322F.5A TRANSFER OF DEALERSHIP.

2 1. If a supplier has contractual authority to approve or
3 deny a request for a sale or transfer of a dealer's business
4 or an equity ownership interest in the business, the supplier
5 shall approve or deny the request within sixty days after
6 receiving a written request from the dealer. If the supplier
7 has not approved or denied the request within the sixty-day
8 period, the request shall be deemed approved. The dealer's
9 request shall include reasonable financial information,
10 personal background information, character references, and
11 work histories for each acquiring person.

12 2. If a supplier denies a request made pursuant to this
13 section, the supplier shall provide the dealer with a written
14 notice of the denial that states the reasons for the denial.
15 A supplier may only deny a request based on the failure of a
16 proposed transferee to meet the reasonable requirements
17 consistently imposed by the supplier in determining whether to
18 approve a transfer or a new dealership.

19 Sec. 2. Section 322F.9, subsection 2, Code 2005, is
20 amended by adding the following new paragraph:

21 NEW PARAGRAPH. d. For all dealership agreements governing
22 the sale or transfer of a dealer's business, section 322F.5A
23 applies to those dealership agreements in effect that have no
24 expiration date and all other such dealership agreements
25 entered into or renewed on or after July 1, 2005. Any
26 dealership agreement in effect on July 1, 2005, which by its
27 own terms will terminate on a subsequent date, shall be
28 governed by the law as it existed prior to July 1, 2005.

29 EXPLANATION

30 This bill addresses dealership agreements under Code
31 chapter 322F. Under that chapter, dealership agreements
32 generally involve agricultural equipment franchises, but they
33 may also involve construction equipment, industrial equipment,
34 utility equipment, or outdoor power equipment franchises.
35 Under the Code chapter, a franchisor is referred to as the

1 supplier and a franchisee is referred to as a dealer or
2 dealership. Generally, Code chapter 322F regulates business
3 relationships between dealerships and suppliers by providing
4 for the terms and conditions of dealership agreements. The
5 Code chapter specifies rights and obligations for dealerships
6 and suppliers. The Code chapter places restrictions on
7 supplier practices, provides for supplier liability, and
8 provides remedies available to the dealership.

9 The bill provides that if a supplier has the authority to
10 approve a request involving the transfer of a dealership,
11 including an equity position in the dealership, it must
12 approve or deny the request within 60 days after receiving the
13 request. After that period, any unanswered response is deemed
14 to be approved. The dealer must include information about
15 each person acquiring an interest in the dealership. If the
16 supplier denies the request, it must provide the dealer with a
17 written notice explaining that decision. The decision must be
18 based on reasonable criteria which are consistently used to
19 determine whether to approve a transfer or new dealership.

20 The bill also provides a grandfather clause. It provides
21 that the bill applies to those dealership agreements governing
22 the sale or transfer of a dealer's business as provided in the
23 bill, that are in effect that have no expiration date and all
24 other such dealership agreements entered into or renewed on or
25 after July 1, 2005. Any dealership agreement in effect on
26 July 1, 2005, which by its own terms will terminate on a
27 subsequent date, is to be governed by the law as it existed
28 prior to July 1, 2005.

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Zieman co-chair
Beall co-chair
Kettering
Courtney

SSB# 1090
Commerce

Succeeded By
HF 324

SENATE FILE _____
BY (PROPOSED COMMITTEE ON COMMERCE
BILL BY CO-CHAIRPERSONS
BEHN and WARNSTADT)

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