

New Motorboat Distributor Act

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Chris H. Wilson

House Sponsor:

LONG TITLE**General Description:**

This bill enacts the New Motorboat Distributor Act.

Highlighted Provisions:

This bill:

- defines terms;
- mandates administrative oversight and registration for the new motorboat industry;
- requires each distributor and each distributee to register annually with the Department of Commerce and pay a registration fee;
- authorizes the executive director of the Department of Commerce to conduct adjudicative proceedings and issue an administrative fine of up to \$5,000 per day;
- prohibits a distributor from engaging in coercive or unfair business practices which include:
 - forcing a distributee to accept unordered motorboats, parts, or promotional materials;
 - requiring a distributee to change the distributee's capital structure or refrain from selling competing lines of motorboats;
 - implementing an unfair or inequitable system for allocating new motorboats or parts;
 - directly or indirectly owning, operating, or controlling a new motorboat distributee or service facility; and
 - discriminating between distributees regarding pricing, promotional incentives, or the distribution of customer leads;
- protects a distributee's ownership and succession rights to ensure business continuity;
- restricts the termination of an agreement and the relocation of a distributee;
- establishes strict requirements for financial compensation and inventory buy-backs by:
 - requiring a distributor to compensate a distributee for warranty and recall repairs at a rate that is no less than what the distributee charges a retail customer for similar work;
 - requiring a distributor to buy back unsold inventory, including new motorboats, parts, signs, and special tools upon the termination of a distributorship agreement; and

31 • requiring a distributor to pay monthly compensation for used motorboats in a
32 distributee's inventory that are under a stop-sale or do-not-operate order due to a
33 recall;
34 ▸ clarifies transit liability;
35 ▸ provides regulation for a property agreement; and
36 ▸ provides legal recourse for a distributee to ensure compliance by granting the distributee a
37 private right of action to sue a distributor for actual damages and reasonable attorney
38 fees resulting from a violation of the act.

39 **Money Appropriated in this Bill:**

40 None

41 **Other Special Clauses:**

42 None

43 **Utah Code Sections Affected:**

44 ENACTS:

45 **13-14c-101**, Utah Code Annotated 1953

46 **13-14c-102**, Utah Code Annotated 1953

47 **13-14c-103**, Utah Code Annotated 1953

48 **13-14c-104**, Utah Code Annotated 1953

49 **13-14c-105**, Utah Code Annotated 1953

50 **13-14c-201**, Utah Code Annotated 1953

51 **13-14c-202**, Utah Code Annotated 1953

52 **13-14c-203**, Utah Code Annotated 1953

53 **13-14c-204**, Utah Code Annotated 1953

54 **13-14c-205**, Utah Code Annotated 1953

55 **13-14c-206**, Utah Code Annotated 1953

56 **13-14c-301**, Utah Code Annotated 1953

57 **13-14c-302**, Utah Code Annotated 1953

58 **13-14c-303**, Utah Code Annotated 1953

59 **13-14c-304**, Utah Code Annotated 1953

60 **13-14c-305**, Utah Code Annotated 1953

61 **13-14c-306**, Utah Code Annotated 1953

62 **13-14c-307**, Utah Code Annotated 1953

63 **13-14c-308**, Utah Code Annotated 1953

64 **13-14c-309**, Utah Code Annotated 1953

65 **13-14c-310**, Utah Code Annotated 1953

66
67 *Be it enacted by the Legislature of the state of Utah:*

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

69 **CHAPTER 14c. New Motorboat Distributor**

70 **Part 1. General Provisions**

71 **13-14c-101 . Definitions.**

72 As used in this chapter:

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

74 (a) located in the notice area; and

75 (b) where a distributor proposes to establish a new or relocated motorboat distributee
76 within the relevant market area of an existing distributee of the same line-make
77 owned by a different 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
80 price that the distributor suggests.

81 (4) "Dealership" means a location in the state that is a new motorboat distributee's principal
82 place of business.

83 (5) "Department" means the Department of Commerce created in Section 13-1-2.

84 (6) "Distributee" means a person that a distributor permits to purchase, sell, or offer to sell a
85 new motorboat the distributor manufactures, produces, represents, or distributes.

86 (7) "Distributor" means a person that permits a distributee to purchase, sell, or offer to sell a
87 new motorboat the distributor manufactures, produces, represents, or distributes, and
88 includes:

89 (a) the manufacturer, producer, assembler, or distributor of a new motorboat;

90 (b) an intermediate distributor; and

91 (c) an agent, officer, or field or area representative of the distributor.

92 (8) "Distributorship agreement" means a written agreement, or in the absence of a written
93 agreement, a course of dealing or a practice for a definite or indefinite period, in which:

94 (a) a distributor grants to a distributee permission to use a trade name, trademark, service
95 mark, or related characteristic; and

96 (b) a community of interest exists in the marketing of new motorboats and new
97 motorboat parts and services related to the sale or lease of new motorboats at

wholesale or retail.

(9) "Do-not-operate order" means an order that a distributor issues instructing an individual to not operate a motorboat of the distributor's line-make due to a recall.

(10) "Executive director" means the executive director of the Department of Commerce.

(11) "Lead" means a potential customer referral from a distributor to a distributee.

(12) "Line-make" means a brand that the distributor offers for sale, lease, or distribution under a common name, trademark, service mark, or brand name.

(13)(a) "Motorboat" means:

(i) a watercraft that is propelled primarily by a self-contained mechanical engine that produces thrust directly for movement on water for vessels ranging from 14 to 50 feet in length; and

(ii) a motorboat trailer.

(b) "Motorboat" includes:

(i) an inboard-powered boat;

(ii) a stern drive boat;

(iii) an outboard-powered boat;

(iv) a wake boat;

(v) a ski boat;

(vi) a runabout;

(vii) a cabin cruiser;

(viii) a center console;

(ix) a pontoon boat; and

(x) a jet boat.

(c) "Motorboat" does not include:

(i) a human or wind powered watercraft regardless of the presence of a secondary motor installed for safety or a purpose other than propulsion;

(ii) a personal watercraft;

(iii) a houseboat;

(iv) a vessel that is primarily intended to be towed; and

(v) a dock.

(14)(a) "Motorboat trailer" means a vehicle, frame, or device that is designed, manufactured, or modified to tow a motorboat over land.

(b) "Motorboat trailer" includes a trailer that:

(i) is equipped with bunks, rollers, cradles, guides, or other structural components

- specifically to support the hull of a motorboat; and
- (ii) is used in launching, retrieving, storing, or transporting a motorboat.
- (c) "Motorboat trailer" does not include:
- (i) a utility trailer or a cargo trailer designed or configured primarily for transporting a vehicle or equipment other than a motorboat;
- (ii) a flatbed trailer lacking motorboat-specific supports;
- (iii) a vehicle dolly or towing device designed or configured primarily for transporting a vehicle or equipment other than a motorboat; or
- (iv) notwithstanding incidental or secondary use, a trailer designed primarily for a non-watercraft use.
- (15) "New motorboat" means a motorboat that has not been titled or registered and has less than 150 engine hours.
- (16) "New motorboat distributee" means a person that is registered to sell a new motorboat under Section 13-14c-103.
- (17) "Notice area" means the geographic area that is within a radius of 100 miles from the site of an existing dealership.
- (18) "Primary market area" means:
- (a) for an existing dealership, the geographic area a distributor establishes for an existing dealership to serve; or
- (b) for a new or relocated dealership, the geographic area a distributor proposes for a new or relocated dealership to serve.
- (19) "Recall" means a determination that a distributor or the United States Coast Guard makes that a motorboat:
- (a) contains a safety-related defect; or
- (b) fails to comply with a federal safety or emissions standard.
- (20) "Recall repair" means any diagnostic work, labor, or part necessary to resolve an issue that is the basis of a recall.
- (21) "Relevant market area" means:
- (a) the county in which the existing dealership is located; and
- (b) the notice area.
- (22) "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.
- (23) "Site-control agreement" means an agreement, however denominated and regardless of the agreement's form or of the parties to the agreement, that has the effect of:

- (a) controlling the use and development of the premises upon which a distributee's business operations are located;
- (b) requiring a distributee to establish or maintain an exclusive dealership facility on the premises upon which the distributee's business operations are located; or
- (c) restricting the ability of the distributee or, if the distributee leases the dealership premises, the distributee's lessor to transfer, sell, lease, develop, redevelop, or change the use of some or all of the dealership premises, whether by sublease, lease, collateral pledge of lease, right of first refusal to purchase or lease, option to purchase or lease, or any similar arrangement.

(24) "Stop-sale order" means an order the distributor issues that prohibits a distributee from selling or leasing a certain used motorboat of the distributor's line-make, which is in the distributee's inventory, due to a recall.

(25) "Used motorboat" means a motorboat that has been titled and registered or has 150 engine hours or more.

(26) "Value of a used motorboat" means the average trade-in value for a used motorboat of the same year, make, and model as reported in a recognized, independent third-party used motorboat guide.

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

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

(1) The executive director shall:

- (a) administer and enforce this chapter; and
- (b) make rules for the administration of this chapter in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- (2)(a) The executive director shall conduct an adjudicative proceeding under this chapter in accordance with Title 63G, Chapter 4, Administrative Procedures Act.
- (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.

(3) The department shall make the executive director's order available to the public.

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

13-14c-103 . Registration -- Fees.

(1) A distributee or distributor doing business in the state shall:

- (a) annually register or renew the distributee or distributor's registration with the

department in a form the department approves; and

(b) pay an annual registration fee in an amount the department determines in accordance with Sections 13-1-2 and 63J-1-504.

(2) The department shall register or renew the registration of a distributee or distributor if the distributee or distributor complies with this chapter and the rules the department makes under this chapter.

(3) A distributee or distributor registered under this section shall comply with this chapter and the rules the department makes to enforce this chapter.

(4) The department shall collect and deposit the fee Subsection (1)(b) imposes into the Commerce Service Account created by Section 13-1-2.

(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.

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

13-14c-104 . Administrative proceedings commenced by the agency.

(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:

(a) issue a cease and desist order; and

(b) assess an administrative fine.

(2)(a) In determining the amount and appropriateness of an administrative fine under Subsection (1), the executive director shall consider:

(i) the gravity of the violation;

(ii) the history of previous violations; and

(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.

(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 for each day a person violates the executive director's order.

(3)(a) In addition to the grounds for issuing an order on an emergency basis which Subsection 63G-4-502(1) lists, 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.

(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).

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

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

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

(i) remedy a violation of this chapter;

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

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

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

(2) The executive director shall apportion in a fair and equitable manner between the parties the costs of the adjudicative proceeding, including reasonable attorney fees.

Section 6. Section **13-14c-201** is enacted to read:

Part 2. Distributors in General

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

(1) A distributor may not:

(a) except as provided in Subsection (2), require a distributee to order or accept delivery of any new motorboat or other item that the distributee did not voluntarily order, unless otherwise required by law;

(b) require a distributee to participate monetarily in an advertising campaign, or participate in a contest, or purchase promotional materials, display devices, or display decorations or materials;

(c) require a distributee to change the capital structure of the distributee's dealership or the means by which the distributee finances the operation of the dealership, if the dealership at all times meets reasonable capital standards that the distributor determines and applies nondiscriminatorily;

(d) require a distributee to refrain from participating in the management of, investing in, or acquiring any other line of new motorboats or products, if the distributee maintains a reasonable line of credit for each make or line of boats and complies with the distributor's reasonable capital and facilities requirements;

(e) require a distributee to prospectively agree to a release, assignment, novation, waiver, or estoppel that would:

- (i) relieve a distributor from liability, including notice and hearing rights imposed on the distributor by this chapter; or
- (ii) require any controversy between the distributee and a distributor to be referred to a third party if the third party's decision is binding;
- (f) require a distributee to change the location of the principal place of business of the distributee's dealership or make any substantial alterations to the dealership premises, if the change or alterations would be unreasonable or cause the distributee to lose control of the premises or impose any other unreasonable requirement related to the facilities or premises;
- (g) coerce or attempt to coerce a distributee to join, contribute to, or affiliate with an advertising association;
- (h) 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, by threatening to cancel a distributorship agreement;
- (i) 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 boats in a timely manner from the distributor on commercially reasonable terms;
- (j) increase the price of a new motorboat that the distributee has ordered from the distributor and for which a bona fide sale to a retail purchaser exists at the time of the order, if the order occurred before the distributee received an official written price increase notification;
- (k) fail to indemnify and hold harmless the distributor's distributee against a judgment for damages or a settlement the distributor approves in writing;
- (l) threaten or coerce a distributee to waive or forbear the distributee's right to protest the establishment or relocation of a same line-make distributee in the relevant market area of the affected distributee;
- (m) fail to ship monthly to a distributee the number of new motorboats of each make, series, and model the distributee needs and orders to achieve a percentage of total new motorboat sales of each make, series, and model equitably related to the total

- 302 new boat production or importation being achieved nationally at the time of the order
303 by each make, series, and model the distributorship agreement covers;
- 304 (n) require or otherwise coerce a distributee to under-utilize the distributee's existing
305 dealership facility or facilities by:
- 306 (i) requiring or coercing a distributee to exclude or remove the selling or servicing of
307 a line-make of boats for which the distributee has a distributorship agreement to
308 utilize the facilities; or
- 309 (ii) prohibiting the distributee from locating, relocating, or occupying a line-make in
310 an existing facility the distributee owns or occupies that includes the selling or
311 servicing of another distributorship agreement or line-make at the facility, if the
312 distributee gives the distributor written notice of the distributorship agreement
313 co-location;
- 314 (o) fail to include language in a distributorship agreement to the effect that: "If any
315 provision in this agreement contravenes the laws or regulations of any state or other
316 jurisdiction where this agreement is to be performed, or provided for by such laws or
317 regulations, the provision is considered to be modified to conform to such laws or
318 regulations, and all other terms and provisions shall remain in full force.";
- 319 (p) engage in the distribution, sale, offer for sale, or lease of a new motorboat to
320 purchasers who acquire the boat in the state except through a distributee with which
321 the distributor has established a written distributorship agreement, if the distributor's
322 trade name, trademark, service mark, or related characteristic is an integral element in
323 the transaction;
- 324 (q) authorize or permit a person to perform warranty service repairs on motorboats,
325 unless the repairs are performed by a distributee with a distributorship agreement for
326 the sale and service of the distributor's motorboats, or by a person or government
327 entity that purchased a new motorboat in accordance with a distributor's fleet
328 discount program;
- 329 (r) fail to provide a distributee with a written distributorship agreement;
- 330 (s)(i) unreasonably fail or refuse to offer all models manufactured for that line-make
331 to the distributor's same line-make dealerships; or
- 332 (ii) unreasonably require a distributee to pay an extra fee, remodel, renovate, or
333 recondition the distributee's existing facilities, or purchase unreasonable
334 advertising displays or other materials as a prerequisite to receiving a model or
335 series of motorboats;

- (t) 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;
- (u) fail to timely pay a distributee for a reimbursement for an incentive or other payment the distributor makes;
- (v) directly or indirectly influence or direct potential customers to a distributee in an inequitable manner, including:
- (i) charging a distributee a fee for a referral regarding a potential sale or lease of any of the distributee's products or services that exceeds the actual cost of the referral;
- (ii) giving a customer referral to a distributee on the condition that the distributee agrees to sell the boat at a price the distributor fixes; or
- (iii) advising a potential customer of the amount the potential customer should pay for a particular product;
- (w) fail to provide comparable delivery terms to each distributee for a product of the distributor, including the time of delivery after the distributee places an order;
- (x) if a distributor provides personnel training for a distributee, unreasonably fail to make that training available to each distributee on proportionally equal terms;
- (y) condition a distributee's eligibility to participate in a sales incentive program on the requirement that a distributee use the financing services of the distributor or a subsidiary or affiliate of the distributor for inventory financing;
- (z) make available for public disclosure, except with the distributee's permission or under subpoena or in any administrative or judicial proceeding to which the distributee or the distributor is a party, confidential financial information regarding a distributee, including monthly financial statements, the profitability of a distributee, or the status of a distributee's inventory of products;
- (aa) use a performance standard, incentive program, or similar method to measure a distributee's performance unless the standard or program:
- (i) is designed and administered fairly and equitably;
- (ii) if based upon a survey, utilizes a statistically valid sample; and
- (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;
- (bb) other than sales to the federal government, directly or indirectly sell, lease, offer to sell, or offer to lease a new motorboat or any motorboat the distributor owns, except

through a new motorboat dealership;

(cc) compel a distributee, through a finance subsidiary, to agree to unreasonable operating requirements, except that this Subsection (1)(cc) does not limit a financing subsidiary's right to engage in business practices in accordance with the usage of trade in retail and wholesale motorboat financing;

(dd) condition the distributor's participation in co-op advertising for a product category on the distributee's participation in a program related to another product category or on the distributee's achievement of a level of sales in a product category other than the subject of the co-op advertising;

(ee) except as provided in Subsections (5) and (6), discriminate against a distributee in the state in favor of another distributee of the same line-make in the state by:

(i) selling or offering to sell a new motorboat to one distributee at a higher actual price, including transportation price, than the actual price at which the distributor similarly equips, offers, or makes available the same model to another distributee in the state during a similar time period;

(ii) except as provided in Subsection (5), using a promotional program, device, incentive, payment, or other benefit, whether paid at the time of the new motorboat sale to the distributee or later, that results in the sale of or offer to sell a new motorboat to one distributee in the state at a higher price, including the price for motorboat transportation, than the price at which the distributor offers or makes available the same similarly equipped model to another distributee in the state during a similar time period;

(iii) except as provided in Subsection (6), failing to provide or direct a lead in a fair, equitable, and timely manner; or

(iv) using or considering the performance of any of the distributor's distributees located in the state relating to the sale of the distributor's new motorboats when determining the distributee's eligibility to purchase program, certified, or other used motorboats, the volume, type, or model the distributee is eligible to purchase, the price the distributee is eligible to purchase them for, or the availability or amount of any discount, credit, rebate, or sales incentive the distributee is eligible to receive, if the distributee complies with any reasonable requirement concerning the sale of new motorboats;

(ff)(i) take control over funds the distributee owns or controls based on the findings of a warranty audit, sales incentive audit, or recall repair audit, unless the

following conditions are satisfied:

- (A) the distributor fully identifies in writing the basis for the distributor's claim or charge back arising from the audit, including notifying the distributee that the distributee has 20 days from the day on which the distributee receives the distributor's claim or charge back to assert a written protest identifying the basis for the protest;
- (B) the distributee's protest shall inform the distributor that the distributee shall submit the protest to a mediator in the state, and shall identify the mediator by name and address;
- (C) if requested under Subsection (1)(ff)(i)(B), mediation shall occur no later than 30 days after the distributor receives the distributee's protest;
- (D) if mediation does not resolve the protest, the parties shall set the protest for binding arbitration in the same venue as the mediation;
- (E) the distributor and distributee shall mutually agree upon the arbitrator and the date for binding arbitration under Subsection (1)(ff)(i)(D), but the arbitration shall be held no later than 90 days after the distributor receives the distributee's notice of protest;
- (F) this Subsection (1)(ff)(i) applies exclusively to warranty audits, recall repair audits, and sales incentive audits;
- (G) Subsections (1)(ff)(i)(A) through (E) do not apply if the distributor reasonably believes the amount of the claim or charge back relates to a fraudulent act by the distributee; and
- (H) the distributor and the distributee shall share the costs of the mediator or arbitrator equally; or
- (ii) require a distributee to execute a written waiver of the requirements of Subsection (1)(ff)(i);
- (gg) coerce, or attempt to coerce a distributee to purchase or sell an aftermarket product the distributor manufactures or obtains for resale from a third-party supplier, where the distributor or the distributor's affiliate derives a financial benefit from the distributee's sale or purchase, as a condition to obtaining preferential status from the distributor;
- (hh) through an affiliate, take an action that this chapter otherwise prohibits;
- (ii) impose a fee, surcharge, or other charge on a distributee designed to recover the cost of a warranty repair for which the distributor pays the distributee;

- (jj) except as provided by the audit provisions of this chapter, take an action designed to recover a cost related to a recall, including:
- (i) imposing a fee, surcharge, or other charge on a distributee;
 - (ii) reducing the compensation the distributor owes to a distributee;
 - (iii) removing the distributee from an incentive program; or
 - (iv) reducing the amount the distributor owes to a distributee under an incentive program;
- (kk) directly or indirectly condition any of the following actions on the willingness of a distributee, prospective new distributee, or owner of an interest in a dealership facility to enter into a site-control agreement:
- (i) the awarding of a distributorship agreement to a prospective new distributee;
 - (ii) the addition of a line-make or distributorship agreement to an existing distributee;
 - (iii) the renewal of an existing distributee's distributorship agreement;
 - (iv) the approval of the relocation of an existing distributee's dealership facility, unless the distributor pays, and the distributee voluntarily accepts, additional specified cash consideration to facilitate the relocation; or
 - (v) the approval of the sale or transfer of a distributee's ownership, unless the distributor pays, and the buyer voluntarily accepts, additional specified cash consideration to facilitate the sale or transfer;
- (ll) subject to Subsection (8), deny a distributee the right to return any or all parts or accessories that the distributor required the distributee to purchase under an automated ordering system, and that are in good, resalable condition, and that the distributee received within the previous 12 months or are listed in the current parts catalog;
- (mm) subject to Subsection (9), 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 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;
- (nn) coerce a distributee to establish a price, or use an agreement, program, or incentive to require a distributee to establish a price, for selling a product or service connected with the motorboat sale if the distributor or an affiliate did not manufacture, provide, or distribute the product or provide the service;
- (oo) except as necessary to comply with a health or safety law, or to comply with a

technology requirement necessary to sell or service a motorboat that the distributor authorizes or licenses a distributee to sell or service, coerce or require a distributee, through a penalty or other detriment to the distributee's business, to:

(i) construct a new distributee facility or materially alter or remodel an existing distributee facility before the date that is 10 years after the date the construction of the new distributee facility at that location was completed, if the construction substantially complied with the distributor's brand image standards or plans the distributor provided or approved; or

(ii) materially alter or remodel an existing distributee facility before the date that is 10 years after the date the previous alteration or remodeling at that location was completed, if the previous alteration or remodeling substantially complied with the distributor's brand image standards or plans the distributor provided or approved;

(pp) notwithstanding the terms of a distributorship agreement providing otherwise:

(i) coerce or require a distributee, including by agreement, program, or incentive provision, to purchase a good or service relating to facility construction, alteration, or remodel, from a vendor that a distributor or the distributor's affiliate selects, identifies, or designates, without allowing the distributee, after consultation with the distributor, to obtain a like good or service of substantially similar quality from a vendor that the distributee chooses; or

(ii) coerce or require a distributee, including by agreement, program, or incentive provision, to lease a sign or other distributor image element from the distributor or an affiliate without providing the distributee the right to purchase a sign or other distributor image element of like kind and quality from a vendor that the distributee chooses;

(qq) when providing a new motorboat to a distributee for offer or sale to the public, fail to provide the distributee a written disclosure that the distributee may provide to a potential buyer of the new motorboat regarding each accessory or function of the motorboat that the distributor or affiliate may initiate, update, change, or maintain through over the air or remote means, and the charge to the customer at the time of sale for such initiation, update, change, or maintenance;

(rr) 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

- 506 performed at the distributee's dealership to satisfy the customer; or
507 (ss) ship a new motorboat to a distributee without receiving prior written confirmation
508 from the distributee authorizing the shipment of that specific motorboat.
- 509 (2) Subsection (1)(a) does not prevent the distributor from requiring that a distributee carry
510 a reasonable inventory of:
- 511 (a) new motorboat models offered for sale by the distributor as long as such inventory
512 and inventory levels are supported by market demand; and
- 513 (b) parts to service the repair of the new motorboats.
- 514 (3) Subsection (1)(d) does not prevent a distributor from requiring that a distributee
515 maintain separate sales personnel or display space.
- 516 (4) Upon the written request of any distributee, a distributor shall disclose in writing to the
517 distributee the basis on which new motorboats, parts, and accessories are allocated,
518 scheduled, and delivered among the distributor's distributees of the same line-make.
- 519 (5) Subsection (1)(ee)(ii) does not prohibit a promotional or incentive program that is
520 functionally available to all competing distributees of the same line-make in the state on
521 substantially comparable terms.
- 522 (6) Subsection (1)(ee)(iii) may not be construed to:
- 523 (a) permit provision of or access to customer information that is otherwise protected
524 from disclosure by law or by contract between a distributor and a distributee; or
- 525 (b) require a distributor to disregard the preference volunteered by a potential customer
526 in providing or directing a lead.
- 527 (7) Subsection (1)(hh) does not limit the right of an affiliate to engage in business practices
528 in accordance with the usage of trade in which the affiliate is engaged.
- 529 (8)(a) Subsection (1)(ll) does not apply to parts or accessories that the distributee
530 ordered and purchased outside of an automated parts ordering system required by the
531 distributor.
- 532 (b) In determining whether parts or accessories in a distributee's inventory were
533 specified and sold under an automated ordering system required by the distributor,
534 the parts and accessories in the distributee's inventory are presumed to be the most
535 recent parts and accessories that the distributor sold to the distributee.
- 536 (9)(a) Subsection (1)(mm) does not apply to a good faith settlement of a dispute,
537 including a dispute relating to contract negotiations, in which the distributee gives a
538 waiver in exchange for fair consideration in the form of a benefit conferred on the
539 distributee.

(b) Subsection (9)(a) may not be construed to defeat a distributee's claim that a waiver has been obtained in violation of Subsection (1)(mm).

(10) As used in Subsection (1)(oo):

(a) "Materially alter":

(i) means to make a material architectural, structural, or aesthetic alteration; and

(ii) does not include routine maintenance, such as interior painting, reasonably necessary to keep a dealership facility in attractive condition.

(b) "Penalty or other detriment" does not include a payment under an agreement, incentive, or program that is offered to but declined or not accepted by a distributee, even if a similar payment is made to another distributee in the state that chooses to participate in the agreement, incentive, or program.

(11) Subsection (1)(oo) does not apply to:

(a) a program that provides a lump sum payment to assist a distributee to make a facility improvement or to pay for a sign or a distributor image element, if the payment is not dependent on the distributee selling or purchasing a specific number of new motorboats;

(b) a program that is in effect on May 6, 2026, with more than one distributee in the state or to a renewal or modification of the program;

(c) a program that provides reimbursement to a distributee on reasonable, written terms for a substantial portion of the distributee's cost of making a facility improvement or installing signage or a distributor image element; or

(d) a written agreement between a distributor and distributee, in effect before May 6, 2026, under which a distributee agrees to construct a new distributee facility.

(12) A distributor may comply with Subsection (1)(qq) by notifying the distributee that the information in a written disclosure described in Subsection (1)(qq) is available on a website or by other digital means.

(13) The indemnification in Subsection (1)(k) includes court costs and attorney fees arising from actions or claims related to the distributor's alleged defective or negligent actions, including strict liability, negligence, misrepresentation, express or implied warranty, revocation, or rejection.

Section 7. Section **13-14c-202** is enacted to read:

13-14c-202 . Sale or transfer of ownership.

(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):

- 574 (i) subject to Subsection 13-14c-305(2)(b); and
575 (ii) unless exempted under Subsection (2).
- 576 (b) The distributor shall give effect to the change in a distributorship agreement in
577 accordance with Subsection (1)(a) for the:
- 578 (i) sale of a distributee's dealership;
579 (ii) contract for sale of a distributee's dealership;
580 (iii) transfer of ownership of a distributee's dealership by:
- 581 (A) sale;
582 (B) transfer of the business; or
583 (C) stock transfer; or
- 584 (iv) change in the executive management of the distributee's dealership.
- 585 (2) A distributor is exempted from the requirements of Subsection (1) if:
- 586 (a) the transferee is denied or would be denied registration in accordance with Section
587 13-14c-103; or
- 588 (b) the proposed sale or transfer of the business or change of executive management will
589 be substantially detrimental to the distribution of the distributor's new motorboats or
590 to competition in the relevant market area, if the distributor has given written notice
591 to the distributee within 60 days following receipt by the distributor of the following:
- 592 (i) a copy of the proposed contract of sale or transfer executed by the distributee and
593 the proposed transferee;
- 594 (ii) a completed copy of the distributor's written application for approval of the
595 change in ownership or executive management, if any, including the information
596 customarily required by the distributor; and
- 597 (iii)(A) a written description of the business experience of the transferee in the
598 case of a proposed sale or transfer of the distributee's business; or
- 599 (B) a written description of the business experience of the person involved in the
600 proposed change of the dealership.
- 601 (3) For purposes of this section, the refusal by the distributor to accept a proposed
602 transferee is presumed to be unreasonable and undertaken without good cause if the
603 proposed distributee:
- 604 (a) is of good moral character; and
- 605 (b) otherwise meets the written, reasonable, and uniformly applied standards or
606 qualifications, if any, of the distributor relating to the business experience of
607 executive management and financial capacity to operate and maintain the dealership

required by the distributor of the distributor's distributees.

- (4)(a) If after receipt of the written notice from the distributor described in Subsection (2)(b) the distributee 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 60 days from the date of receipt of the notice.
- (b) After a hearing the executive director shall determine, and enter an order providing that:
- (i) the proposed transferee or change in executive management:
- (A) shall be approved; or
- (B) may not be approved for specified reasons; or
- (ii) a proposed transferee is approved if specific conditions are timely satisfied.
- (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.
- (ii) During the pendency of the hearing, the distributorship agreement shall continue in effect in accordance with the distributorship agreement's terms.
- (5)(a) A distributor shall not unreasonably withhold approval of a proposed sale or transfer.
- (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.

Section 8. Section **13-14c-203** is enacted to read:

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

- (1)(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:
- (i) gives the distributor written notice of an intent to succeed to the rights of the deceased or incapacitated distributee in the distributorship agreement within 180 days after the day of the distributee's death or incapacity;
- (ii) agrees to all of the terms and conditions of the distributorship agreement; and
- (iii) meets the criteria the distributor generally applies for a qualifying distributee.
- (b) A distributor may refuse to honor the existing distributorship agreement with the designated successor for good cause.
- (2)(a) The distributor may request in writing from a designated successor the personal

642 and financial data that is reasonably necessary to determine whether the distributor
643 should honor the existing distributorship agreement.

644 (b) The designated successor shall supply the personal and financial data promptly upon
645 the distributor's request.

646 (3)(a) If a distributor believes that good cause exists for refusing to honor the requested
647 succession, the distributor shall serve upon the designated successor notice of the
648 distributor's refusal to approve the succession within 60 days after the later of:

649 (i) receipt of the notice of the designated successor's intent to succeed the distributee
650 in the ownership and operation of the dealership; or

651 (ii) receipt of the personal and financial data that the distributor requests.

652 (b) Failure to serve the notice in accordance with Subsection (3)(a) is considered
653 approval of the designated successor and the distributorship agreement is considered
654 amended to reflect the approval of the succession the day following the last day the
655 distributor can serve notice under Subsection (3)(a).

656 (4) The notice required by Subsection (3) shall:

657 (a) state the specific grounds for the refusal to approve the succession; and

658 (b) state that the discontinuance of the distributorship agreement shall take effect not
659 less than 180 days after the date the notice of refusal is served unless the proposed
660 successor files an application for hearing under Subsection (6).

661 (5)(a) This section does not prevent a distributee from designating a person as the
662 successor by written instrument filed with the distributor.

663 (b) If a distributee files an instrument under Subsection (5)(a), the instrument governs
664 the succession rights to the management and operation of the dealership subject to the
665 designated successor satisfying the distributor's qualification requirements as
666 described in this section.

667 (6)(a) If a distributor serves a notice of refusal to a designated successor in accordance
668 with Subsection (3), the designated successor may, within the 180-day period
669 provided in Subsection (4), file with the executive director an application for a
670 hearing and a determination by the executive director regarding whether good cause
671 exists for the refusal.

672 (b) If an application for a hearing is timely filed, the distributor shall continue to honor
673 the distributorship agreement until after the executive director gives a decision and
674 the applicable appeal period following the executive director's decision has expired.

675 Section 9. Section **13-14c-204** is enacted to read:

13-14c-204 . Distributor's obligations related to service -- Distributor audits --**Time limits.**

(1)(a) A distributor shall provide to each distributee documentation that includes:

(i) warranty coverage and duration;

(ii) customer responsibilities;

(iii) claim procedures; and

(iv) distributor contact information.

(b) The distributee shall provide the same documentation to each customer at the time of sale.

(2) A distributor shall provide each distributee registered as a new motorboat distributee in the state with a written statement specifying:

(a) the distributee's obligations regarding new motorboat preparation, delivery, warranty service, and recalls for the distributor's products;

(b) the schedule of compensation that the distributor will pay the distributee for diagnostic work, parts, labor, and service; and

(c) the time allowances applicable to the performance of work and service.

(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.

(4)(a) As used in this Subsection (4):

(i) "Qualified repair" means a repair to a motorboat that would have come within the distributor's new motorboat warranty but for such motorboat having exceeded the time qualifications of such warranty.

(ii) "Qualified repair" does not include:

(A) routine maintenance, including the replacement of a fluid, a tire, a wheel, a filter, a battery, a belt, a brake pad, a rotor, a nut, a bolt, a fastener, or a water pump impeller;

(B) a repair for a government agency, an insurer, or an extended warranty or service contract provider;

(C) a repair that is the subject of a distributor special event, promotion, or service campaign, or otherwise is subject to a distributor discount;

(D) a repair of a motorboat owned by the distributee or an employee of the distributee;

(E) an installation of an accessory;

- 710 (F) motorboat reconditioning;
711 (G) a part sold at wholesale;
712 (H) a repair or replacement with or to an aftermarket part;
713 (I) a distributor-approved goodwill or policy repair or replacement; or
714 (J) a repair on a motorboat of a line-make other than the distributor's line-make.
- 715 (b) Reasonable compensation of the distributee for parts and service in warranty or
716 recall repair work may not be less than the rates the distributee charges for parts and
717 service to retail customers.
- 718 (c) A distributee seeking to establish or modify the distributee's retail labor rate, retail
719 parts markup, or both, shall submit a notice in writing or electronically to the
720 distributee's distributor at the location and in the format the distributor specifies in
721 writing to the distributee for repairs made no more than 180 days before such
722 submission:
- 723 (i) all consecutive repair orders that include 50 sequential repair orders reflecting
724 qualified repairs; or
725 (ii) all repair orders reflecting qualified repairs closed during any period of 90
726 consecutive days.
- 727 (d) A distributee shall calculate the distributee's:
- 728 (i) retail labor rate by determining the total charges for labor in the qualified repairs
729 submitted, dividing that amount by the total number of hours in the qualified
730 repairs that generated such charges; and
731 (ii) retail parts markup by determining the total charges for parts in the qualified
732 repairs submitted, dividing such amount by the distributee's total cost of the
733 purchase of such parts, subtracting one, and multiplying by 100 to produce a
734 percentage.
- 735 (e)(i) A retail labor rate or retail parts markup described in Subsection (4)(c) is
736 effective 30 days after the distributee submits the notice described in Subsection
737 (4)(c), unless, within 30 days after receiving the distributee's submission, the
738 distributor delivers to the distributee:
- 739 (A) a written objection to the material accuracy of the retail labor rate or retail
740 parts markup; or
741 (B) a written request for supplemental repair orders in accordance with Subsection
742 (4)(e)(ii).
- 743 (ii)(A) If a distributor determines from the distributee's set of repair orders

submitted in accordance with Subsections (4)(c) and (d) that the distributee's submission for a retail labor rate or retail parts markup is substantially higher than the distributee's current warranty rate, the distributor may request, in writing, within 30 days after the distributor's receipt of the notice described in Subsection (4)(c), all repair orders closed within the period of 30 days immediately before, or 30 days immediately following, the set of repair orders submitted by the distributee.

(B) All time periods under this section shall be suspended until the distributee submits the supplemental repair orders described in Subsection (4)(e)(ii)(A).

(iii) If a distributor requests supplemental repair orders described in Subsection (4)(e)(ii), the distributor may, within 30 days after receiving the supplemental repair orders, calculate a proposed adjusted retail labor rate or retail parts markup, as applicable, based upon any set of the qualified repair orders submitted by the distributee, if the distributor:

(A) uses the same requirements applicable to the distributee's submission described in Subsection (4)(c);

(B) uses the formula to calculate the retail labor rate or retail parts markup described in Subsection (4)(d); and

(C) omits all charges in the repair orders described in Subsection (4)(a)(ii).

(f) A distributee may not seek to establish or modify the distributee's:

(i) retail labor rate more frequently than once in a 12-month period; and

(ii) retail parts markup more frequently than once in a 12-month period.

(g)(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 the distributee performs that is incidental to warranty repairs including:

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

(B) moving or positioning the motorboat around the dealership premises;

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

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

(E) handling administrative or documentation tasks, including paperwork the

- 778 distributor's warranty policies require.
- 779 (ii)(A) The distributee's standard retail labor rate for repairs and maintenance, as
780 established under this Subsection (4), shall include compensation for the tasks
781 listed in this Subsection (4)(g).
- 782 (B) The distributor may not compensate the tasks listed in this Subsection (4)(g) at
783 a rate lower than the distributee's established labor rate for a comparable
784 warranty or maintenance service.
- 785 (h) An approved adjusted retail labor rate or retail parts markup shall be effective on the
786 later of 30 days after a distributor receives:
- 787 (i) a submission described in Subsection (4)(c); or
788 (ii) supplemental repair orders described in Subsection (4)(e)(ii).
- 789 (i) If a warranty repair requires a lake test, a water test, or an on-water performance
790 evaluation to verify the effectiveness of the repair, the distributor shall compensate
791 the distributee for all reasonable costs the distributee incurs in conducting the test,
792 including:
- 793 (i) standard hourly labor time for test operation at the distributee's prevailing
794 warranty labor rate;
- 795 (ii) fuel or oil the test requires; and
796 (iii) any transportation costs to and from the testing location if the distributee does
797 not have immediate access to a water testing facility.
- 798 (j) A distributor shall compensate the distributee according to the effective retail labor
799 rate and retail parts markup rate no later than 15 days after the day on which the
800 effective date of the rate goes into effect.
- 801 (5)(a) For any item that a distributor sells, supplies, or otherwise provides to a
802 distributee, including a motorboat trailer, an engine, a part, or an accessory sold with
803 a motorboat, the distributor shall:
- 804 (i) provide full warranty support and coverage in accordance with this section and the
805 distributorship agreement, including any necessary technical assistance,
806 replacement parts, or repairs;
- 807 (ii) compensate the distributee for all warranty-related work the distributee performs
808 at the distributee's standard retail labor rate, as established under Subsection (4),
809 and in accordance with the claims approval and payment timelines described in
810 Subsections (6) through (9); and
- 811 (iii) ensure that any warranty terms or conditions for these items are disclosed to the

- 812 distributee in writing so that the distributee may properly administer and perform
813 the warranty obligations on behalf of the distributor.
- 814 (b) For any item that a distributor sells, supplies, or otherwise provides to a distributee,
815 including a motorboat trailer, an engine, a part, or an accessory sold with a
816 motorboat, the distributor may not disclaim or delegate warranty responsibility for
817 such items to a third party if the distributor is the entity that sold, supplied, or
818 bundled the items for the distributee.
- 819 (c)(i) For warranty purposes under this section, a motorboat trailer is deemed
820 included with the new motorboat if:
- 821 (A) the new motorboat distributor invoices the distributee for the trailer; or
822 (B) the distributor offers a credit for ordering the motorboat without the trailer and
823 that credit is less than the distributee's wholesale price for the trailer when
824 purchased separately.
- 825 (ii) A credit that is equal to or greater than the distributee's wholesale price for the
826 trailer does not cause the trailer to be deemed included for warranty purposes.
- 827 (6) A distributor shall:
- 828 (a) perform any warranty obligation;
- 829 (b) include in each written notice of the distributor's recall to a new motorboat owner
830 and each distributee the expected date the necessary parts and equipment will be
831 available to the distributee for the correction of the defect; or
- 832 (c) compensate a distributee for all diagnostic work, labor, and parts the distributor
833 requires to perform a recall repair in accordance with Subsections (3) and (4).
- 834 (7) If a distributor denies a distributee's claim for a defective part, alleging that the part is
835 not defective, the distributor at the distributor's option shall:
- 836 (a) return the part to the distributee at the distributor's expense; or
837 (b) pay the distributee the cost of the part.
- 838 (8)(a) The distributor shall pay a claim made by a distributee in accordance with this
839 section for diagnostic work, labor, or parts within 30 days after the day on which the
840 distributor approves the claim.
- 841 (b) The distributor shall approve or deny a claim within 30 days after the day on which
842 the distributor receives the claim on a form the distributor uses.
- 843 (c) A claim that the distributor does not deny in writing within 30 days after the day on
844 which the distributor receives the claim is considered to be approved and payment
845 shall be made within 30 days.

- (9) A distributor may conduct a warranty service audit and recall repair audit of the distributor's distributee records on a reasonable basis.
- (10) A distributor may deny a distributee's claim for warranty compensation or recall repair compensation if:
- (a) the distributee lacks material documentation for the claim;
 - (b) the distributee fails to comply materially with specific substantive terms and conditions of the distributor's warranty compensation program or recall repair compensation program; or
 - (c) the distributee files a claim that is fraudulent.
- (11)(a) Any charge back for a warranty part or service compensation, recall repair compensation, or service incentive is only enforceable for the six-month period immediately following the day on which the distributor makes the payment compensating the distributee for the warranty part or service, recall repair, or service incentive.
- (b) Except as provided in Subsection (11)(e), all charge backs levied by a distributor for sales compensation or sales incentives arising out of the sale or lease of a motorboat sold or leased by a distributee shall be compensable only if written notice of the charge back is received by the distributee within six months immediately following the sooner of:
- (i) the day on which the distributee reports the sale to the distributor; or
 - (ii) the day on which the distributor makes the payment for the sales compensation or sales incentive to the distributee.
- (c)(i) Upon an audit, the distributor shall provide the distributee automated or written notice explaining the amount of and reason for a charge back.
- (ii) A distributee may respond in writing within 30 days after the notice under Subsection (11)(c)(i) to:
- (A) explain a deficiency; or
 - (B) provide materials or information to correct and cure compliance with a provision that is a basis for a charge back.
- (d) A charge back:
- (i) may not be based on a nonmaterial error that is clerical in nature; and
 - (ii)(A) shall be based on one or more specific instances of material noncompliance with the distributor's warranty compensation program, sales incentive program, recall repair program, or recall compensation program; and

- 880 (B) may not be extrapolated from a sampling of warranty claims, recall repair
881 claims, or sales incentive claims.
- 882 (e) The time limitations of this Subsection (11) do not preclude charge backs for any
883 fraudulent claim that was previously paid.
- 884 (12)(a) If within 30 days after the day on which a distributor issues an initial notice of
885 recall, a part or remedy is not reasonably available to perform the recall repair on a
886 used motorboat, each calendar month thereafter the distributor shall pay the
887 distributee an amount equal to at least 1.35% of the value of the used motorboat, if:
- 888 (i) the distributee holding the used motorboat for sale is authorized to sell and service
889 a new motorboat of the same line-make;
- 890 (ii) after May 6, 2026, the distributor issues a stop-sale or do-not-operate order on the
891 used motorboat; and
- 892 (iii)(A) the used motorboat is in the distributee's inventory at the time the
893 distributor issued the order described in Subsection (12)(a)(ii); or
- 894 (B) after the distributor issues the order described in Subsection (12)(a)(ii), the
895 distributee takes the used motorboat into the distributee's inventory at the
896 termination of the consumer lease for the motorboat, as a consumer trade-in
897 accompanying the purchase of a new motorboat from the distributee, or for any
898 other reason in the ordinary course of business.
- 899 (b) A distributor shall pay the compensation described in Subsection (12)(a):
- 900 (i) beginning:
- 901 (A) 30 days after the day on which the distributee receives the stop-sale or
902 do-not-operate order; or
- 903 (B) if a distributee obtains the used motorboat more than 30 days after the day on
904 which the distributee receives the stop-sale or do-not-operate order, the day on
905 which the distributee obtains the used motorboat; and
- 906 (ii) ending the earlier of the day on which:
- 907 (A) the distributor makes the recall part or remedy available for order and prompt
908 shipment to the distributee; or
- 909 (B) the distributee sells, trades, or otherwise disposes of the used motorboat.
- 910 (c) A distributor shall prorate the first and last payment for a used motorboat to a
911 distributee under this Subsection (12).
- 912 (d) A distributor may direct the manner in which a distributee demonstrates the
913 inventory status of an affected used motorboat to determine eligibility under this

- 914 Subsection (12), if the manner is not unduly burdensome.
- 915 (13)(a) A distributee that offsets recall repair compensation received from a distributor
916 under this section against recall repair compensation the distributee receives under a
917 state or federal recall repair compensation remedy may pursue any other available
918 remedy against the distributor.
- 919 (b) As an alternative to providing recall repair compensation under this section, a
920 distributor may compensate a distributee for a recall repair:
- 921 (i) under a national recall repair compensation program, if the compensation is equal
922 to or greater than the compensation provided under this section; or
- 923 (ii) as the distributor and distributee otherwise agree, if the compensation is equal to
924 or greater than the compensation provided under this section.
- 925 (c) Nothing in this section requires a distributor to provide compensation to a distributee
926 that exceeds the value of the used motorboat affected by a recall.
- 927 (14) During an audit under this section, a distributor may not request a document from the
928 distributee that originated from the distributor or a subsidiary of the distributor, unless
929 the document required additional information from the customer.

930 Section 10. Section **13-14c-205** is enacted to read:

931 **13-14c-205 . Liability for damages to motorboats in transit.**

- 932 (1)(a) A distributee is solely liable for damage to a new motorboat upon acceptance of
933 the carrier's delivery, if the damage is not documented in writing and with pictures at
934 the time of carrier delivery.
- 935 (b) A delivery receipt, a bill of lading, or a similar document, signed by a distributee is
936 evidence of a distributee's acceptance of a motorboat.
- 937 (2) A distributor is liable for all damage to a motorboat before delivery to and acceptance
938 by the distributee, including damage that occurs during the time that the boat is in the
939 control of a carrier or transporter.
- 940 (3) Notwithstanding Subsections (1) and (2), the distributee is liable for damage to a new
941 motorboat after delivery to the carrier or transporter if the distributee selected:
- 942 (a) the method and mode of transportation; and
- 943 (b) the carrier or transporter.

944 Section 11. Section **13-14c-206** is enacted to read:

945 **13-14c-206 . Site-control agreements.**

- 946 (1)(a) Subject to Subsection (2), a distributee may voluntarily terminate a site-control
947 agreement entered into on or after May 6, 2026.

(b) A site-control agreement entered into on or after May 6, 2026, terminates immediately upon:

(i) a distributor's sale, assignment, or other transfer of the right to manufacture or distribute the line-make of motorboats the distributee's distributorship agreement covers;

(ii) a distributor's ceasing to manufacture or distribute the line-make of motorboats the distributee's distributorship agreement covers;

(iii) a distributor's termination of a distributee's distributorship agreement without cause and against the distributee's will; or

(iv) the failure of the distributor or its affiliate to exercise a right of first refusal to purchase the assets or ownership of the distributee's dealership when given the opportunity to do so under the distributorship agreement or other agreement, subject to the repayment requirements of Subsection (2) if the right of first refusal arises because of the voluntary action of the distributee.

(2)(a) If a distributee voluntarily terminates a site-control agreement after the distributor has paid and the distributee or other recipient has accepted additional specified cash consideration, the site-control agreement remains valid only until the distributee or other recipient satisfies the repayment terms specified in Subsection (2)(b).

(b)(i) If the distributor's additional specified cash consideration was used for the construction of a building or improvement on the property that is the subject of the site-control agreement, the amount of the repayment under Subsection (2)(a):

(A) is based on any repayment terms specified in the site-control agreement, if the parties to the site-control agreement have willingly agreed to the terms; and

(B) may not exceed the market value of the portion of the building or improvement constructed with the additional specified cash consideration paid by the distributor, after allowing for depreciation based on a market-based depreciation schedule, as determined by an independent appraiser at the request of the distributee or other recipient.

(ii) If the distributor's additional specified cash consideration was not used for construction of a building or improvement on the property that is the subject of the site-control agreement, the amount of the repayment under Subsection (2)(a) is an equitable portion of the cash consideration, as determined under any terms specified in the site-control agreement for the equitable repayment following a distributee's voluntary termination of the agreement.

- (c) Immediately upon the repayment under Subsection (2)(b):
- (i) the site-control agreement is terminated; and
 - (ii) the distributor or other party that is the beneficiary under the site-control agreement shall prepare and deliver to the distributee a recordable notice of termination of:
 - (A) the site-control agreement; and
 - (B) any lien or encumbrance arising because of the site-control agreement and previously recorded against the property that is the subject of the site-control agreement.

Section 12. Section **13-14c-301** is enacted to read:

Part 3. Restrictions on Termination, Relocation, and Establishment of Distributors

13-14c-301 . Termination or discontinuance of a distributorship agreement.

- (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:
- (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;
 - (b) the distributor has good cause for termination or discontinuance; and
 - (c) the distributor is willing and able to comply with Section 13-14c-307.
- (2) A distributor may terminate a distributorship agreement, without complying with Subsection (1):
- (a) if the department confiscates or revokes the distributee's registration in accordance with Section 13-14c-103; or
 - (b) upon a mutual written agreement of the distributor and distributee.
- (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 for a hearing on the merits, and following notice to all parties concerned, the hearing shall be promptly held as provided in Section 13-14c-304.
- (b) A termination or discontinuance subject to a hearing under Subsection (3)(a) may not become effective until:

(i) final determination of the issue by the executive director; and

(ii) the applicable appeal period has lapsed.

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

Section 13. Section **13-14c-302** is enacted to read:

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

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

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

or

(b) relocate an existing motorboat distributee.

(2) In determining whether a new or relocated dealership is within a relevant market area where the same line-make is represented by an existing dealership, the relevant market 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.

(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 area.

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

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

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

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

(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):

(i)(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

- 1050 (B) the aggregate economic data under Subsection (4)(a)(i)(A) includes:
1051 (I) motorboat registration data;
1052 (II) market penetration data; and
1053 (III) demographic data;
1054 (ii) written documentation that the distributor has in the distributor's possession that
1055 the distributor intends to rely on in establishing good cause under Section
1056 13-14c-306 relating to the notice;
1057 (iii) a statement that describes in reasonable detail how the establishment of a new
1058 distributee or the relocation of an existing distributee will affect the amount of
1059 business transacted by other distributees of the same line-make in the relevant
1060 market area, as compared to business available to the distributees; and
1061 (iv) a statement that describes in reasonable detail how the establishment of a new
1062 distributee or the relocation of an existing distributee will be beneficial or
1063 injurious to the public welfare or public interest.
1064 (b) The distributor shall provide the documents described under Subsection (4)(a) with
1065 the notice required under Subsection (3).
1066 (c) The distributor is not required to disclose any documents under Subsection (4)(a) if:
1067 (i) the documents would be privileged under the Utah Rules of Evidence;
1068 (ii) the documents contain confidential proprietary information;
1069 (iii) the documents are subject to federal or state privacy laws;
1070 (iv) the documents are correspondence between the distributor and existing
1071 distributees in that line-make in the relevant market area; or
1072 (v) the distributor reasonably believes that disclosure of the documents would violate:
1073 (A) the privacy of another distributee; or
1074 (B) Section 13-14c-201.
1075 (5)(a) Within 30 days of receiving notice required by Subsection (3), any distributee that
1076 is required to receive notice under Subsection (3) may protest to the executive
1077 director the establishment or relocation of the dealership.
1078 (b) No later than 10 days after the day on which a protest is filed, the department shall
1079 inform the distributor that:
1080 (i) a timely protest has been filed;
1081 (ii) a hearing is required;
1082 (iii) the distributor may not establish or relocate the proposed dealership until the
1083 executive director has held a hearing; and

(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.

(6) If multiple protests are filed under Subsection (5), hearings may be consolidated to expedite the disposition of the issue.

(7) Subsections (1) through (6) do not apply to a relocation of an existing or successor distributee to a location that is:

(a) within the same county and less than two miles from the existing location of the existing or successor distributee's dealership; or

(b) further away from a dealership of a distributee of the same line-make.

(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.

(b) The reopening in a relevant market area of a dealership that has not been in operation for one year or more is considered the establishment of an additional motorboat dealership.

Section 14. Section **13-14c-303** is enacted to read:

13-14c-303 . Effect of terminating a distributorship.

If under Section 13-14c-301 the executive director permits a distributor to terminate or not continue a distributorship agreement and prohibits the distributor from entering into a distributorship agreement for the sale of new motorboats of a line-make in a relevant market area, the distributor may not enter into a distributorship agreement for the sale of a new motorboat of that line-make in the specified relevant market area unless the executive director determines that there has been a change of circumstances so that the relevant market area at the time of the establishment of the new distributorship agreement can reasonably be expected to support the new distributee.

Section 15. Section **13-14c-304** is enacted to read:

13-14c-304 . Hearing regarding termination, relocation, or establishment of distributorships.

(1)(a) Within 10 days after the day on which the executive director receives an application from a distributee under Subsection 13-14c-301(3) challenging a distributor's right to terminate or not continue a distributorship agreement, or an application under Section 13-14c-302 challenging the establishment or relocation of a distributorship agreement, the executive director shall:

- 1118 (i) enter an order designating the time and place for the hearing; and
1119 (ii) send a copy of the order by certified or registered mail, with return receipt
1120 requested, or by any form of reliable delivery through which receipt is verifiable
1121 to:
1122 (A) the applicant;
1123 (B) the distributor; and
1124 (C) if the application involves the establishment of a new distributorship
1125 agreement or the relocation of an existing distributorship agreement, each
1126 affected municipality and each distributee in the relevant market area engaged
1127 in the business of offering to sell or lease the same line-make.
1128 (b) A copy of an order mailed under Subsection (1)(a) shall be addressed to the
1129 distributee at the place where the distributee's business is conducted.
1130 (2) An affected municipality and any other person who can establish an interest in the
1131 application may intervene as a party to the hearing, whether or not that person receives
1132 notice.
1133 (3) Any person, including an affected municipality, may appear and testify on the question
1134 of the public interest in the termination or the discontinuance of a distributorship
1135 agreement or in the establishment of an additional distributorship agreement.
1136 (4)(a)(i) Any hearing ordered under Subsection (1) shall be conducted no later than
1137 90 days after the day on which the application for the hearing is filed.
1138 (ii) A final decision on the challenge shall be made by the executive director no later
1139 than 20 days after the day on which the hearing ends.
1140 (b) Failure to comply with the time requirements of Subsection (4)(a) is considered a
1141 determination that the distributor acted with good cause or, in the case of a protest of
1142 a proposed establishment or relocation of a distributee, that good cause exists for
1143 permitting the proposed additional or relocated new motorboat distributee, unless:
1144 (i) the delay is caused by acts of the distributor or the additional or relocating
1145 distributee; or
1146 (ii) the delay is waived by the parties.
1147 (5) The distributor has the burden of proof to establish by a preponderance of the evidence
1148 that under the provisions of this chapter the distributor should be granted permission to:
1149 (a) terminate or not continue the distributorship agreement;
1150 (b) enter into a distributorship agreement establishing an additional distributorship
1151 agreement; or

(c) relocate the dealership of an existing distributee.

(6) Any party to the hearing may appeal the executive director's final decision in accordance with Title 63G, Chapter 4, Administrative Procedures Act, including the distributor, an existing distributee of the same line-make whose relevant market area includes the site of the proposed dealership, or an affected municipality.

Section 16. Section **13-14c-305** is enacted to read:

13-14c-305 . Evidence to be considered in determining cause to terminate or discontinue.

(1) In determining whether or not a distributor has established good cause for the termination or the discontinuance of a distributorship agreement, the executive director shall consider:

- (a) the amount of business transacted by the distributee, as compared to business available to the distributee;
- (b) the investment necessarily made and obligations incurred by the distributee in the performance of the distributee's part of the distributorship agreement;
- (c) the permanency of the investment;
- (d) whether or not the termination or discontinuance is injurious or beneficial to the public welfare or public interest for the business of the distributee to be disrupted;
- (e) whether or not the distributee has adequate motorboat sales and service facilities, equipment, motorboat parts, and qualified service personnel to reasonably provide for the needs of the consumer for the new motorboats handled by the distributee and has been and is rendering adequate services to the public;
- (f) whether or not the distributee refuses to honor warranties of the distributor under which the warranty service work is to be performed in accordance with the distributorship agreement, if the distributor reimburses the distributee for the warranty service work;
- (g) failure by the distributee to substantially comply with those requirements of the distributorship agreement that are determined by the executive director to be:
 - (i) reasonable;
 - (ii) material; and
 - (iii) not in violation of this chapter;
- (h) evidence of bad faith by the distributee in complying with those terms of the distributorship agreement that are determined by the executive director to be:
 - (i) reasonable;

- 1186 (ii) material; and
1187 (iii) not in violation of this chapter;
1188 (i) prior misrepresentation by the distributee in applying for the distributorship
1189 agreement;
1190 (j) transfer of any ownership or interest in the distributorship agreement without first
1191 obtaining approval from the distributor or the executive director; and
1192 (k) any other factor the executive director considers relevant.
1193 (2) Notwithstanding any distributorship agreement, the following do not constitute good
1194 cause, as used in this chapter for the termination or the discontinuance of a
1195 distributorship agreement:
1196 (a) the sole fact that the distributor desires greater market penetration or more sales or
1197 leases of new motorboats;
1198 (b) the change of ownership of the distributee or the change of executive management of
1199 the distributee unless the distributor proves that the change of ownership or executive
1200 management will be substantially detrimental to the distribution of the distributor's
1201 motorboats; or
1202 (c) the fact that the distributee has justifiably refused or declined to participate in any
1203 conduct covered by Section 13-14c-201.
1204 (3) For purposes of Subsection (2), "substantially detrimental" includes the failure of any
1205 proposed transferee to meet the objective criteria applied by the distributor in qualifying
1206 distributees at the time of application.

1207 Section 17. Section **13-14c-306** is enacted to read:

1208 **13-14c-306 . Evidence to be considered in determining cause to relocate or**
1209 **establish a new distributorship agreement.**

1210 In determining whether or not a distributor has established good cause for relocating an
1211 existing distributee or establishing a new distributee for the same line-make in a given relevant
1212 market area, the executive director shall consider:

- 1213 (1) the amount of business transacted by other distributees of the same line-make in that
1214 relevant market area, as compared to business available to the distributees;
1215 (2) the investment other distributees of the same line-make in the relevant market area
1216 make;
1217 (3) the permanency of the existing and proposed investment;
1218 (4) whether or not an additional distributorship agreement is injurious or beneficial to the
1219 public welfare or public interest, including:

- 1220 (a) the impact on any affected municipality;
 1221 (b) population growth trends in any affected municipality;
 1222 (c) the number of distributees in the primary market area of the new or relocated
 1223 distributee compared to the number of distributees in each primary market area
 1224 adjacent to the new or relocated distributee's primary market area; and
 1225 (d) how the new or relocated distributee would impact the distance and time that an
 1226 individual in the new or relocated distributee's primary market area would have to
 1227 travel to access a distributee in the same line-make as the new or relocated distributee;
 1228 (5) whether or not the distributees of the same line-make in that relevant market area are
 1229 providing adequate service to consumers for the motorboats of same the line-make,
 1230 which shall include the adequacy of:
 1231 (a) the motorboat sale and service facilities;
 1232 (b) equipment;
 1233 (c) supply of motorboat parts; and
 1234 (d) qualified service personnel; and
 1235 (6) whether or not the relocation or establishment would cause any material negative
 1236 economic effect on a distributee of the same line-make in the relevant market area.
 1237 Section 18. Section **13-14c-307** is enacted to read:
 1238 **13-14c-307 . Distributor's obligations upon termination or discontinuance of**
 1239 **distributorship agreement or line-make.**
 1240 (1) Upon the termination or the discontinuance of a distributorship agreement or a
 1241 line-make, the distributor shall pay the distributee:
 1242 (a) an amount calculated by:
 1243 (i) including the distributee's cost of unsold motorboats that:
 1244 (A) are in the distributee's inventory;
 1245 (B) were acquired:
 1246 (I) from the distributor; or
 1247 (II) in the ordinary course of business from another distributee of the same
 1248 line-make;
 1249 (C) are new, undamaged, and, except for distributor accessories, unaltered; or
 1250 (D) represent the current model year at the time of termination or discontinuance,
 1251 or the two model years immediately before the time of termination or
 1252 discontinuance;
 1253 (ii) reducing the amount in Subsection (1)(a)(i) by a prorated 1% for each 20 engine

- 1254 hours over five engine hours registered on a new motorboat's engine;
1255 (iii) adding any charges made by the distributor, for distribution, delivery, or taxes;
1256 (iv) adding the distributee's cost of any distributor accessories added on the
1257 motorboat; and
1258 (v) subtracting all allowances paid or credited to the distributee by the distributor;
1259 (b) the distributee's cost of new and undamaged motorboats in the distributee's inventory
1260 of demonstrator motorboats, reduced by a prorated 1% for each 20 engine hours over
1261 five engine hours registered on a new motorboat's engine:
1262 (i) plus any charges made by the distributor for distribution, delivery, or taxes;
1263 (ii) plus the distributee's cost of any accessories added on the motorboats; and
1264 (iii) less all allowances paid or credited to the distributee by the distributor;
1265 (c) the cost of all new, undamaged, and unsold supplies, parts, and accessories as set
1266 forth in the distributor's catalog at the time of termination or discontinuance for the
1267 supplies, parts, and accessories, less all allowances paid or credited to the distributee
1268 by the distributor;
1269 (d) the fair market value, but not less than the distributee's depreciated acquisition cost
1270 of each undamaged sign owned by the distributee that bears a common name, trade
1271 name, or trademark of the distributor if acquisition of the sign was recommended or
1272 required by the distributor;
1273 (e) the fair market value, but not less than the distributee's depreciated acquisition cost,
1274 of all special tools, equipment, and furnishings acquired from the distributor or
1275 sources approved by the distributor that were required by the distributor and are in
1276 good and usable condition;
1277 (f) the cost of transporting, handling, packing, and loading motorboats, supplies, parts,
1278 accessories, signs, special tools, equipment, and furnishings;
1279 (g) subject to Subsection (5), reasonable compensation to the distributee for any cost
1280 incurred pertaining to the unexpired term of a lease agreement for the distributee's
1281 existing location;
1282 (h) the negotiated fair market value of the distributee's premises, based on the fair
1283 market value of the real property, if the distributee opts to sell the distributee's
1284 premises; and
1285 (i) compensation for the distributee's blue sky or goodwill, as determined in accordance
1286 with the applicable industry standards taking into consideration the effect that the
1287 timing of the manufacturer's announcement of discontinuance of a line-make has or

will have on the distributee's future profitability.

(2) Subsections (1)(g), (h), and (i) do not apply if a distributorship agreement is terminated:

(a) by the distributor for cause as defined in Subsections 13-14c-301(1)(b) and

13-14c-301(2)(a);

(b) upon mutual written agreement of the distributor and distributee as provided in

Subsection 13-14c-301(2)(b); or

(c) upon voluntary termination by the distributee as provided in Subsection

13-14c-301(4).

(3) The distributor shall pay the distributee the amounts specified in Subsection (1) within

90 days after the tender of the property to the distributor if the distributee:

(a) has clear title to the property; and

(b) is in a position to convey title to the distributor.

(4) If repurchased inventory, equipment, or demonstrator motorboats are subject to a

security interest, the distributor may make payment jointly to the distributee and to the

holder of the security interest.

(5) Subsection (1)(g) does not relieve the distributee or the distributee's lessor from an

obligation under a lease agreement to mitigate damages.

(6)(a) This section does not apply to a distributee's voluntary termination 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 the

discontinuance of the distributorship agreement.

(b) Subsection (6)(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.

Section 19. Section **13-14c-308** is enacted to read:

13-14c-308 . Private right of action.

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.

Section 20. Section **13-14c-309** is enacted to read:

13-14c-309 . Change in distribution plan.

(1) If there is a change in the plan of distribution of a line-make that continues the

line-make, a manufacturer or distributor may not directly or indirectly cause a

1322 termination, a cancellation, or a nonrenewal of a distributee's distributorship agreement.

- 1323 (2) Subsection (1) does not apply if the distributor offers the distributee a new
1324 distributorship agreement that is substantially similar to the distributee's distributorship
1325 agreement at the time the manufacturer or distributor changed the plan of distribution.

1326 Section 21. Section **13-14c-310** is enacted to read:

1327 **13-14c-310 . Recognition and rights of a sub-distributee.**

- 1328 (1) As used in this section:

1329 (a) "Existing sub-distributee agreement" means a written agreement that:

- 1330 (i) is in effect on or before May 6, 2026, under which a distributee authorizes another
1331 person to sell, lease, or service a new motorboat on the distributee's behalf; and
1332 (ii) includes a renewal, extension, or replacement of that agreement that does not
1333 materially alter the agreement's core economic substance or authorized scope of
1334 activities.

1335 (b) "Sub-distributee" means a person authorized under an existing sub-distributee
1336 agreement.

- 1337 (2)(a) An existing sub-distributee agreement may continue according to its terms.

1338 (b) The enactment of this chapter may not be construed to modify the enforceability of
1339 an existing sub-distributee agreement.

- 1340 (3) This chapter does not control disputes between a distributee and a sub-distributee.

1341 (a) Except as provided in this section, the existing sub-distributee agreement and
1342 generally applicable law govern the rights, duties, remedies, and dispute-resolution
1343 procedures between a distributee and a sub-distributee arising out of or relating to an
1344 existing sub-distributee agreement.

1345 (b) Nothing in this chapter may be construed to apply the standards of the distributor and
1346 a distributee relationship to a distributee and a sub-distributee relationship.

- 1347 (4)(a) An existing sub-distributee agreement is the controlling agreement with respect to
1348 the sub-distributee's authority to sell, lease, or service a new motorboat on the
1349 distributee's behalf.

1350 (b) The existence of any direct communication, transaction, ordering process, warranty
1351 or recall submission, incentive submission, or similar administrative interaction
1352 between a distributor and a sub-distributee does not create a distributorship
1353 agreement between the distributor and the sub-distributee.

- 1354 (5)(a) After May 6, 2026, a distributee may not enter into, establish, or authorize a
1355 sub-distributee agreement other than an existing sub-distributee agreement as defined

1356 in Subsection (1)(a).

1357 (b) A sub-distributee agreement created in violation of this Subsection (5) does not

1358 create any rights, protections, remedies, or procedures under this chapter.

1359 (6) A sub-distributee may not independently file a complaint, request for agency action,

1360 protest, or application for hearing under this chapter, and may not be a party entitled to

1361 relief in an administrative proceeding under this chapter.

1362 (7) If an existing sub-distributee agreement expires, is not renewed, or is terminated, the

1363 sub-distributee:

1364 (a) is not a distributee for purposes of this chapter; and

1365 (b) is not entitled to the rights, protections, remedies, or procedures provided to a

1366 distributee under this chapter.

1367 **Section 22. Effective Date.**

1368 This bill takes effect on May 6, 2026.