

**FARM EQUIPMENT DEALER REQUIREMENTS**

2001 GENERAL SESSION

STATE OF UTAH

**Sponsor: Craig W. Buttars**

**This act modifies provisions related to Commerce and Trade. The act enacts the Uniform Equipment Dealers Warranty Reimbursement Act. The act defines certain terms, and provides procedures for equipment dealers to submit warranty reimbursement claims to suppliers. The act provides for audits and specifies relief through civil action in specified circumstances.**

This act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

**13-14b-101**, Utah Code Annotated 1953

**13-14b-102**, Utah Code Annotated 1953

**13-14b-103**, Utah Code Annotated 1953

**13-14b-104**, Utah Code Annotated 1953

**13-14b-105**, Utah Code Annotated 1953

**13-14b-106**, Utah Code Annotated 1953

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **13-14b-101** is enacted to read:

**CHAPTER 14b. UNIFORM EQUIPMENT DEALERS WARRANTY**

**REIMBURSEMENT ACT**

**13-14b-101. Title.**

This chapter is known as the "Uniform Equipment Dealers Warranty Reimbursement Act."

Section 2. Section **13-14b-102** is enacted to read:

**13-14b-102. Definitions.**

As used in this chapter:

(1) "Audit" means any review by a supplier of a dealer's warranty claims records.



28           (2) "Current net price" means the price charged to a dealer for repair parts as listed in the  
29 printed price list or catalog of the supplier in effect at the time a warranty claim is submitted.

30           (3) "Dealer agreement" means an oral or written contract or agreement, of definite or  
31 indefinite duration, between a supplier and an equipment dealer which authorizes or requires the  
32 equipment dealer to perform services, or supply parts under a warranty, or both.

33           (4) "Equipment dealer" or "dealer" means any person or any other entity having a dealer  
34 agreement for selling and retailing:

35           (a) agricultural equipment;

36           (b) dairy and farmstead mechanization equipment;

37           (c) construction, utility, and industrial equipment;

38           (d) outdoor power equipment;

39           (e) lawn and garden equipment; or

40           (f) attachments or repair parts for any of the equipment listed in Subsections (4)(a) through  
41 (e).

42           (5) (a) "Supplier" means a person or any other entity engaged in the manufacturing,  
43 assembly or wholesale distribution of:

44           (i) agricultural equipment;

45           (ii) dairy and farmstead mechanization equipment;

46           (iii) construction, utility, and industrial equipment;

47           (iv) outdoor power equipment;

48           (v) lawn and garden equipment; or

49           (vi) attachments or repair parts for any of the equipment listed in Subsections (5)(a)(i)  
50 through (v).

51           (b) "Supplier" includes:

52           (i) any successor in interest including a purchaser of assets or stock; or

53           (ii) a surviving corporation resulting from a merger, liquidation, or reorganization of the  
54 original supplier that issued the warranty.

55           (6) "Warranty claim" means a claim for payment submitted by an equipment dealer to a  
56 supplier for service or parts, or both, provided to a customer under a:

57           (a) warranty issued by the supplier; or

58           (b) recall or modification order issued by the supplier.

59 Section 3. Section **13-14b-103** is enacted to read:

60 **13-14b-103. Warranty claims.**

61 (1) An equipment dealer may submit a warranty claim to a supplier if a warranty defect  
62 is identified and documented prior to the expiration of a supplier's warranty:

63 (a) while a dealer agreement is in effect; or

64 (b) after the termination of a dealer agreement if the claim is for work performed while the  
65 dealer agreement was in effect.

66 (2) (a) A supplier shall accept or reject a warranty claim submitted under Subsection (1)  
67 within 30 days of the date the supplier received the claim.

68 (b) A warranty claim that is not rejected within 30 days of the date the supplier received  
69 the warranty claim is considered to be accepted by the supplier.

70 (3) No later than 30 days after the date that a warranty claim is accepted or rejected under  
71 Subsection (2), the supplier shall:

72 (a) pay an accepted warranty claim; or

73 (b) send the dealer written notice of the reason the warranty claim was rejected.

74 (4) (a) A supplier that accepts a warranty claim must pay an amount not less than:

75 (i) the amount regularly charged by the dealer for labor and all other expenses involved  
76 in performing the same or similar services for a customer that does not assert a warranty claim,  
77 including all costs associated with transportation to the nearest servicing dealer, diagnostics, the  
78 cost of maintenance items, parts delays, modification, or excessive down time due to warranty  
79 repairs; or

80 (ii) the dealer's current net price plus:

81 (A) 30% for parts; and

82 (B) freight cost in receiving the parts.

83 (b) Other expenses under Subsection (4)(a)(i) may not include items that are expressly  
84 excluded under the supplier's warranty to the customer.

85 (c) The number of hours of labor claimed under Subsection (4)(a)(i) may not exceed 150%  
86 of the supplier's recommended hours for the repair involved excluding transportation and  
87 diagnostics.

88 (5) After payment of a warranty claim, a supplier may not charge back, off-set, or  
89 otherwise attempt to recover from the dealer all or part of the amount of the warranty claim unless:

90 (a) the warranty claim was fraudulent;

91 (b) the services for which the warranty claim was made were not properly performed or  
92 were unnecessary to comply with the warranty; or

93 (c) the dealer did not substantiate the warranty claim according to the written requirements  
94 of the supplier that were in effect when the equipment was delivered to the dealer by the customer  
95 for warranty repairs.

96 (6) If a supplier denies a warranty claim due to a particular item or part of the claim, the  
97 denial shall only affect the items or parts in question and not the complete warranty claim.

98 (7) A supplier may not pass the cost of covering warranty claims under this chapter on to  
99 a dealer through any means including:

100 (a) surcharges;

101 (b) reduction of discounts; or

102 (c) certification standards.

103 Section 4. Section **13-14b-104** is enacted to read:

104 **13-14b-104. Audits.**

105 (1) A supplier may not audit a dealer's records concerning any paid warranty claim that  
106 was submitted to the supplier more than one year before the day on which the audit begins.

107 (2) After payment or rejection of a warranty claim under Subsection 13-14b-103(2), a  
108 supplier may not audit a warranty claim more than once.

109 Section 5. Section **13-14b-105** is enacted to read:

110 **13-14b-105. Relief.**

111 (1) A dealer may bring an action in a court of competent jurisdiction to obtain payment  
112 of a warranty claim submitted to a supplier if a supplier:

113 (a) fails to make payment in accordance with the terms of this chapter;

114 (b) wrongfully rejects a warranty claim; or

115 (c) violates any other provision of this chapter.

116 (2) A court shall award the dealer costs and reasonable attorney's fees if a court of  
117 competent jurisdiction finds that the supplier:

118 (a) has failed to make payment in accordance with the terms of this chapter;

119 (b) has wrongfully rejected a warranty claim; or

120 (c) has violated any other provision of this chapter.

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**Legislative Review Note**  
**as of 2-13-01 12:04 PM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**