

# SB0157S02 compared with SB0157S01

~~{Omitted text}~~ shows text that was in SB0157S01 but was omitted in SB0157S02

inserted text shows text that was not in SB0157S01 but was inserted into SB0157S02

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**New Motorboat Distributor Act**  
2026 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: Chris H. Wilson**  
House Sponsor: Steve Eliason

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**LONG TITLE**

**General Description:**

This bill enacts the New Motorboat Distributor Act.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ ~~{authorizes}~~ grants the executive director of the Department of Commerce authority to administer and enforce the chapter and conduct adjudicative proceedings, issue cease-and-desist orders, and impose administrative fines of up to ~~{ \$5,000 }~~ \$1,000 per day for violations;
- ▶ prohibits ~~{ distributors from engaging in }~~ certain coercive, unfair, or inequitable business practices ~~{ toward dealerships }~~ by motorboat distributors;
- ▶ ~~{ protects a dealership's right to sell, transfer, or pass ownership of the business to a successor and limits when a distributor may refuse that transfer; }~~
- ▶ establishes standards governing the sale, transfer, and succession of motorboat dealerships;
- ▶

SB0157S01

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restricts ~~{ a distributor's ability to terminate or discontinue }~~ termination, nonrenewal, relocation, or establishment of a motorboat dealership ~~{ agreement }~~ without good cause, ~~{ advance }~~ notice, and ~~{ an }~~ opportunity for administrative review;

- 18       ▶ establishes evidentiary standards for determining good cause;
- 18       ▶ requires a distributor to provide ~~{ a detailed }~~ written warranty, recall, and service ~~{ compensation }~~ policies and to reimburse a dealership ~~{ at retail labor and parts rates for warranty and recall work }~~ ;
- 21       ▶ requires a distributor to compensate a dealership for incidental labor, ~~{ on-water testing, and }~~ administrative tasks , and on-water testing related to warranty and recall repairs;
- 23       ▶ requires a distributor ~~{ to buy back unsold }~~ , upon termination or discontinuance, to repurchase certain inventory, parts, tools, equipment, signs, and ~~{ equipment from a dealership if the distributorship agreement is terminated }~~ related property;
- 25       ▶ ~~{ establishes procedures and evidentiary standards the executive director shall use to determine whether a distributor has good cause to terminate, relocate, or add a dealership within a market area; }~~
- 28       ▶ ~~{ requires a distributor to provide notice, market data, and justification before establishing or relocating a dealership within 100 miles of an existing dealership of the same line-make and allows an existing dealership to protest; }~~
- 31       ▶ ~~{ grants }~~ provides a ~~{ dealership a }~~ private right of action ~~{ against a distributor for actual damages and attorney fees resulting from violations }~~ for a violation of the ~~{ act }~~ chapter;
- 26       ▶ governs changes in distribution plans;
- 33       ▶ recognizes and ~~{ preserves certain preexisting }~~ limits sub-distributtee agreements ~~{ while prohibiting the creation of a new sub-distributtee arrangement after the effective date }~~ ; and
- 35       ▶ repeals the Motorboat Agreements Act.

### 29 Money Appropriated in this Bill:

30       None

### 31 Other Special Clauses:

32       None

### 33 Utah Code Sections Affected:

34       ENACTS:

35       **13-14c-101** , Utah Code Annotated 1953

36       **13-14c-102** , Utah Code Annotated 1953

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37 **13-14c-103** , Utah Code Annotated 1953  
38 **13-14c-104** , Utah Code Annotated 1953  
39 **13-14c-105** , Utah Code Annotated 1953  
40 **13-14c-201** , Utah Code Annotated 1953  
41 **13-14c-202** , Utah Code Annotated 1953  
42 **13-14c-203** , Utah Code Annotated 1953  
43 **13-14c-204** , Utah Code Annotated 1953  
44 **13-14c-301** , Utah Code Annotated 1953  
45 **13-14c-302** , Utah Code Annotated 1953  
46 **13-14c-303** , Utah Code Annotated 1953  
47 **13-14c-304** , Utah Code Annotated 1953  
48 **13-14c-305** , Utah Code Annotated 1953  
49 **13-14c-306** , Utah Code Annotated 1953

57 ~~**{13-14c-307, Utah Code Annotated 1953}**~~

50 REPEALS:

51 **13-58-101** , as enacted by Laws of Utah 2021, Chapter 185  
52 **13-58-102** , as enacted by Laws of Utah 2021, Chapter 185  
53 **13-58-201** , as enacted by Laws of Utah 2021, Chapter 185  
54 **13-58-301** , as enacted by Laws of Utah 2021, Chapter 185  
55 **13-58-302** , as last amended by Laws of Utah 2022, Chapter 274  
56 **13-58-401** , as enacted by Laws of Utah 2021, Chapter 185  
57 **13-58-402** , as enacted by Laws of Utah 2021, Chapter 185

58

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

60 Section 1. Section **1** is enacted to read:

63 **13-14c-101. Definitions.**

14c. New Motorboat Distributor

1. General Provisions

As used in this chapter:

73 (1) "Affected municipality" means an incorporated city or town:

74 (a) located in the notice area; and

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- 75 (b) where a distributor proposes to establish a new or relocated motorboat distributee within the  
76 { [relevant market](#) } [notice](#) area of an existing distributee of the same line-make owned by a different  
77 distributee.
- 78 (2) "Affiliate" means the same as that term is defined in Section 16-10a-102.
- 79 (3) "Aftermarket product" means a product or a service that is not included in the retail price that the  
80 distributor suggests.
- 81 (4) "Dealership" means a location in the state that is a new motorboat distributee's place of business.
- 82 (5) "Department" means the Department of Commerce created in Section 13-1-2.
- 83 (6) "Distributee" means a person that a distributor permits to purchase, sell, or offer to sell a new  
84 motorboat the distributor manufactures, produces, represents, or distributes.
- 85 (7) "Distributor" means a person that permits a distributee to purchase, sell, or offer to sell a new  
86 motorboat the distributor manufactures, produces, represents, or distributes, and includes:
- 87 (a) the manufacturer, producer, assembler, or distributor of a new motorboat;
- 88 (b) an intermediate distributor; and
- 89 (c) an agent, officer, or field or area representative of the distributor.
- 90 (8) "Distributorship agreement" means a written agreement in which:
- 91 (a) a distributor grants to a distributee permission to use a trade name, trademark, service mark, or  
92 related characteristic; and
- 93 (b) a community of interest exists in the marketing of new motorboats and new motorboat parts and  
94 services related to the sale or lease of new motorboats at wholesale or retail.
- 95 (9) "Executive director" means the executive director of the Department of Commerce.
- 96 (10) "Line-make" means a brand that the distributor offers for sale, lease, or distribution under a  
97 common name, trademark, service mark, or brand name.
- 98 (11)
- 99 (a) "Motorboat" means a watercraft that is propelled primarily by a self-contained mechanical engine  
100 with at least 50 horsepower that produces thrust directly for movement on water { [for vessels that are](#)  
101 } [and is](#) at least 14 feet in length.
- 102 (b) "Motorboat" includes:
- 103 (i) an inboard-powered boat;
- 104 (ii) a stern drive boat;
- 105 (iii) an outboard-powered boat;

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- 108 (iv) a wake boat;
- 109 (v) a ski boat;
- 110 (vi) a runabout;
- 111 (vii) a cabin cruiser;
- 112 (viii) a center console;
- 113 (ix) a pontoon boat; and
- 114 (x) a jet boat.
- 115 (c) "Motorboat" does not include:
- 116 (i) a human or wind powered watercraft regardless of the presence of a secondary motor;
- 118 (ii) a personal watercraft;
- 119 (iii) a houseboat;
- 120 (iv) a vessel that is primarily intended to be towed; ~~{and}~~
- 113 (v) a vessel that is:
- 114 (A) in the same line-make as a personal watercraft; and
- 115 (B) distributed in accordance with a common distribution agreement which includes the vessel line-  
make and the personal watercraft; and
- 121 (v){(vi)} a dock.
- 122 (12)
- (a) "Motorboat trailer" means a vehicle, frame, or device that is designed, manufactured, or modified to  
tow a motorboat over land.
- 124 (b) "Motorboat trailer" includes a trailer that:
- 125 (i) is equipped with bunks, rollers, cradles, guides, or other structural components specifically to  
support the hull of a motorboat; and
- 127 (ii) is used in launching, retrieving, storing, or transporting a motorboat.
- 128 (13) "New motorboat" means a motorboat that has not been titled or registered and has less than 150  
engine hours.
- 130 (14) "New motorboat distributee" means a person that is registered to sell a new motorboat under  
Section 13-14c-103.
- 132 (15) "Notice area" means the geographic area that is within a radius of {~~100~~} 50 miles from the site of  
an existing dealership of the same line-make.
- 130 (16) "Personal watercraft" means the same as that term is defined in Section 73-18-2.

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- 134 (16){(17)} "Primary market area" means:
- 135 (a) for an existing dealership, the geographic area a distributor establishes for an existing dealership of  
the same line-make to serve; or
- 137 (b) for a new or relocated dealership, the geographic area a distributor proposes for a new or relocated  
dealership of the same line-make to serve.
- 139 (17){(18)} "Recall" means a determination that a distributor or the United States Coast Guard makes  
that a motorboat:
- 141 (a) contains a safety-related defect; or
- 142 (b) fails to comply with a federal safety or emissions standard.
- 143 (18){(19)} "Recall repair" means any reasonable diagnostic work, labor, or part necessary to resolve an  
issue that is the basis of a recall.
- 145 ~~{(19) {"Relevant market area" means:}}~~
- 146 ~~{(a) {the county in which the existing dealership of the same line-make is located; and}}~~
- 147 ~~{(b) {the notice area.}}~~
- 148 (20) "Sale, transfer, or assignment" means the disposition of an interest in a dealership, with or without  
consideration, through a bequest, inheritance, gift, exchange, lease, or license.

144 Section 2. Section 2 is enacted to read:

### 145 **13-14c-102. Powers and duties of the executive director.**

- 152 (1) The executive director shall:
- 153 (a) administer and enforce this chapter; and
- 154 (b) make rules for the administration of this chapter in accordance with Title 63G, Chapter 3, Utah  
Administrative Rulemaking Act.
- 156 (2)
- (a) The executive director {shall} may conduct an adjudicative proceeding under this chapter in  
accordance with Title 63G, Chapter 4, Administrative Procedures Act.
- 158 (b) In an adjudicative proceeding under this chapter, an order the executive director issues shall comply  
with Section 63G-4-208, whether the proceeding is a formal or an informal adjudicative proceeding  
under Title 63G, Chapter 4, Administrative Procedures Act.
- 162 (3) The department shall make the executive director's order available to the public.

157 Section 3. Section 3 is enacted to read:

### 158 **13-14c-103. Registration -- Fees.**

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- 165 (1) A distributee or distributor doing business in the state shall:
- 166 (a) annually register or renew the distributee or ~~the~~ distributor's registration with the department in a  
form the department approves; and
- 168 (b) pay an annual registration fee in an amount the department determines in accordance with Sections  
13-1-2 and 63J-1-504.
- 170 (2) The department shall register or renew the registration of a distributee or ~~a~~ distributor if the  
distributee or distributor complies with this chapter and the rules the department makes under this  
chapter.
- 173 (3) A distributee or distributor registered under this section shall comply with this chapter and the rules  
the department makes to enforce this chapter.
- 175 (4) The department shall collect and deposit the fee Subsection (1)(b) imposes into the Commerce  
Service Account created by Section 13-1-2.
- 177 (5) Notwithstanding Subsection (1), an agent, officer, or field or area representative of a distributor does  
not need to register under this section if the distributor holds a valid registration under this section.
- 174 Section 4. Section 4 is enacted to read:
- 175 **13-14c-104. Administrative proceedings commenced by the agency.**
- 182 (1) Except as provided in Subsection (3), ~~{after a hearing,}~~ if the executive director finds that a person  
has violated this chapter or a rule the department makes under this chapter, the executive director  
may:
- 185 ~~{(a) {issue a cease and desist order; and}}~~
- 186 ~~{(b) {assess an administrative fine.}}~~
- 187 ~~{(2) }~~
- 179 (a) ~~notify the person of the alleged violation of this chapter or a rule; and~~
- 180 (b) ~~schedule an adjudicative hearing under Section 63G-4-201.~~
- 181 (2)
- (a) In determining the amount and appropriateness of an administrative fine under Subsection (1), the  
executive director shall consider:
- 189 (i) the gravity of the violation;
- 190 (ii) the history of previous violations; and
- 191 (iii) any attempt the person makes to retaliate against another person for seeking relief under this  
chapter or other federal or state law relating to the motorboat industry.

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194 (b) In addition to any other action permitted under Subsection (1), the department may file an action  
with a court enforcing the executive director's order and pursue the executive director's assessment  
of a fine in an amount not to exceed {~~\$5,000~~} \$1,000 for each day a person violates the executive  
director's order.

198 (3)

(a) In addition to the grounds described in Subsection 63G-4-502(1) for issuing an emergency order,  
the executive director may issue an order on an emergency basis if the executive director determines  
that irreparable damage is likely to occur immediately if the executive director takes no action.

202 (b) In issuing an emergency order under Subsection (3)(a), the executive director shall comply with the  
requirements of Subsections 63G-4-502(2) and (3).

198 Section 5. Section **5** is enacted to read:

199 **13-14c-105. Administrative proceedings -- Request for agency action.**

206 (1)

(a) A person may commence an adjudicative proceeding in accordance with this chapter and Title 63G,  
Chapter 4, Administrative Procedures Act, to:

208 (i) remedy {a} an alleged violation of this chapter;

209 (ii) obtain approval of an act this chapter regulates; or

210 (iii) obtain a determination that this chapter specifically authorizes.

211 (b) A person {~~shall~~} may file a request for agency action in accordance with Section 63G-4-201 to  
commence an adjudicative proceeding.

207 (2) The executive director shall review a request for an adjudicative proceeding and notify the  
requesting party whether the request is granted or denied in accordance with Subsection  
63G-4-201(3).

213 (2){(3)} {~~The~~} If there is an adjudicative proceeding, the executive director shall apportion in a  
fair and equitable manner between the parties the costs of the adjudicative proceeding, including  
reasonable attorney fees.

213 Section 6. Section **6** is enacted to read:

215 **13-14c-201. Prohibited acts by distributors -- Affiliates -- Disclosures.**

2. Distributors in General

218 (1) A distributor may not:

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- 221 (a) except as provided in Subsection (2), require a distributee to order or accept delivery of any new  
223 motorboat or other item that the distributee did not voluntarily order;
- 225 (b) require a distributee to refrain from acquiring any other line of new motorboats or products;
- 225 (c) require, coerce, or attempt to coerce a distributee to enter into an agreement with the distributor or  
do any other unfair or prejudicial act to the distributee;
- 225 (d) change, establish, enforce, modify, or implement a plan or system for allocating, scheduling, or  
delivering new motorboats, parts, or accessories to the distributor's distributees so that the plan or  
system is not fair, reasonable, and equitable~~{, including a plan or system that imposes a motorboat~~  
~~sales objective, goal, or quota on a distributee, or that evaluates a distributee's sales effectiveness or~~  
~~overall sales performance, without providing the distributee a reasonable opportunity to acquire the~~  
~~necessary motorboats in a timely manner from the distributor on commercially reasonable terms~~};
- 233 (e) increase the price of a new motorboat that the distributee has ordered from the distributor if the  
order occurred before the distributee received an official written price increase notification;
- 236 (f) engage in the distribution, sale, offer for sale, or lease of a new motorboat to purchasers who acquire  
the motorboat in the state except through a distributee located in the {relevant marketing} notice  
area of the purchaser;
- 239 (g) authorize or permit a person to perform warranty service repairs on motorboats, unless the repairs  
are performed by a distributee with a distributorship agreement for the sale and service of the  
distributor's motorboats within the {relevant market} notice area where the dealership is located;
- 243 (h) fail to provide a distributee with a written distributorship agreement;
- 244 (i) directly or indirectly own an interest in a new motorboat distributee or dealership, operate or control  
a new motorboat distributee or dealership, act in the capacity of a new motorboat distributee, or  
operate a motorboat service facility;
- 247 (j) fail to {timely} pay a distributee for a reimbursement for an incentive or other payment the  
distributor owes~~in accordance with a written distributorship agreement;~~
- 249 (k) use a performance standard, incentive program, or similar method to measure a distributee's  
performance unless the standard or program:
- 251 (i) is designed and administered fairly and equitably;
- 252 (ii) if based upon a survey, utilizes a statistically valid sample; and
- 253

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- (iii) if the distributee requests it, is disclosed and explained in writing to the distributee, including how the standard or program is designed and administered, and the types of data that will be collected and used;
- 256 (l) through an affiliate, take an action that this chapter otherwise prohibits;
- 257 (m) impose a fee, surcharge, or other charge on a distributee designed to recover the cost of a warranty repair or any other cost in this chapter or the dealership agreement for which the distributor owes {to } the distributee;
- 260 (n) deny a distributee the right to return any or all parts or accessories that are in good, resalable condition and that are listed in the current parts catalog;
- 262 (o) obtain a waiver of a distributee's right from a distributee by threatening to impose a detriment upon the distributee's business, or to withhold any entitlement, benefit, or service to which the distributee is entitled {under an-} in accordance with the distributorship agreement, contract, statute, rule, regulation, or law, or that the distributor has granted to more than one other distributee of the distributor in the state;
- 267 (p) fail to provide reasonable compensation to a distributee for assistance requested by a customer whose motorboat was subjected to an over the air or remote change, repair, or update to any part, system, accessory, or function by the distributor or affiliate and performed at the distributee's dealership to satisfy the customer; or
- 271 (q) ship a new motorboat to a distributee without receiving prior written confirmation from the distributee authorizing the shipment of that specific motorboat.
- 273 (2) Subsection (1)(a) does not prevent the distributor from requiring that a distributee carry a reasonable inventory of:
- 275 (a) new motorboat models offered for sale by the distributor as long as the inventory levels are supported by market demand; and
- 277 (b) parts to service the repair of the new motorboats.
- 271 Section 7. Section 7 is enacted to read:
- 272 **13-14c-202. Sale or transfer of ownership.**
- 280 (1)
- (a) The distributor shall give effect to the change in a distributorship agreement as a result of an event listed in Subsection (1)(b):
- 282 (i) subject to Subsection 13-14c-303(2)(b); and

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- 283 (ii) unless exempted under Subsection (2).
- 284 (b) The distributor shall give effect to the change in a distributorship agreement in accordance with  
285 Subsection (1)(a) for the:
- 286 (i) sale of a distributee's dealership;
- 287 (ii) contract for sale of a distributee's dealership; or
- 288 (iii) transfer of full or partial ownership of a distributee's dealership by:
- 289 (A) sale;
- 290 (B) transfer of the business; or
- 291 (C) stock transfer.
- 292 (2) A distributor is exempted from the requirements of Subsection (1) if:
- 293 (a) the transferee is denied or would be denied registration in accordance with Section 13-14c-103; or
- 295 (b) the proposed sale or transfer of the business will be substantially detrimental to the distribution  
of the distributor's new motorboats or to competition in the {relevant market } notice area, if  
the distributor has given written notice to the distributee within 60 days following receipt by the  
distributor of the following:
- 299 (i) a copy of the proposed contract of sale or transfer executed by the distributee and the proposed  
transferee;
- 301 (ii) a completed copy of the distributor's written application for approval of the change in ownership, if  
any, including the information customarily required by the distributor; {and}
- 297 (iii) a written agreement whereby the proposed transferee agrees to the terms and conditions of the  
distributorship agreement; and
- 304 (iii){(iv)}
- (A) a written description of the business experience of the transferee in the case of a proposed sale or  
transfer of the distributee's business; or
- 306 (B) a written description of the business experience and financial capacity of the person principally  
involved in the proposed change of the dealership.
- 308 {~~(3) {For purposes of this section, the refusal by the distributor to accept a proposed transferee is~~  
~~presumed to be unreasonable and undertaken without good cause if the proposed distributee or the~~  
~~proposed distributee's principal owner, as applicable:} }~~
- 311 {~~(a) {is of good moral character; and} }~~
- 312

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~~{(b) {otherwise meets the written, reasonable, and uniformly applied standards or qualifications, if any, of the distributor relating to the business experience of executive management and financial capacity to operate and maintain the dealership required by the distributor of the distributor's distributees.}}~~

316 (4){(3)}

(a) If, after receipt of the written notice from the ~~{distributor}~~ distributee described in Subsection (2) (b), the ~~{distributee}~~ distributor objects to ~~{the distributor's refusal to accept}~~ the proposed sale or transfer of the business or change of executive management, the distributee may file ~~{an application for a hearing before the executive director up to}~~ a request for an adjudicative proceeding in accordance with Section 63G-4-201, within 60 days from the date of receipt of the distributor's objection notice.

321 (b) ~~{After a hearing}~~ If an adjudicative proceeding is initiated in accordance with Section 63G-4-201, the executive director shall ~~{determine, and enter an order providing that}~~ hold a hearing to determine whether:

323 (i) ~~{the}~~ a proposed transferee or change in executive management~~{:}~~ shall be approved or denied for specified reasons; or

324 ~~{(A) {shall be approved; or}}~~

325 ~~{(B) {may not be approved for specified reasons; or}}~~

326 (ii) a proposed transferee is approved if specific conditions are timely satisfied to guarantee to the distributor that a proposed transferee is able to comply with the conditions of the distributorship.

327 (c)

(i) The distributee shall have the burden of proof with respect to all issues raised by the distributee's application for a hearing as provided in this section.

329 (ii) During the pendency of the hearing, not to exceed 90 days, the distributorship agreement shall continue in effect in accordance with the distributorship agreement's terms.

331 ~~{(5)}~~

(a){(4)} A distributor shall not unreasonably withhold approval of a proposed sale or transfer.

333 ~~{(b) {If the distributor fails to provide written notice of approval or disapproval within 30 days after receiving notice under Subsection (2)(b), the proposed sale or transfer shall be deemed approved.}}~~

321 Section 8. Section 8 is enacted to read:

322 **13-14c-203. Succession of a distributee.**

338 (1)

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- 341 (a) A designated successor may succeed the distributee in the ownership and operation of the dealership under the existing distributorship agreement if the designated successor:
- 344 (i) gives the distributor written notice of an intent to succeed to the rights of the deceased or  
345 incapacitated distributee in the distributorship agreement within 180 days after the day of the  
346 distributee's death or incapacity;
- 348 (ii) agrees to all of the terms and conditions of the distributorship agreement; and
- 349 (iii) meets the criteria the distributor generally applies for a qualifying distributee.
- 350 (b) A distributor may refuse to honor the existing distributorship agreement with the designated  
351 successor for good cause.
- 352 (2)
- 353 (a) The distributor may request in writing from a designated successor the personal and financial  
354 data that is reasonably necessary to determine whether the distributor should honor the existing  
355 distributorship agreement.
- 356 (b) The designated successor shall supply the personal and financial data promptly upon the distributor's  
357 request.
- 358 (3)
- 359 (a) If a distributor believes that good cause exists for refusing to honor the requested succession, the  
360 distributor shall serve upon the designated successor notice of the distributor's refusal to approve the  
361 succession within 60 days after the later of:
- 362 (i) receipt of the notice of the designated successor's intent to succeed the distributee in the  
363 ownership and operation of the dealership; or
- 364 (ii) receipt of the personal and financial data that the distributor requests.
- 365 (b) Failure to serve the notice in accordance with Subsection (3)(a) is considered approval of the  
366 designated successor and the distributorship agreement is considered amended to reflect the  
367 approval of the succession the day following the last day the distributor can serve notice under  
368 Subsection (3)(a).
- 369 (4) The notice required by Subsection {~~(3)~~} (3)(a) shall:
- 370 (a) state the specific grounds for the refusal to approve the succession; and
- 371 (b) state that the discontinuance of the distributorship agreement shall take effect not less than 180 days  
372 after the date the notice of refusal is served unless the proposed successor files an application for  
373 hearing under Subsection (6).

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- 368 (5)
- (a) This section does not prevent a distributee from designating a person as the successor by written instrument filed with the distributor.
- 370 (b) If a distributee files ~~{an}~~ a written instrument under Subsection (5)(a), the written instrument governs the succession rights to the management and operation of the dealership subject to the designated successor satisfying the distributor's qualification requirements as described in this section.
- 374 (6)
- (a) If a distributor serves a notice of refusal to a designated successor in accordance with Subsection ~~{(3)}~~ (3)(a), the designated successor may, within the 180-day period provided in Subsection (4), file with the executive director ~~{an application for a hearing and a determination by the executive director regarding}~~ a request for an adjudicative proceeding in accordance with Section 63G-4-201, whether good cause exists for the refusal.
- 379 (b) If ~~{an application for a hearing}~~ a request for an adjudicative proceeding is timely filed and the executive director grants the request, the distributor shall continue to honor the distributorship agreement until after the executive director gives a decision and the applicable appeal period following the executive director's decision has expired.
- 368 Section 9. Section 9 is enacted to read:
- 369 **13-14c-204. Distributor's obligations relating to warranty and recall service.**
- 384 (1)
- (a) A distributor shall provide to each distributee documentation that includes:
- 385 (i) warranty coverage and duration;
- 386 (ii) customer responsibilities;
- 373 (iii) distributee responsibilities;
- 387 (iii){(iv)} claim procedures; and
- 388 (iv){(v)} distributor contact information.
- 389 (b) The distributee shall provide the same documentation to each customer at the time of sale.
- 391 (2) A distributor shall provide each distributee registered as a new motorboat distributee in the state with a written statement specifying:
- 393 (a) the distributee's obligations regarding new motorboat preparation, delivery, warranty service, and recalls for the distributor's products;

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- 395 (b) the schedule of compensation that the distributor will pay the distributee for diagnostic work, parts,  
labor, and service; and
- 397 (c) the time allowances applicable to the performance of work and service.
- 398 (3) Time allowances described in Subsection (2) for the diagnosis and performance of warranty work  
and service shall be reasonable and adequate for the work to be performed.
- 401 (4)
- (a) As used in this Subsection (4), "Qualified repair" means a repair to a motorboat that would have  
come within the distributor's new motorboat warranty but for ~~{such}~~ the motorboat having  
exceeded the time qualifications of ~~{such}~~ the warranty.
- 404 (b) Reasonable compensation of the distributee for parts and service in warranty or recall repair  
work ~~{may not}~~ shall be ~~{less than the rates the distributee charges for parts and service to retail~~  
~~customers}~~ in accordance with Subsection 13-14c-204(2).
- 407 (c) A distributee seeking to establish or modify the distributee's retail labor rate, retail parts markup, or  
both, shall submit a notice in writing or electronically to the distributee's distributor at the location  
and in the format the distributor specifies in writing to the distributee for repairs made no more than  
180 days before ~~{such}~~ the submission:
- 412 (i) all consecutive repair orders that include 50 sequential repair orders reflecting qualified repairs; or
- 414 (ii) all repair orders reflecting qualified repairs closed during any period of 90 consecutive days.
- 416 (d) A distributee shall calculate the distributee's:
- 417 (i) retail labor rate by ~~{determining}~~ determining the total charges for labor in the qualified repairs  
submitted, dividing that amount by the total number of hours in the qualified repairs that generated  
~~{such}~~ the charges; and
- 420 (ii) retail parts markup by determining the total charges for parts in the qualified repairs submitted,  
dividing ~~{such}~~ the amount by the distributee's total cost of the purchase of ~~{such}~~ the parts,  
subtracting one, and multiplying by 100 to produce a percentage.
- 424 (e) A distributee may not seek to establish or modify the distributee's:
- 425 (i) ~~{retail}~~ labor rate, as described in Subsection 13-14c-204(2), more frequently than once in a 12-  
month period; and
- 426 (ii) ~~{retail parts markup}~~ total charges for parts more frequently than once in a 12-month period.
- 427 (f)

## SB0157S01 compared with SB0157S02

(i) In addition to compensating a distributee for diagnostic work, labor, and parts under this section, a distributor shall compensate the distributee for ~~{each}~~ reasonable and necessary ~~{task}~~ tasks the distributee performs that ~~{is}~~ are incidental to warranty repairs, upon submission of an itemized statement, including:

431 (A) assisting a customer with unhooking or hooking up the motorboat from a motorboat trailer or towing vehicle;

433 ~~{(B) {moving or positioning the motorboat around the dealership premises;}}~~

434 (C)~~{(B)}~~ removing, installing, or uncovering a protective cover, or accessing an interior compartment to facilitate inspection or repair;

436 (D)~~{(C)}~~ assisting a customer with retrieving the customer's motorboat from the dealership after the distributee completes the repair; and

438 (E)~~{(D)}~~ handling administrative or documentation tasks, including paperwork.

439 (g) If a warranty repair requires an on-water performance evaluation to verify the effectiveness of the repair or to properly perform a diagnosis, the distributor shall compensate the distributee for {all} reasonable costs the distributee incurs in conducting the test, including:

443 (i) ~~{hourly}~~ labor time for test operation at ~~{the distributee's prevailing warranty labor}~~ a rate made in accordance with Subsection 13-14c-204(2);

445 (ii) fuel or oil the test requires; and

446 (iii) ~~{any}~~ reasonable transportation costs to and from the testing location.

447 (5)

(a) For any item that a distributor sells, supplies, or otherwise provides to a distributee, including a motorboat trailer, an engine, a part, or an accessory sold or bundled with a motorboat, the distributor shall:

450 (i) provide full warranty support and coverage in accordance with this section and the distributorship agreement, including any necessary technical assistance, replacement parts, or repairs;

453 (ii) compensate the distributee for all warranty-related work the distributee performs at the distributee's retail labor rate and retail parts markup~~{, as established under}~~ made in accordance with Subsection ~~{(3);and}~~ 13-14c-204(2); and

456 (iii) ensure that any warranty terms or conditions for these items are substantially similar to those offered by the ~~{manufacturer}~~ distributor in other states and disclosed to the distributee in

## SB0157S01 compared with SB0157S02

writing so that the distributee may properly administer and perform the warranty obligations on behalf of the distributor.

- 460 (b) For any item that a distributor sells, supplies, or otherwise provides to a distributee, including a motorboat trailer, an engine, a part, or an accessory sold with a motorboat, the distributor may not disclaim or delegate warranty responsibility for {such} the items to a third party if the distributor is the entity that sold, supplied, or bundled the items for the distributee.
- 465 (c)
- (i) For warranty purposes under this section, a motorboat trailer is deemed included with the new motorboat if:
- 467 (A) the new motorboat distributor invoices the distributee for the motorboat trailer; or
- 469 (B) the distributor offers a credit for ordering the motorboat without the motorboat trailer and that credit is less than the distributee's wholesale price for the motorboat trailer when purchased separately.
- 472 (ii) A credit that is equal to or greater than the distributee's wholesale price for the motorboat trailer does not cause the motorboat trailer to be deemed included for warranty purposes.
- 475 (6) A distributor shall:
- 476 (a) perform any warranty obligationdescribed in the distributor's written warranty policy;
- 477 (b) include in each written notice of the distributor's recall to a new motorboat owner and each distributee the expected date the necessary parts and equipment will be available to the distributee for the correction of the defect; {or} and
- 480 (c) compensate a distributee for all reasonable diagnostic work, labor, and parts the distributor requires to perform a recall repair in accordance with Subsections (3) and (4) { within 30 days of claim submission } in accordance with the distributorship agreement.
- 483 (7) If a distributor denies a distributee's claim for a defective part, alleging that the part is not defective, the distributor at the distributor's option shall:
- 485 (a) return the part to the distributee at the distributor's expense; or
- 486 (b) pay the distributee the cost of the part.
- 487 (8) A distributor may deny a distributee's claim for warranty compensation or recall repair compensation if:
- 489 (a) the distributee lacks material documentation for the claim; or
- 490 (b) the distributee files a claim that is fraudulent.

## SB0157S01 compared with SB0157S02

- 477 Section 10. Section 10 is enacted to read:
- 479 **13-14c-301. Termination or discontinuance of a distributorship agreement.**
3. Restrictions on Termination, Relocation, and Establishment of Distributors
- 494 (1) Except as provided in Subsection (2), a distributor may not terminate or refuse to continue a distributorship agreement, or the rights to sell and service a line-make in accordance with a distributorship agreement, whether through termination or discontinuance of the distributorship agreement, termination or discontinuance of a line-make, or otherwise, unless:
- 499 (a) the distributee receives written notice from the distributor 60 days before the effective date of termination or discontinuance setting forth the specific grounds for termination or discontinuance that the distributor relies on to establish good cause for the termination or discontinuance;
- 503 (b) the distributor has good cause for termination or discontinuance~~{; and}~~ , including:
- 490 (i) fraud;
- 491 (ii) evidence of customer harm;
- 492 (iii) failure to meet and maintain financial standard obligations; or
- 493 (iv) failure to meet clearly communicated performance standards; and
- 504 (c) the distributor is willing and able to comply with Section 13-14c-304.
- 505 (2) A distributor may terminate a distributorship agreement, without complying with Subsection (1):
- 507 (a) if the department confiscates or revokes the distributee's registration in accordance with Section 13-14c-103; or
- 509 (b) upon a mutual written agreement of the distributor and distributee.
- 510 (3)
- (a) At any time before the effective date of termination or discontinuance of the distributorship agreement, the distributee may {~~apply to the executive director~~} request an adjudicative proceeding in accordance with Section 63G-4-201, for a hearing on the merits, and following notice to all parties concerned, the hearing shall be {~~promptly~~} held within 30 days after the day on which the executive director receives the request for an adjudicative proceeding.
- 514 (b) A termination or discontinuance subject to a hearing under Subsection (3)(a) may not become effective until:
- 516 (i) final determination of the issue by the executive director; and
- 517 (ii) the applicable appeal period has lapsed.
- 518

## SB0157S01 compared with SB0157S02

(4) A distributee may voluntarily terminate the distributee's distributorship agreement if the distributee provides written notice to the distributor at least ~~{30}~~ 60 days before the termination.

512 Section 11. Section 11 is enacted to read:

513 **13-14c-302. Issuance of an additional distributorship agreement -- Relocation of an existing distributorship agreement.**

524 (1) Except as provided in Subsection ~~{(7)}~~ (6), a distributor shall provide the notice and documentation required under Subsection (3) if the distributor seeks to:

526 (a) enter into a distributorship agreement establishing a motorboat dealership within a {relevant market } notice area where the same line-make is represented by another distributee; or

529 (b) relocate an existing motorboat distributee.

530 (2) In determining whether a new or relocated dealership is within a {relevant market } notice area where the same line-make is represented by an existing dealership, the {relevant market } notice area is measured from the closest property boundary line of the existing dealership to the closest property boundary line of the new or relocated dealership.

534 (3)

(a) If a distributor seeks to take an action listed in Subsection (1), before taking the action, the distributor shall, in writing, notify ~~{the executive director, the clerk of each affected municipality, and}~~ each distributee in that line-make in the {relevant market } notice area.

538 (b) The notice required by Subsection (3)(a) shall:

539 (i) specify the intended action described under Subsection (1);

540 (ii) specify the good cause on which the distributor intends to rely for the action; and

541 (iii) be delivered by registered or certified mail or by any form of reliable delivery through which receipt is verifiable.

543 (4)

~~{(a) {Except as provided in Subsection (4)(c), the distributor shall provide to the executive director, each affected municipality, and each distributee in that line-make in the relevant market area the following documents relating to the notice described under Subsection (3):-} }~~

547 ~~{(i) }~~

(a) The executive director may require the distributor to provide:

533 (i)

## SB0157S01 compared with SB0157S02

- (A) any aggregate economic data and all existing reports, analyses, or opinions based on the aggregate economic data that were relied on by the distributor in reaching the decision to proceed with the action described in the notice; and
- 550 (B) the aggregate economic data under Subsection (4)(a)(i)(A) includes:
- 551 (I) motorboat registration data;
- 552 (II) market penetration data; and
- 553 (III) demographic data;
- 554 (ii) written documentation that the distributor has in the distributor's possession that the distributor intends to rely on in establishing good cause;
- 556 (iii) a statement that describes in reasonable detail how the establishment of a new distributee or the relocation of an existing distributee will affect the amount of business transacted by other distributees of the same line-make in the {relevant market} notice area, as compared to business available to the distributees; {and} or
- 560 (iv) a statement that describes in reasonable detail how the establishment of a new distributee or the relocation of an existing distributee will be beneficial or injurious to the public welfare or public interest.
- 563 ~~{(b) {The distributor shall provide the documents described under Subsection (4)(a) with the notice required under Subsection (3).} }~~
- 565 (c){(b)} The distributor is not required to disclose any documents under Subsection (4)(a) if:
- 566 (i) the documents would be privileged under the Utah Rules of Evidence;
- 567 (ii) the documents contain confidential proprietary information;
- 568 (iii) the documents are subject to federal or state privacy laws;
- 569 (iv) the documents are correspondence between the distributor and existing distributees in that line-make in the {relevant market} notice area; or
- 571 (v) the distributor reasonably believes that disclosure of the documents would violate:
- 572 (A) the privacy of another distributee; or
- 573 (B) Section 13-14c-201.
- 558 (c) The distributor shall provide to each distributee in that line-make in the notice area a copy of the information the distributor provides to the executive director in accordance with Subsection (4)(a).
- 574 (5)

## SB0157S01 compared with SB0157S02

- (a) Within 30 days of receiving notice required by Subsection (3), any distributee that is required to receive notice under Subsection (3) may {protest} request an adjudicative proceeding in accordance with Section 63G-4-201 to {the executive director} review the appropriateness of the establishment or relocation of the dealership.
- 577 (b) No later than 10 days after the day on which {a protest} the request for an adjudicative proceeding is filed, the department shall inform the distributor that:
- 579 (i) a timely {protest} request for an adjudicative proceeding has been filed;
- 580 (ii) a hearing {is required} may be scheduled;
- 581 (iii) the distributor may not establish or relocate the proposed dealership until the executive director {has held} holds a hearing and renders a decision in accordance with Section 63G-4-201; and
- 583 (iv) the distributor may not establish or relocate a proposed dealership if the executive director determines that there is not good cause for permitting the establishment or relocation of the dealership.
- 586 (6) If multiple {protests} requests for an adjudicative proceeding in accordance with Section 63G-4-201 are filed under Subsection (5), hearings may be consolidated to expedite the disposition of the issue.
- 588 (7) Subsections (1) through (5) do not apply to a relocation of an existing or successor distributee to a location that is:
- 590 (a) within the same county and less than five miles from the existing location of the existing or successor distributee's dealership; or
- 592 (b) further away from a dealership of a distributee of the same line-make.
- 593 (8)
- (a) Relocation of an existing distributee's dealership in excess of 15 miles from the dealership's existing location is considered the establishment of an additional distributee in the line-make of the relocating distributee.
- 596 (b) The reopening in a {relevant market} notice area of a dealership that has not been in operation is considered the establishment of an additional motorboat distributee.
- 588 Section 12. Section 12 is enacted to read:
- 589 **13-14c-303. Evidence to be considered in determining cause to terminate or discontinue.**
- 601 (1) In determining whether a distributor has established good cause for the termination or discontinuance of a distributorship agreement, the executive director shall consider:

## SB0157S01 compared with SB0157S02

- 603 (a) the amount of business transacted by the distributee, as compared to business available to the  
604 distributee;
- 605 (b) the investment necessarily made and obligations incurred by the distributee in the performance of  
606 the distributee's part of the distributorship agreement;
- 607 (c) the permanency of the investment;
- 608 (d) whether the termination or discontinuance { ~~is injurious~~ } would injure or { ~~beneficial to~~ } benefit the  
609 public welfare or public interest { ~~for~~ } by disrupting the distributee's business { ~~of the distributee to~~  
610 be disrupted } ;
- 611 (e) whether the distributee has adequate motorboat sales and service facilities, equipment, motorboat  
612 parts, and qualified service personnel to reasonably provide for the needs of the consumer for the  
613 new motorboats handled by the distributee and has been and is rendering adequate services to the  
614 public;
- 615 (f) whether the distributee refuses to honor warranties of the distributor under which the warranty  
616 service work is to be performed in accordance with the distributorship agreement, if the distributor  
617 reimburses the distributee for the warranty service work;
- 618 (g) failure by the distributee to { ~~substantially~~ } comply with those requirements of the distributorship  
619 agreement that are determined by the executive director to be:
- 620 (i) reasonable;
- 621 (ii) material; and
- 622 (iii) not in violation of this chapter;
- 623 (h) evidence of bad faith by the distributee in complying with those terms of the distributorship  
624 agreement that are determined by the executive director to be:
- 625 (i) reasonable;
- 626 (ii) material; and
- 627 (iii) not in violation of this chapter;
- 628 (i) transfer of any ownership or interest in the distributorship agreement without first obtaining approval  
629 from the distributor or the executive director; { ~~and~~ }
- 630 (j) fraud;
- 631 (k) evidence of customer harm;
- 632 (l) failure to meet and maintain financial standard obligations;
- 633 (m) failure to meet clearly communicated performance standards; and

## SB0157S01 compared with SB0157S02

- 629 (j){(n)} any other factor the executive director considers relevant.
- 630 (2) Notwithstanding any distributorship agreement, the following do not constitute good cause, as used  
in this chapter for the termination or discontinuance of a distributorship agreement:
- 633 (a) the sole fact that the distributor desires greater market penetration or more sales or leases of new  
motorboats;
- 635 (b) the change of ownership of the distributee or the change of executive management of the distributee  
unless the distributor proves that the change of ownership or executive management will be  
substantially detrimental to the distribution of the distributor's motorboats; or
- 639 (c) the fact that the distributee has justifiably refused or declined to participate in any conduct covered  
by Section 13-14c-201.
- 641 (3) For purposes of Subsection (2), "substantially detrimental" includes the failure of any proposed  
transferee to meet the objective criteria applied by the distributor in qualifying distributees at the  
time of application.

638 Section 13. Section 13 is enacted to read:

639 **13-14c-304. Distributor's obligations upon termination or discontinuance of distributorship**  
**agreement or line-make.**

- 647 (1) Upon the termination or discontinuance of a distributorship agreement or a line-make, the distributor  
shall pay the distributee:
- 649 (a) an amount calculated by:
- 650 (i) including the distributee's cost of unsold motorboats that:
- 651 (A) are in the distributee's inventory from the distributor's line-make; and
- 652 (B) represent the current model year plus the {two-} immediately preceding model {years-} year which  
the distributor continues to sell immediately before the time of termination or discontinuance;
- 654 (ii) adding any charges made by the distributor, for distribution, delivery, or taxes;
- 655 (iii) adding the distributee's cost of any distributor accessories added on the motorboat; {and}
- 657 (iv) subtracting all allowances paid or credited to the distributee by the distributor;and
- 654 (v) subtracting reasonable depreciation, use, wear and tear, and other diminution in value in the  
distributee's inventory caused by the distributee.
- 658 (b) the cost of all new, undamaged, and unsold supplies, parts, and accessories as set forth in the  
distributor's catalog at the time of termination or discontinuance for the supplies, parts, and  
accessories, less all allowances paid or credited to the distributee by the distributor;

## SB0157S01 compared with SB0157S02

- 662 (c) the fair market value, but not less than the distributee's depreciated acquisition cost of each  
undamaged sign owned by the distributee that bears a common name, trade name, or trademark of  
the distributor;
- 665 (d) the fair market value, but not less than the distributee's depreciated acquisition cost, of all special  
tools, equipment, and furnishings acquired from the distributor or sources approved by the  
distributor that are in good and usable condition; and
- 668 (e) the cost of transporting, handling, packing, and loading motorboats, supplies, parts, accessories,  
signs, special tools, equipment, and furnishings.
- 670 (2) The distributor shall pay directly to lines of credit, mortgages, or other lien holders, and then pay  
the remaining amounts {~~the distributor owes~~} owed to the distributee {~~the amounts~~} as specified in  
Subsection (1) within 60 days after the tender of the property to the distributor if the distributee {~~:~~  
has clear title to the property.
- 674 {(a) ~~{has clear title to the property; and}~~}
- 675 {(b) ~~{is in a position to convey title to the distributor.}~~}
- 676 (3)
- (a) This section does not apply to a distributee's voluntary termination, termination of a distributee's  
distributorship agreement for cause, or discontinuance of a distributee's distributorship agreement  
that occurs as a result of the distributee's sale of the distributee's business entity to a third party if  
the distributor contemporaneously grants a distributorship agreement to the third party on terms and  
conditions that are comparable to those of the termination or discontinuance of the distributorship  
agreement.
- 682 (b) Subsection (3)(a) may not be construed to impair a contractual right of a termination or a  
discontinuance of the distributorship agreement or a related agreement with a distributor or a  
distributor's affiliate, including a right to return unsold parts.
- 682 Section 14. Section 14 is enacted to read:
- 683 **13-14c-305. {~~Private right of action~~} Change in distribution plan.**  
~~{A distributee has a private right of action for actual damages and reasonable attorney~~  
~~{fees against a distributor for a violation of this chapter that results in damage to the distributee,}~~  
~~{including the cost or losses incurred following termination or discontinuance from selling or}~~  
~~{repurposing a dealership location, unexpired lease obligations, and lost line-make profits and}~~  
~~blue sky value.}~~

## SB0157S01 compared with SB0157S02

- 684 (1) If there is a change in the plan of distribution of a line-make that continues the line-make, a distributor may not directly or indirectly cause a termination, a cancellation, or a nonrenewal of a distributee's distributorship agreement.
- 687 (2) Subsection (1) does not apply if the distributor offers the distributee a new distributorship agreement that is substantially similar to the distributee's distributorship agreement at the time the distributor changed the plan of distribution.

690 Section 15. Section 15 is enacted to read:

691 **13-14c-306. {Change in distribution plan} Recognition and rights of a sub-distributee.**

692 (1) As used in this section:

693 (a) "Existing sub-distributee agreement" means a written agreement that:

694 (i) is in effect on or before May 6, 2026, under which a distributee authorizes another person to sell, lease, or service a new motorboat on the distributee's behalf; and

696 (ii) includes a renewal, extension, or replacement of that agreement that does not materially alter the agreement's core economic substance or authorized scope of activities.

699 (b) "Sub-distributee" means a person authorized under an existing sub-distributee agreement.

701 (2)

(a) An existing sub-distributee agreement may continue according to the agreement's terms.

703 (b) The enactment of this chapter may not be construed to modify the enforceability of an existing sub-distributee agreement.

705 (3) This chapter does not control disputes between a distributee and a sub-distributee.

706 (a) Except as provided in this section, the existing sub-distributee agreement and generally applicable law govern the rights, duties, remedies, and dispute-resolution procedures between a distributee and a sub-distributee arising out of or relating to an existing sub-distributee agreement.

710 (b) Nothing in this chapter may be construed to apply the standards of the distributor and a distributee relationship to a distributee and a sub-distributee relationship.

712 (4)

(a) An existing sub-distributee agreement is the controlling agreement with respect to the sub-distributee's authority to sell, lease, or service a new motorboat on the distributee's behalf.

694 (1){(b)} ~~{If there is a change in the plan of distribution}~~ The existence of {a line-make that continues the line-make} any direct communication, {a manufacturer or distributor may not directly} transaction, ordering process, warranty or {indirectly cause a termination} recall submission, {a

## SB0157S01 compared with SB0157S02

cancellation} incentive submission, or similar administrative interaction between a {nonrenewal of distributor and a {distributor's} sub-distributor does not create a distributorship agreement between the distributor and the sub-distributor.

697 {~~(2) {Subsection (1) does not apply if the distributor offers the distributee a new distributorship agreement that is substantially similar to the distributee's distributorship agreement at the time the manufacturer or distributor changed the plan of distribution.}}~~}

719 (5)

(a) After May 6, 2026, a distributee may not enter into, establish, or authorize a sub-distributor agreement other than an existing sub-distributor agreement as defined in Subsection (1)(a).

722 (b) A sub-distributor agreement created in violation of this Subsection (5) does not create any rights, protections, remedies, or procedures under this chapter.

724 (6) A sub-distributor may not independently file a complaint, request for agency action, protest, or application for hearing under this chapter, and may not be a party entitled to relief in an administrative proceeding under this chapter.

727 (7) If an existing sub-distributor agreement expires, is not renewed, or is terminated, the sub-distributor:

729 (a) is not a distributor for purposes of this chapter; and

730 (b) is not entitled to the rights, protections, remedies, or procedures provided to a distributor under this chapter.

732 Section 16. **Repealer.**

This Bill Repeals:

733 This bill repeals:

734 Section **13-58-101, Title.**

735 Section **13-58-102, Definitions.**

736 Section **13-58-201, Agreement requirement -- Terms of agreements.**

737 Section **13-58-301, Motorboat dealer default.**

738 Section **13-58-302, Cure of default.**

739 Section **13-58-401, Termination or nonrenewal of agreement -- Notice -- Repurchase obligations.**

741 Section **13-58-402, Termination without time to cure.**

700 Section 16. Section 16 is enacted to read:

701 **13-14c-307. Recognition and rights of a sub-distributor.**

## SB0157S01 compared with SB0157S02

- 702 (1) As used in this section:
- 703 (a) "Existing sub-distributor agreement" means a written agreement that:
- 704 (i) is in effect on or before May 6, 2026, under which a distributor authorizes another person to sell,  
lease, or service a new motorboat on the distributor's behalf; and
- 706 (ii) includes a renewal, extension, or replacement of that agreement that does not materially alter the  
agreement's core economic substance or authorized scope of activities.
- 709 (b) "Sub-distributor" means a person authorized under an existing sub-distributor agreement.
- 711 (2)
- (a) An existing sub-distributor agreement may continue according to the agreement's terms.
- 713 (b) The enactment of this chapter may not be construed to modify the enforceability of an existing sub-  
distributor agreement.
- 715 (3) This chapter does not control disputes between a distributor and a sub-distributor.
- 716 (a) Except as provided in this section, the existing sub-distributor agreement and generally applicable  
law govern the rights, duties, remedies, and dispute-resolution procedures between a distributor and  
a sub-distributor arising out of or relating to an existing sub-distributor agreement.
- 720 (b) Nothing in this chapter may be construed to apply the standards of the distributor and a distributor  
relationship to a distributor and a sub-distributor relationship.
- 722 (4)
- (a) An existing sub-distributor agreement is the controlling agreement with respect to the sub-  
distributor's authority to sell, lease, or service a new motorboat on the distributor's behalf.
- 725 (b) The existence of any direct communication, transaction, ordering process, warranty or recall  
submission, incentive submission, or similar administrative interaction between a distributor and  
a sub-distributor does not create a distributorship agreement between the distributor and the sub-  
distributor.
- 729 (5)
- (a) After May 6, 2026, a distributor may not enter into, establish, or authorize a sub-distributor  
agreement other than an existing sub-distributor agreement as defined in Subsection (1)(a).
- 732 (b) A sub-distributor agreement created in violation of this Subsection (5) does not create any rights,  
protections, remedies, or procedures under this chapter.
- 734

## SB0157S01 compared with SB0157S02

(6) A sub-distributee may not independently file a complaint, request for agency action, protest, or application for hearing under this chapter, and may not be a party entitled to relief in an administrative proceeding under this chapter.

737 (7) If an existing sub-distributee agreement expires, is not renewed, or is terminated, the sub-distributee:

739 (a) is not a distributee for purposes of this chapter; and

740 (b) is not entitled to the rights, protections, remedies, or procedures provided to a distributee under this chapter.

742 Section 17. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

2-20-26 4:47 PM