

Chris H. Wilson proposes the following substitute bill:

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;
- authorizes the executive director of the Department of Commerce to conduct adjudicative proceedings, issue cease-and-desist orders, and impose administrative fines of up to \$5,000 per day for violations;
- prohibits distributors from engaging in coercive, unfair, or inequitable business practices toward dealerships;
- protects a dealership's right to sell, transfer, or pass ownership of the business to a successor and limits when a distributor may refuse that transfer;
- restricts a distributor's ability to terminate or discontinue a dealership agreement without good cause, advance notice, and an opportunity for administrative review;
- requires a distributor to provide a detailed written warranty, recall, and service compensation policies and to reimburse a dealership at retail labor and parts rates for warranty and recall work;
- requires a distributor to compensate a dealership for incidental labor, on-water testing, and administrative tasks related to warranty and recall repairs;
- requires a distributor to buy back unsold inventory, parts, tools, signs, and equipment from a dealership if the distributorship agreement is terminated;
- establishes procedures and evidentiary standards the executive director shall use to determine whether a distributor has good cause to terminate, relocate, or add a dealership within a market area;
- requires a distributor to provide notice, market data, and justification before establishing

or relocating a dealership within 100 miles of an existing dealership of the same line-make and allows an existing dealership to protest;

- grants a dealership a private right of action against a distributor for actual damages and attorney fees resulting from violations of the act;

- recognizes and preserves certain preexisting sub-distributtee agreements while prohibiting the creation of a new sub-distributtee arrangement after the effective date; and

- repeals the Motorboat Agreements Act.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

13-14c-101, Utah Code Annotated 1953

13-14c-102, Utah Code Annotated 1953

13-14c-103, Utah Code Annotated 1953

13-14c-104, Utah Code Annotated 1953

13-14c-105, Utah Code Annotated 1953

13-14c-201, Utah Code Annotated 1953

13-14c-202, Utah Code Annotated 1953

13-14c-203, Utah Code Annotated 1953

13-14c-204, Utah Code Annotated 1953

13-14c-301, Utah Code Annotated 1953

13-14c-302, Utah Code Annotated 1953

13-14c-303, Utah Code Annotated 1953

13-14c-304, Utah Code Annotated 1953

13-14c-305, Utah Code Annotated 1953

13-14c-306, Utah Code Annotated 1953

13-14c-307, Utah Code Annotated 1953

REPEALS:

13-58-101, as enacted by Laws of Utah 2021, Chapter 185

13-58-102, as enacted by Laws of Utah 2021, Chapter 185

13-58-201, as enacted by Laws of Utah 2021, Chapter 185

13-58-301, as enacted by Laws of Utah 2021, Chapter 185

63 **13-58-302**, as last amended by Laws of Utah 2022, Chapter 274

64 **13-58-401**, as enacted by Laws of Utah 2021, Chapter 185

65 **13-58-402**, as enacted by Laws of Utah 2021, Chapter 185

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 place of
82 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 in which:

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

95 (b) a community of interest exists in the marketing of new motorboats and new

motorboat parts and services related to the sale or lease of new motorboats at
wholesale or retail.

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

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

(11)(a) "Motorboat" means a watercraft that is propelled primarily by a self-contained
mechanical engine with at least 50 horsepower that produces thrust directly for
movement on water for vessels that are at least 14 feet in length.

(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;

(ii) a personal watercraft;

(iii) a houseboat;

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

(v) a dock.

(12)(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.

(13) "New motorboat" means a motorboat that has not been titled or registered and has less
than 150 engine hours.

- (14) "New motorboat distributee" means a person that is registered to sell a new motorboat under Section 13-14c-103.
- (15) "Notice area" means the geographic area that is within a radius of 100 miles from the site of an existing dealership of the same line-make.
- (16) "Primary market area" means:
- (a) for an existing dealership, the geographic area a distributor establishes for an existing dealership of the same line-make to serve; or
 - (b) for a new or relocated dealership, the geographic area a distributor proposes for a new or relocated dealership of the same line-make to serve.
- (17) "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.
- (18) "Recall repair" means any diagnostic work, labor, or part necessary to resolve an issue that is the basis of a recall.
- (19) "Relevant market area" means:
- (a) the county in which the existing dealership of the same line-make is located; and
 - (b) the notice area.
- (20) "Sale, transfer, or assignment" means the disposition of an interest in a dealership, with or without consideration, through a bequest, inheritance, gift, exchange, lease, or license.
- 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 described in Subsection 63G-4-502(1) for issuing an emergency order, the executive director may issue an order on an emergency basis if the executive director determines that irreparable damage is likely to occur immediately if the executive director takes no action.
- (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;
 - (b) require a distributee to refrain from acquiring any other line of new motorboats or products;
 - (c) require, coerce, or attempt to coerce a distributee to enter into an agreement with the distributor or do any other unfair or prejudicial act to the distributee;
 - (d) change, establish, enforce, modify, or implement a plan or system for allocating, scheduling, or delivering new motorboats, parts, or accessories to the distributor's distributees so that the plan or system is not fair, reasonable, and equitable, including a plan or system that imposes a motorboat sales objective, goal, or quota on a distributee, or that evaluates a distributee's sales effectiveness or overall sales performance, without providing the distributee a reasonable opportunity to acquire the necessary motorboats in a timely manner from the distributor on commercially

reasonable terms;

- (e) increase the price of a new motorboat that the distributee has ordered from the distributor if the order occurred before the distributee received an official written price increase notification;
- (f) engage in the distribution, sale, offer for sale, or lease of a new motorboat to purchasers who acquire the motorboat in the state except through a distributee located in the relevant marketing area of the purchaser;
- (g) authorize or permit a person to perform warranty service repairs on motorboats, unless the repairs are performed by a distributee with a distributorship agreement for the sale and service of the distributor's motorboats within the relevant market area where the dealership is located;
- (h) fail to provide a distributee with a written distributorship agreement;
- (i) directly or indirectly own an interest in a new motorboat distributee or dealership, operate or control a new motorboat distributee or dealership, act in the capacity of a new motorboat distributee, or operate a motorboat service facility;
- (j) fail to timely pay a distributee for a reimbursement for an incentive or other payment the distributor owes;
- (k) 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;
- (l) through an affiliate, take an action that this chapter otherwise prohibits;
- (m) impose a fee, surcharge, or other charge on a distributee designed to recover the cost of a warranty repair or any other cost in this chapter or the dealership agreement for which the distributor owes to the distributee;
- (n) deny a distributee the right to return any or all parts or accessories that are in good, resalable condition and that are listed in the current parts catalog;
- (o) obtain a waiver of a distributee's right from a distributee by threatening to impose a detriment upon the distributee's business, or to withhold any entitlement, benefit, or service to which the distributee is entitled under an agreement, contract, statute, rule, regulation, or law, or that the distributor has granted to more than one other

266 distributee of the distributor in the state;

267 (p) fail to provide reasonable compensation to a distributee for assistance requested by a
268 customer whose motorboat was subjected to an over the air or remote change, repair,
269 or update to any part, system, accessory, or function by the distributor or affiliate and
270 performed at the distributee's dealership to satisfy the customer; or

271 (q) ship a new motorboat to a distributee without receiving prior written confirmation
272 from the distributee authorizing the shipment of that specific motorboat.

273 (2) Subsection (1)(a) does not prevent the distributor from requiring that a distributee carry
274 a reasonable inventory of:

275 (a) new motorboat models offered for sale by the distributor as long as the inventory
276 levels are supported by market demand; and

277 (b) parts to service the repair of the new motorboats.

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

279 **13-14c-202 . Sale or transfer of ownership.**

280 (1)(a) The distributor shall give effect to the change in a distributorship agreement as a
281 result of an event listed in Subsection (1)(b):

282 (i) subject to Subsection 13-14c-303(2)(b); and

283 (ii) unless exempted under Subsection (2).

284 (b) The distributor shall give effect to the change in a distributorship agreement in
285 accordance with Subsection (1)(a) for the:

286 (i) sale of a distributee's dealership;

287 (ii) contract for sale of a distributee's dealership; or

288 (iii) transfer of full or partial ownership of a distributee's dealership by:

289 (A) sale;

290 (B) transfer of the business; or

291 (C) stock transfer.

292 (2) A distributor is exempted from the requirements of Subsection (1) if:

293 (a) the transferee is denied or would be denied registration in accordance with Section
294 13-14c-103; or

295 (b) the proposed sale or transfer of the business will be substantially detrimental to the
296 distribution of the distributor's new motorboats or to competition in the relevant
297 market area, if the distributor has given written notice to the distributee within 60
298 days following receipt by the distributor of the following:

299 (i) a copy of the proposed contract of sale or transfer executed by the distributee and

- the proposed transferee;
- (ii) a completed copy of the distributor's written application for approval of the change in ownership, if any, including the information customarily required by the distributor; and
- (iii)(A) a written description of the business experience of the transferee in the case of a proposed sale or transfer of the distributee's business; or
- (B) a written description of the business experience and financial capacity of the person principally involved in the proposed change of the dealership.
- (3) For purposes of this section, the refusal by the distributor to accept a proposed transferee is presumed to be unreasonable and undertaken without good cause if the proposed distributee or the proposed distributee's principal owner, as applicable:
- (a) is of good moral character; and
- (b) otherwise meets the written, reasonable, and uniformly applied standards or qualifications, if any, of the distributor relating to the business experience of executive management and financial capacity to operate and maintain the dealership required by the distributor of the distributor's distributees.
- (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 and financial data that is reasonably necessary to determine whether the distributor should honor the existing distributorship agreement.

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

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

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

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

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

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

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

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

- (5)(a) This section does not prevent a distributee from designating a person as the successor by written instrument filed with the distributor.
- (b) If a distributee files an instrument under Subsection (5)(a), the instrument governs the succession rights to the management and operation of the dealership subject to the designated successor satisfying the distributor's qualification requirements as described in this section.
- (6)(a) If a distributor serves a notice of refusal to a designated successor in accordance with Subsection (3), the designated successor may, within the 180-day period provided in Subsection (4), file with the executive director an application for a hearing and a determination by the executive director regarding whether good cause exists for the refusal.
- (b) If an application for a hearing is timely filed, the distributor shall continue to honor the distributorship agreement until after the executive director gives a decision and the applicable appeal period following the executive director's decision has expired.

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

13-14c-204 . Distributor's obligations relating to warranty and recall service.

- (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), "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.

(b) Reasonable compensation of the distributee for parts and service in warranty or recall repair work may not be less than the rates the distributee charges for parts and service to retail customers.

(c) A distributee seeking to establish or modify the distributee's retail labor rate, retail parts markup, or both, shall submit a notice in writing or electronically to the distributee's distributor at the location and in the format the distributor specifies in writing to the distributee for repairs made no more than 180 days before such submission:

(i) all consecutive repair orders that include 50 sequential repair orders reflecting qualified repairs; or

(ii) all repair orders reflecting qualified repairs closed during any period of 90 consecutive days.

(d) A distributee shall calculate the distributee's:

(i) retail labor rate by determining the total charges for labor in the qualified repairs submitted, dividing that amount by the total number of hours in the qualified repairs that generated such charges; and

(ii) retail parts markup by determining the total charges for parts in the qualified repairs submitted, dividing such amount by the distributee's total cost of the purchase of such parts, subtracting one, and multiplying by 100 to produce a percentage.

(e) 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.

(f)(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 motorboat 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;

- 436 (D) assisting a customer with retrieving the customer's motorboat from the
437 dealership after the distributee completes the repair; and
- 438 (E) handling administrative or documentation tasks, including paperwork.
- 439 (g) If a warranty repair requires an on-water performance evaluation to verify the
440 effectiveness of the repair or to properly perform a diagnosis, the distributor shall
441 compensate the distributee for all reasonable costs the distributee incurs in
442 conducting the test, including:
- 443 (i) hourly labor time for test operation at the distributee's prevailing warranty labor
444 rate;
- 445 (ii) fuel or oil the test requires; and
- 446 (iii) any transportation costs to and from the testing location.
- 447 (5)(a) For any item that a distributor sells, supplies, or otherwise provides to a
448 distributee, including a motorboat trailer, an engine, a part, or an accessory sold or
449 bundled with a motorboat, the distributor shall:
- 450 (i) provide full warranty support and coverage in accordance with this section and the
451 distributorship agreement, including any necessary technical assistance,
452 replacement parts, or repairs;
- 453 (ii) compensate the distributee for all warranty-related work the distributee performs
454 at the distributee's retail labor rate and retail parts markup, as established under
455 Subsection (3); and
- 456 (iii) ensure that any warranty terms or conditions for these items are substantially
457 similar to those offered by the manufacturer in other states and disclosed to the
458 distributee in writing so that the distributee may properly administer and perform
459 the warranty obligations on behalf of the distributor.
- 460 (b) For any item that a distributor sells, supplies, or otherwise provides to a distributee,
461 including a motorboat trailer, an engine, a part, or an accessory sold with a
462 motorboat, the distributor may not disclaim or delegate warranty responsibility for
463 such items to a third party if the distributor is the entity that sold, supplied, or
464 bundled the items for the distributee.
- 465 (c)(i) For warranty purposes under this section, a motorboat trailer is deemed
466 included with the new motorboat if:
- 467 (A) the new motorboat distributor invoices the distributee for the motorboat
468 trailer; or
- 469 (B) the distributor offers a credit for ordering the motorboat without the motorboat

- 470 trailer and that credit is less than the distributee's wholesale price for the
471 motorboat trailer when purchased separately.
- 472 (ii) A credit that is equal to or greater than the distributee's wholesale price for the
473 motorboat trailer does not cause the motorboat trailer to be deemed included for
474 warranty purposes.
- 475 (6) A distributor shall:
- 476 (a) perform any warranty obligation;
477 (b) include in each written notice of the distributor's recall to a new motorboat owner
478 and each distributee the expected date the necessary parts and equipment will be
479 available to the distributee for the correction of the defect; or
480 (c) compensate a distributee for all diagnostic work, labor, and parts the distributor
481 requires to perform a recall repair in accordance with Subsections (3) and (4) within
482 30 days of claim submission.
- 483 (7) If a distributor denies a distributee's claim for a defective part, alleging that the part is
484 not defective, the distributor at the distributor's option shall:
- 485 (a) return the part to the distributee at the distributor's expense; or
486 (b) pay the distributee the cost of the part.
- 487 (8) A distributor may deny a distributee's claim for warranty compensation or recall repair
488 compensation if:
- 489 (a) the distributee lacks material documentation for the claim; or
490 (b) the distributee files a claim that is fraudulent.

491 Section 10. Section **13-14c-301** is enacted to read:

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

493 **13-14c-301 . Termination or discontinuance of a distributorship agreement.**

- 494 (1) Except as provided in Subsection (2), a distributor may not terminate or refuse to
495 continue a distributorship agreement, or the rights to sell and service a line-make in
496 accordance with a distributorship agreement, whether through termination or
497 discontinuance of the distributorship agreement, termination or discontinuance of a
498 line-make, or otherwise, unless:
- 499 (a) the distributee receives written notice from the distributor 60 days before the
500 effective date of termination or discontinuance setting forth the specific grounds for
501 termination or discontinuance that the distributor relies on to establish good cause for
502 the termination or discontinuance;
503 (b) the distributor has good cause for termination or discontinuance; and

(c) the distributor is willing and able to comply with Section 13-14c-304.

(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.

(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 distributorship agreement if the distributee provides written notice to the distributor at least 30 days before the termination.

Section 11. 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

(B) the aggregate economic data under Subsection (4)(a)(i)(A) includes:

(I) motorboat registration data;

(II) market penetration data; and

(III) demographic data;

(ii) written documentation that the distributor has in the distributor's possession that the distributor intends to rely on in establishing good cause;

(iii) a statement that describes in reasonable detail how the establishment of a new distributee or the relocation of an existing distributee will affect the amount of business transacted by other distributees of the same line-make in the relevant market area, as compared to business available to the distributees; and

(iv) a statement that describes in reasonable detail how the establishment of a new distributee or the relocation of an existing distributee will be beneficial or injurious to the public welfare or public interest.

(b) The distributor shall provide the documents described under Subsection (4)(a) with the notice required under Subsection (3).

(c) The distributor is not required to disclose any documents under Subsection (4)(a) if:

(i) the documents would be privileged under the Utah Rules of Evidence;

(ii) the documents contain confidential proprietary information;

(iii) the documents are subject to federal or state privacy laws;

(iv) the documents are correspondence between the distributor and existing distributees in that line-make in the relevant market area; or

(v) the distributor reasonably believes that disclosure of the documents would violate:

- 572 (A) the privacy of another distributee; or
573 (B) Section 13-14c-201.
- 574 (5)(a) Within 30 days of receiving notice required by Subsection (3), any distributee that
575 is required to receive notice under Subsection (3) may protest to the executive
576 director the establishment or relocation of the dealership.
- 577 (b) No later than 10 days after the day on which a protest is filed, the department shall
578 inform the distributor that:
- 579 (i) a timely protest has been filed;
580 (ii) a hearing is required;
581 (iii) the distributor may not establish or relocate the proposed dealership until the
582 executive director has held a hearing; and
583 (iv) the distributor may not establish or relocate a proposed dealership if the
584 executive director determines that there is not good cause for permitting the
585 establishment or relocation of the dealership.
- 586 (6) If multiple protests are filed under Subsection (5), hearings may be consolidated to
587 expedite the disposition of the issue.
- 588 (7) Subsections (1) through (5) do not apply to a relocation of an existing or successor
589 distributee to a location that is:
- 590 (a) within the same county and less than five miles from the existing location of the
591 existing or successor distributee's dealership; or
592 (b) further away from a dealership of a distributee of the same line-make.
- 593 (8)(a) Relocation of an existing distributee's dealership in excess of 15 miles from the
594 dealership's existing location is considered the establishment of an additional
595 distributee in the line-make of the relocating distributee.
- 596 (b) The reopening in a relevant market area of a dealership that has not been in operation
597 is considered the establishment of an additional motorboat distributee.
- 598 Section 12. Section **13-14c-303** is enacted to read:
- 599 **13-14c-303 . Evidence to be considered in determining cause to terminate or**
600 **discontinue.**
- 601 (1) In determining whether a distributor has established good cause for the termination or
602 discontinuance of a distributorship agreement, the executive director shall consider:
- 603 (a) the amount of business transacted by the distributee, as compared to business
604 available to the distributee;
605 (b) the investment necessarily made and obligations incurred by the distributee in the

- 606 performance of the distributee's part of the distributorship agreement;
- 607 (c) the permanency of the investment;
- 608 (d) whether the termination or discontinuance is injurious or beneficial to the public
- 609 welfare or public interest for the business of the distributee to be disrupted;
- 610 (e) whether the distributee has adequate motorboat sales and service facilities,
- 611 equipment, motorboat parts, and qualified service personnel to reasonably provide for
- 612 the needs of the consumer for the new motorboats handled by the distributee and has
- 613 been and is rendering adequate services to the public;
- 614 (f) whether the distributee refuses to honor warranties of the distributor under which the
- 615 warranty service work is to be performed in accordance with the distributorship
- 616 agreement, if the distributor reimburses the distributee for the warranty service work;
- 617 (g) failure by the distributee to substantially comply with those requirements of the
- 618 distributorship agreement that are determined by the executive director to be:
- 619 (i) reasonable;
- 620 (ii) material; and
- 621 (iii) not in violation of this chapter;
- 622 (h) evidence of bad faith by the distributee in complying with those terms of the
- 623 distributorship agreement that are determined by the executive director to be:
- 624 (i) reasonable;
- 625 (ii) material; and
- 626 (iii) not in violation of this chapter;
- 627 (i) transfer of any ownership or interest in the distributorship agreement without first
- 628 obtaining approval from the distributor or the executive director; and
- 629 (j) any other factor the executive director considers relevant.
- 630 (2) Notwithstanding any distributorship agreement, the following do not constitute good
- 631 cause, as used in this chapter for the termination or discontinuance of a distributorship
- 632 agreement:
- 633 (a) the sole fact that the distributor desires greater market penetration or more sales or
- 634 leases of new motorboats;
- 635 (b) the change of ownership of the distributee or the change of executive management of
- 636 the distributee unless the distributor proves that the change of ownership or executive
- 637 management will be substantially detrimental to the distribution of the distributor's
- 638 motorboats; or
- 639 (c) the fact that the distributee has justifiably refused or declined to participate in any

conduct covered by Section 13-14c-201.

- (3) For purposes of Subsection (2), "substantially detrimental" includes the failure of any proposed transferee to meet the objective criteria applied by the distributor in qualifying distributees at the time of application.

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

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

- (1) Upon the termination or discontinuance of a distributorship agreement or a line-make, the distributor shall pay the distributee:

(a) an amount calculated by:

(i) including the distributee's cost of unsold motorboats that:

(A) are in the distributee's inventory from the distributor's line-make; and

(B) represent the current model year plus the two model years immediately before the time of termination or discontinuance;

(ii) adding any charges made by the distributor, for distribution, delivery, or taxes;

(iii) adding the distributee's cost of any distributor accessories added on the motorboat; and

(iv) subtracting all allowances paid or credited to the distributee by the distributor;

(b) the cost of all new, undamaged, and unsold supplies, parts, and accessories as set forth in the distributor's catalog at the time of termination or discontinuance for the supplies, parts, and accessories, less all allowances paid or credited to the distributee by the distributor;

(c) the fair market value, but not less than the distributee's depreciated acquisition cost of each undamaged sign owned by the distributee that bears a common name, trade name, or trademark of the distributor;

(d) the fair market value, but not less than the distributee's depreciated acquisition cost, of all special tools, equipment, and furnishings acquired from the distributor or sources approved by the distributor that are in good and usable condition; and

(e) the cost of transporting, handling, packing, and loading motorboats, supplies, parts, accessories, signs, special tools, equipment, and furnishings.

- (2) The distributor shall pay directly to lines of credit, mortgages or other lien holders, and then the remaining amounts the distributor owes to the distributee, the amounts specified in Subsection (1) within 60 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.

(3)(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 discontinuance of the distributorship agreement.

(b) Subsection (3)(a) may not be construed to impair a contractual right of a termination or a discontinuance of the distributorship agreement or a related agreement with a distributor or a distributor's affiliate, including a right to return unsold parts.

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

13-14c-305 . 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, including the cost or losses incurred following termination or discontinuance from selling or repurposing a dealership location, unexpired lease obligations, and lost line-make profits and blue sky value.

Section 15. Section **13-14c-306** is enacted to read:

13-14c-306 . 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 termination, a cancellation, or a nonrenewal of a distributee's distributorship agreement.

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

Section 16. Section **13-14c-307** is enacted to read:

13-14c-307 . Recognition and rights of a sub-distributee.

(1) As used in this section:

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

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

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

- 708 activities.
- 709 (b) "Sub-distributee" means a person authorized under an existing sub-distributee
- 710 agreement.
- 711 (2)(a) An existing sub-distributee agreement may continue according to the agreement's
- 712 terms.
- 713 (b) The enactment of this chapter may not be construed to modify the enforceability of
- 714 an existing sub-distributee agreement.
- 715 (3) This chapter does not control disputes between a distributee and a sub-distributee.
- 716 (a) Except as provided in this section, the existing sub-distributee agreement and
- 717 generally applicable law govern the rights, duties, remedies, and dispute-resolution
- 718 procedures between a distributee and a sub-distributee arising out of or relating to an
- 719 existing sub-distributee agreement.
- 720 (b) Nothing in this chapter may be construed to apply the standards of the distributor and
- 721 a distributee relationship to a distributee and a sub-distributee relationship.
- 722 (4)(a) An existing sub-distributee agreement is the controlling agreement with respect to
- 723 the sub-distributee's authority to sell, lease, or service a new motorboat on the
- 724 distributee's behalf.
- 725 (b) The existence of any direct communication, transaction, ordering process, warranty
- 726 or recall submission, incentive submission, or similar administrative interaction
- 727 between a distributor and a sub-distributee does not create a distributorship
- 728 agreement between the distributor and the sub-distributee.
- 729 (5)(a) After May 6, 2026, a distributee may not enter into, establish, or authorize a
- 730 sub-distributee agreement other than an existing sub-distributee agreement as defined
- 731 in Subsection (1)(a).
- 732 (b) A sub-distributee agreement created in violation of this Subsection (5) does not
- 733 create any rights, protections, remedies, or procedures under this chapter.
- 734 (6) A sub-distributee may not independently file a complaint, request for agency action,
- 735 protest, or application for hearing under this chapter, and may not be a party entitled to
- 736 relief in an administrative proceeding under this chapter.
- 737 (7) If an existing sub-distributee agreement expires, is not renewed, or is terminated, the
- 738 sub-distributee:
- 739 (a) is not a distributee for purposes of this chapter; and
- 740 (b) is not entitled to the rights, protections, remedies, or procedures provided to a
- 741 distributee under this chapter.

742 Section 17. **Repealer.**
743 This bill repeals:
744 Section **13-58-101, Title.**
745 Section **13-58-102, Definitions.**
746 Section **13-58-201, Agreement requirement -- Terms of agreements.**
747 Section **13-58-301, Motorboat dealer default.**
748 Section **13-58-302, Cure of default.**
749 Section **13-58-401, Termination or nonrenewal of agreement -- Notice -- Repurchase**
750 **obligations.**
751 Section **13-58-402, Termination without time to cure.**
752 Section 18. **Effective Date.**
753 This bill takes effect on May 6, 2026.