



28 As used in this chapter:

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

30 (2) "Current net price" means the price charged to a dealer for repair parts as listed in  
 31 the printed price list or catalog ~~h~~ OR INVOICE ~~h~~ of the supplier in effect at the time a warranty claim  
 31a is  
 32 submitted.

33 (3) "Dealer agreement" means an oral or written contract or an agreement of definite or  
 34 indefinite duration, between a supplier and an equipment dealer that authorizes or requires the  
 35 equipment dealer to perform services or supply parts under a warranty, or to do both.

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

38 (a) agricultural equipment;

39 (b) dairy and farmstead mechanization equipment;

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

41 (d) outdoor power equipment;

42 (e) lawn and garden equipment; or

43 (f) attachments or repair parts for equipment listed in Subsections (4)(a) through (e).

44 (5) (a) "Supplier" means a person or any other entity engaged in the manufacturing,  
 45 assembly, or wholesale distribution of an item listed in Subsections (4)(a) through (f).

46 (b) "Supplier" includes:

47 (i) any successor in interest, including a purchaser of assets or stock; and

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

49a ~~h [h (c) "SUPPLIER" DOES NOT INCLUDE AN INDEPENDENT WHOLESALER OF THE ITEMS~~  
 49b ~~LISTED IN SUBSECTIONS (4)(a) THROUGH (f), WHO:~~

49c ~~(i) DOES NOT MANUFACTURE ANY SIGNIFICANT PART OF THE ITEMS; AND~~

49d ~~(ii) IS NOT OWNED IN ANY PART BY THE MANUFACTURER. h] h~~

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

52 (a) warranty issued by the supplier; or

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

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

55 **13-14b-103. Warranty claims.**

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

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

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

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

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

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

67 (a) pay an accepted warranty claim; or

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

69 (4) (a) ~~h (i) h~~ A supplier shall compensate the dealer for the warranty claim as follows:

70 ~~h [(i)] (A) h~~ the dealer's established customer hourly retail labor rate multiplied by the  
 71 reasonable and customary amount of time required to complete such work, including diagnostic  
 72 time, expressed in hours and fractions of an hour; ~~h [and] h~~

73 ~~h [(ii)] (B) h~~ the dealer's current net price plus 20% for parts ~~h [, the 20%] h~~ to reimburse the  
 73a dealer for

74 reasonable costs of doing business in performing the warranty service on the supplier's behalf ~~h [;]~~ ;

74a **AND** ~~h~~

75 ~~h [plus] (C) EXTRAORDINARY h~~ freight and handling costs.

75a ~~h (ii) FOR PURPOSES OF SUBSECTION (4)(a)(i)(C), "EXTRAORDINARY FREIGHT AND~~  
 75b ~~HANDLING COSTS" MEAN COSTS THAT ARE ABOVE AND BEYOND THE NORMAL~~  
 75c ~~REIMBURSEMENT POLICY OF THE SUPPLIER FOR WARRANTY REPAIR WORK. h~~

76 (b) (i) The supplier must give due consideration to any extraordinary expenses incurred  
 77 by the dealer in performing necessary warranty repairs.

78 (ii) If the repair work is for safety or mandatory modifications ordered by the supplier,  
 79 the supplier shall reimburse the dealer for transportation costs incurred by the dealer.

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

82 (a) the warranty claim was fraudulent;

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

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

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

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

92 (a) surcharges;

93 (b) reduction of discounts; or

94 (c) certification standards.

95 (8) (a) The provisions of this ~~h~~ [section] CHAPTER ~~h~~ do not apply to a supplier or dealer  
95a where a

96 written dealer agreement provides for compensation to a dealer for warranty labor and parts  
97 costs either as part of the pricing of the equipment to the dealer or in the form of a lump-sum  
98 payment.

99 (b) The lump-sum payment under Subsection (8)(a) must be at least 5% of the  
100 suggested retail price of the equipment.

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

102 **13-14b-104. Audits.**

103 (1) A supplier may not audit a dealer's records concerning any paid warranty claim that  
104 was submitted to the supplier more than one year before the day on which the audit begins,  
105 except where an audit of records made within the one-year time period shows fraudulent  
106 claims, in which case this provision does not apply.

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

109 (b) Subsection (2)(a) may not prevent a supplier from requiring additional information  
110 from a dealer if an initial audit finds potential errors, fraud, or inconsistencies.

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

112 **13-14b-105. Relief.**

113 (1) A dealer may bring an action in a court of competent jurisdiction to obtain payment  
114 of a warranty claim submitted under this chapter to a supplier if a supplier:

115 (a) fails to make payment in accordance with the provisions of this chapter;

116 (b) wrongfully rejects the dealer's warranty claim; or

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

118 (2) The court shall award the dealer costs and reasonable attorney's fees if it finds that  
119 the supplier has committed a violation under Subsection (1)(a), (b), or (c).

**Legislative Review Note**

as of 1-7-03 9:12 AM

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

**Office of Legislative Research and General Counsel**

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**Fiscal Note****Equipment Dealer Warranty Reimbursement Act***22-Jan-03***Bill Number HB0090***9:04 AM*

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**State Impact**

No fiscal impact.

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**Individual and Business Impact**No fiscal impact.

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**Office of the Legislative Fiscal Analyst**

