

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: Steve Eliason

LONG TITLE

General Description:

This bill enacts the New Motorboat Distributor Act.

Highlighted Provisions:

This bill:

- defines terms;
- grants the executive director of the Department of Commerce authority to administer and enforce the chapter and conduct adjudicative proceedings, issue cease-and-desist orders, and impose administrative fines of up to \$1,000 per day for violations;
- prohibits certain coercive, unfair, or inequitable business practices by motorboat distributors;
- establishes standards governing the sale, transfer, and succession of motorboat dealerships;
- restricts termination, nonrenewal, relocation, or establishment of a motorboat dealership without good cause, notice, and opportunity for administrative review;
- establishes evidentiary standards for determining good cause;
- requires a distributor to provide written warranty, recall, and service policies and to reimburse a dealership;
- requires a distributor to compensate a dealership for incidental labor, administrative tasks, and on-water testing related to warranty and recall repairs;
- requires a distributor, upon termination or discontinuance, to repurchase certain inventory, parts, tools, equipment, signs, and related property;
- provides a private right of action for a violation of the chapter;
- governs changes in distribution plans;
- recognizes and limits sub-distributtee agreements; and
- repeals the Motorboat Agreements Act.

29 **Money Appropriated in this Bill:**

30 None

31 **Other Special Clauses:**

32 None

33 **Utah Code Sections Affected:**

34 ENACTS:

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

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

37 **13-14c-103**, Utah Code Annotated 1953

38 **13-14c-104**, Utah Code Annotated 1953

39 **13-14c-105**, Utah Code Annotated 1953

40 **13-14c-201**, Utah Code Annotated 1953

41 **13-14c-202**, Utah Code Annotated 1953

42 **13-14c-203**, Utah Code Annotated 1953

43 **13-14c-204**, Utah Code Annotated 1953

44 **13-14c-301**, Utah Code Annotated 1953

45 **13-14c-302**, Utah Code Annotated 1953

46 **13-14c-303**, Utah Code Annotated 1953

47 **13-14c-304**, Utah Code Annotated 1953

48 **13-14c-305**, Utah Code Annotated 1953

49 **13-14c-306**, Utah Code Annotated 1953

50 REPEALS:

51 **13-58-101**, as enacted by Laws of Utah 2021, Chapter 185

52 **13-58-102**, as enacted by Laws of Utah 2021, Chapter 185

53 **13-58-201**, as enacted by Laws of Utah 2021, Chapter 185

54 **13-58-301**, as enacted by Laws of Utah 2021, Chapter 185

55 **13-58-302**, as last amended by Laws of Utah 2022, Chapter 274

56 **13-58-401**, as enacted by Laws of Utah 2021, Chapter 185

57 **13-58-402**, as enacted by Laws of Utah 2021, Chapter 185



58
59 *Be it enacted by the Legislature of the state of Utah:*

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

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

62

Part 1. General Provisions

63 13-14c-101 . Definitions.

64 As used in this chapter:

- 65 (1) "Affected municipality" means an incorporated city or town:
- 66 (a) located in the notice area; and
- 67 (b) where a distributor proposes to establish a new or relocated motorboat distributee
68 within the notice area of an existing distributee of the same line-make owned by a
69 different distributee.
- 70 (2) "Affiliate" means the same as that term is defined in Section 16-10a-102.
- 71 (3) "Aftermarket product" means a product or a service that is not included in the retail
72 price that the distributor suggests.
- 73 (4) "Dealership" means a location in the state that is a new motorboat distributee's place of
74 business.
- 75 (5) "Department" means the Department of Commerce created in Section 13-1-2.
- 76 (6) "Distributee" means a person that a distributor permits to purchase, sell, or offer to sell a
77 new motorboat the distributor manufactures, produces, represents, or distributes.
- 78 (7) "Distributor" means a person that permits a distributee to purchase, sell, or offer to sell a
79 new motorboat the distributor manufactures, produces, represents, or distributes, and
80 includes:
- 81 (a) the manufacturer, producer, assembler, or distributor of a new motorboat;
- 82 (b) an intermediate distributor; and
- 83 (c) an agent, officer, or field or area representative of the distributor.
- 84 (8) "Distributorship agreement" means a written agreement in which:
- 85 (a) a distributor grants to a distributee permission to use a trade name, trademark, service
86 mark, or related characteristic; and
- 87 (b) a community of interest exists in the marketing of new motorboats and new
88 motorboat parts and services related to the sale or lease of new motorboats at
89 wholesale or retail.
- 90 (9) "Executive director" means the executive director of the Department of Commerce.
- 91 (10) "Line-make" means a brand that the distributor offers for sale, lease, or distribution
92 under a common name, trademark, service mark, or brand name.
- 93 (11)(a) "Motorboat" means a watercraft that is propelled primarily by a self-contained
94 mechanical engine with at least 50 horsepower that produces thrust directly for

95 movement on water and is at least 14 feet in length.

96 (b) "Motorboat" includes:

97 (i) an inboard-powered boat;

98 (ii) a stern drive boat;

99 (iii) an outboard-powered boat;

100 (iv) a wake boat;

101 (v) a ski boat;

102 (vi) a runabout;

103 (vii) a cabin cruiser;

104 (viii) a center console;

105 (ix) a pontoon boat; and

106 (x) a jet boat.

107 (c) "Motorboat" does not include:

108 (i) a human or wind powered watercraft regardless of the presence of a secondary
109 motor;

110 (ii) a personal watercraft;

111 (iii) a houseboat;

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

113 (v) a vessel that is:

114 (A) in the same line-make as a personal watercraft; and

115 (B) distributed in accordance with a common distribution agreement which
116 includes the vessel line-make and the personal watercraft; and

117 (vi) a dock.

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

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

121 (i) is equipped with bunks, rollers, cradles, guides, or other structural components
122 specifically to support the hull of a motorboat; and

123 (ii) is used in launching, retrieving, storing, or transporting a motorboat.

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

126 (14) "New motorboat distributee" means a person that is registered to sell a new motorboat
127 under Section 13-14c-103.

128 (15) "Notice area" means the geographic area that is within a radius of 50 miles from the

- 129 site of an existing dealership of the same line-make.
- 130 (16) "Personal watercraft" means the same as that term is defined in Section 73-18-2.
- 131 (17) "Primary market area" means:
- 132 (a) for an existing dealership, the geographic area a distributor establishes for an existing
- 133 dealership of the same line-make to serve; or
- 134 (b) for a new or relocated dealership, the geographic area a distributor proposes for a
- 135 new or relocated dealership of the same line-make to serve.
- 136 (18) "Recall" means a determination that a distributor or the United States Coast Guard
- 137 makes that a motorboat:
- 138 (a) contains a safety-related defect; or
- 139 (b) fails to comply with a federal safety or emissions standard.
- 140 (19) "Recall repair" means any reasonable diagnostic work, labor, or part necessary to
- 141 resolve an issue that is the basis of a recall.
- 142 (20) "Sale, transfer, or assignment" means the disposition of an interest in a dealership, with
- 143 or without consideration, through a bequest, inheritance, gift, exchange, lease, or license.
- 144 Section 2. Section **13-14c-102** is enacted to read:
- 145 **13-14c-102 . Powers and duties of the executive director.**
- 146 (1) The executive director shall:
- 147 (a) administer and enforce this chapter; and
- 148 (b) make rules for the administration of this chapter in accordance with Title 63G,
- 149 Chapter 3, Utah Administrative Rulemaking Act.
- 150 (2)(a) The executive director may conduct an adjudicative proceeding under this chapter
- 151 in accordance with Title 63G, Chapter 4, Administrative Procedures Act.
- 152 (b) In an adjudicative proceeding under this chapter, an order the executive director
- 153 issues shall comply with Section 63G-4-208, whether the proceeding is a formal or
- 154 an informal adjudicative proceeding under Title 63G, Chapter 4, Administrative
- 155 Procedures Act.
- 156 (3) The department shall make the executive director's order available to the public.
- 157 Section 3. Section **13-14c-103** is enacted to read:
- 158 **13-14c-103 . Registration -- Fees.**
- 159 (1) A distributee or distributor doing business in the state shall:
- 160 (a) annually register or renew the distributee or the distributor's registration with the
- 161 department in a form the department approves; and
- 162 (b) pay an annual registration fee in an amount the department determines in accordance

- 163 with Sections 13-1-2 and 63J-1-504.
- 164 (2) The department shall register or renew the registration of a distributee or a distributor if
165 the distributee or distributor complies with this chapter and the rules the department
166 makes under this chapter.
- 167 (3) A distributee or distributor registered under this section shall comply with this chapter
168 and the rules the department makes to enforce this chapter.
- 169 (4) The department shall collect and deposit the fee Subsection (1)(b) imposes into the
170 Commerce Service Account created by Section 13-1-2.
- 171 (5) Notwithstanding Subsection (1), an agent, officer, or field or area representative of a
172 distributor does not need to register under this section if the distributor holds a valid
173 registration under this section.

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

175 **13-14c-104 . Administrative proceedings commenced by the agency.**

- 176 (1) Except as provided in Subsection (3), if the executive director finds that a person has
177 violated this chapter or a rule the department makes under this chapter, the executive
178 director may:
- 179 (a) notify the person of the alleged violation of this chapter or a rule; and
180 (b) schedule an adjudicative hearing under Section 63G-4-201.
- 181 (2)(a) In determining the amount and appropriateness of an administrative fine under
182 Subsection (1), the executive director shall consider:
- 183 (i) the gravity of the violation;
184 (ii) the history of previous violations; and
185 (iii) any attempt the person makes to retaliate against another person for seeking
186 relief under this chapter or other federal or state law relating to the motorboat
187 industry.
- 188 (b) In addition to any other action permitted under Subsection (1), the department may
189 file an action with a court enforcing the executive director's order and pursue the
190 executive director's assessment of a fine in an amount not to exceed \$1,000 for each
191 day a person violates the executive director's order.
- 192 (3)(a) In addition to the grounds described in Subsection 63G-4-502(1) for issuing an
193 emergency order, the executive director may issue an order on an emergency basis if
194 the executive director determines that irreparable damage is likely to occur
195 immediately if the executive director takes no action.
- 196 (b) In issuing an emergency order under Subsection (3)(a), the executive director shall

197 comply with the requirements of Subsections 63G-4-502(2) and (3).

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

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

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

202 (i) remedy an alleged violation of this chapter;

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

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

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

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

210 (3) If there is an adjudicative proceeding, the executive director shall apportion in a fair and
211 equitable manner between the parties the costs of the adjudicative proceeding, including
212 reasonable attorney fees.

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

214 **Part 2. Distributors in General**

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

216 (1) A distributor may not:

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

219 (b) require a distributee to refrain from acquiring any other line of new motorboats or
220 products;

221 (c) require, coerce, or attempt to coerce a distributee to enter into an agreement with the
222 distributor or do any other unfair or prejudicial act to the distributee;

223 (d) change, establish, enforce, modify, or implement a plan or system for allocating,
224 scheduling, or delivering new motorboats, parts, or accessories to the distributor's
225 distributees so that the plan or system is not fair, reasonable, and equitable;

226 (e) increase the price of a new motorboat that the distributee has ordered from the
227 distributor if the order occurred before the distributee received an official written
228 price increase notification;

229 (f) engage in the distribution, sale, offer for sale, or lease of a new motorboat to
230 purchasers who acquire the motorboat in the state except through a distributee

- 231 located in the notice area of the purchaser;
- 232 (g) authorize or permit a person to perform warranty service repairs on motorboats,
233 unless the repairs are performed by a distributee with a distributorship agreement for
234 the sale and service of the distributor's motorboats within the notice area where the
235 dealership is located;
- 236 (h) fail to provide a distributee with a written distributorship agreement;
- 237 (i) directly or indirectly own an interest in a new motorboat distributee or dealership,
238 operate or control a new motorboat distributee or dealership, act in the capacity of a
239 new motorboat distributee, or operate a motorboat service facility;
- 240 (j) fail to pay a distributee for a reimbursement for an incentive or other payment the
241 distributor owes in accordance with a written distributorship agreement;
- 242 (k) use a performance standard, incentive program, or similar method to measure a
243 distributee's performance unless the standard or program:
- 244 (i) is designed and administered fairly and equitably;
245 (ii) if based upon a survey, utilizes a statistically valid sample; and
246 (iii) if the distributee requests it, is disclosed and explained in writing to the
247 distributee, including how the standard or program is designed and administered,
248 and the types of data that will be collected and used;
- 249 (l) through an affiliate, take an action that this chapter otherwise prohibits;
- 250 (m) impose a fee, surcharge, or other charge on a distributee designed to recover the cost
251 of a warranty repair or any other cost in this chapter or the dealership agreement for
252 which the distributor owes the distributee;
- 253 (n) deny a distributee the right to return any or all parts or accessories that are in good,
254 resalable condition and that are listed in the current parts catalog;
- 255 (o) obtain a waiver of a distributee's right from a distributee by threatening to impose a
256 detriment upon the distributee's business, or to withhold any entitlement, benefit, or
257 service to which the distributee is entitled in accordance with the distributorship
258 agreement, contract, statute, rule, regulation, or law, or that the distributor has
259 granted to more than one other distributee of the distributor in the state;
- 260 (p) fail to provide reasonable compensation to a distributee for assistance requested by a
261 customer whose motorboat was subjected to an over the air or remote change, repair,
262 or update to any part, system, accessory, or function by the distributor or affiliate and
263 performed at the distributee's dealership to satisfy the customer; or
- 264 (q) ship a new motorboat to a distributee without receiving prior written confirmation

- 265 from the distributee authorizing the shipment of that specific motorboat.
- 266 (2) Subsection (1)(a) does not prevent the distributor from requiring that a distributee carry
- 267 a reasonable inventory of:
- 268 (a) new motorboat models offered for sale by the distributor as long as the inventory
- 269 levels are supported by market demand; and
- 270 (b) parts to service the repair of the new motorboats.
- 271 Section 7. Section **13-14c-202** is enacted to read:
- 272 **13-14c-202 . Sale or transfer of ownership.**
- 273 (1)(a) The distributor shall give effect to the change in a distributorship agreement as a
- 274 result of an event listed in Subsection (1)(b):
- 275 (i) subject to Subsection 13-14c-303(2)(b); and
- 276 (ii) unless exempted under Subsection (2).
- 277 (b) The distributor shall give effect to the change in a distributorship agreement in
- 278 accordance with Subsection (1)(a) for the:
- 279 (i) sale of a distributee's dealership;
- 280 (ii) contract for sale of a distributee's dealership; or
- 281 (iii) transfer of full or partial ownership of a distributee's dealership by:
- 282 (A) sale;
- 283 (B) transfer of the business; or
- 284 (C) stock transfer.
- 285 (2) A distributor is exempted from the requirements of Subsection (1) if:
- 286 (a) the transferee is denied or would be denied registration in accordance with Section
- 287 13-14c-103; or
- 288 (b) the proposed sale or transfer of the business will be substantially detrimental to the
- 289 distribution of the distributor's new motorboats or to competition in the notice area, if
- 290 the distributor has given written notice to the distributee within 60 days following
- 291 receipt by the distributor of the following:
- 292 (i) a copy of the proposed contract of sale or transfer executed by the distributee and
- 293 the proposed transferee;
- 294 (ii) a completed copy of the distributor's written application for approval of the
- 295 change in ownership, if any, including the information customarily required by the
- 296 distributor;
- 297 (iii) a written agreement whereby the proposed transferee agrees to the terms and
- 298 conditions of the distributorship agreement; and

- 299 (iv)(A) a written description of the business experience of the transferee in the
300 case of a proposed sale or transfer of the distributee's business; or
301 (B) a written description of the business experience and financial capacity of the
302 person principally involved in the proposed change of the dealership.
- 303 (3)(a) If, after receipt of the written notice from the distributee described in Subsection
304 (2)(b), the distributor objects to the proposed sale or transfer of the business or
305 change of executive management, the distributee may file a request for an
306 adjudicative proceeding in accordance with Section 63G-4-201, within 60 days from
307 the date of receipt of the distributor's objection notice.
- 308 (b) If an adjudicative proceeding is initiated in accordance with Section 63G-4-201, the
309 executive director shall hold a hearing to determine whether:
- 310 (i) a proposed transferee or change in executive management shall be approved or
311 denied for specified reasons; or
- 312 (ii) a proposed transferee is approved if specific conditions are timely satisfied to
313 guarantee to the distributor that a proposed transferee is able to comply with the
314 conditions of the distributorship.
- 315 (c)(i) The distributee shall have the burden of proof with respect to all issues raised
316 by the distributee's application for a hearing as provided in this section.
- 317 (ii) During the pendency of the hearing, not to exceed 90 days, the distributorship
318 agreement shall continue in effect in accordance with the distributorship
319 agreement's terms.
- 320 (4) A distributor shall not unreasonably withhold approval of a proposed sale or transfer.
- 321 Section 8. Section **13-14c-203** is enacted to read:
- 322 **13-14c-203 . Succession of a distributee.**
- 323 (1)(a) A designated successor may succeed the distributee in the ownership and
324 operation of the dealership under the existing distributorship agreement if the
325 designated successor:
- 326 (i) gives the distributor written notice of an intent to succeed to the rights of the
327 deceased or incapacitated distributee in the distributorship agreement within 180
328 days after the day of the distributee's death or incapacity;
- 329 (ii) agrees to all of the terms and conditions of the distributorship agreement; and
330 (iii) meets the criteria the distributor generally applies for a qualifying distributee.
- 331 (b) A distributor may refuse to honor the existing distributorship agreement with the
332 designated successor for good cause.

- 333 (2)(a) The distributor may request in writing from a designated successor the personal
334 and financial data that is reasonably necessary to determine whether the distributor
335 should honor the existing distributorship agreement.
- 336 (b) The designated successor shall supply the personal and financial data promptly upon
337 the distributor's request.
- 338 (3)(a) If a distributor believes that good cause exists for refusing to honor the requested
339 succession, the distributor shall serve upon the designated successor notice of the
340 distributor's refusal to approve the succession within 60 days after the later of:
- 341 (i) receipt of the notice of the designated successor's intent to succeed the distributee
342 in the ownership and operation of the dealership; or
343 (ii) receipt of the personal and financial data that the distributor requests.
- 344 (b) Failure to serve the notice in accordance with Subsection (3)(a) is considered
345 approval of the designated successor and the distributorship agreement is considered
346 amended to reflect the approval of the succession the day following the last day the
347 distributor can serve notice under Subsection (3)(a).
- 348 (4) The notice required by Subsection (3)(a) shall:
- 349 (a) state the specific grounds for the refusal to approve the succession; and
350 (b) state that the discontinuance of the distributorship agreement shall take effect not
351 less than 180 days after the date the notice of refusal is served unless the proposed
352 successor files an application for hearing under Subsection (6).
- 353 (5)(a) This section does not prevent a distributee from designating a person as the
354 successor by written instrument filed with the distributor.
- 355 (b) If a distributee files a written instrument under Subsection (5)(a), the written
356 instrument governs the succession rights to the management and operation of the
357 dealership subject to the designated successor satisfying the distributor's qualification
358 requirements as described in this section.
- 359 (6)(a) If a distributor serves a notice of refusal to a designated successor in accordance
360 with Subsection (3)(a), the designated successor may, within the 180-day period
361 provided in Subsection (4), file with the executive director a request for an
362 adjudicative proceeding in accordance with Section 63G-4-201, whether good cause
363 exists for the refusal.
- 364 (b) If a request for an adjudicative proceeding is timely filed and the executive director
365 grants the request, the distributor shall continue to honor the distributorship
366 agreement until after the executive director gives a decision and the applicable appeal

367 period following the executive director's decision has expired.

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

369 **13-14c-204 . Distributor's obligations relating to warranty and recall service.**

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

371 (i) warranty coverage and duration;

372 (ii) customer responsibilities;

373 (iii) distributee responsibilities;

374 (iv) claim procedures; and

375 (v) distributor contact information.

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

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

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

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

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

385 (3) Time allowances described in Subsection (2) for the diagnosis and performance of
386 warranty work and service shall be reasonable and adequate for the work to be
387 performed.

388 (4)(a) As used in this Subsection (4), "Qualified repair" means a repair to a motorboat
389 that would have come within the distributor's new motorboat warranty but for the
390 motorboat having exceeded the time qualifications of the warranty.

391 (b) Reasonable compensation of the distributee for parts and service in warranty or
392 recall repair work shall be in accordance with Subsection 13-14c-204(2).

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

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

400 (ii) all repair orders reflecting qualified repairs closed during any period of 90

- 401 consecutive days.
- 402 (d) A distributee shall calculate the distributee's:
- 403 (i) retail labor rate by determining the total charges for labor in the qualified repairs
- 404 submitted, dividing that amount by the total number of hours in the qualified
- 405 repairs that generated the charges; and
- 406 (ii) retail parts markup by determining the total charges for parts in the qualified
- 407 repairs submitted, dividing the amount by the distributee's total cost of the
- 408 purchase of the parts, subtracting one, and multiplying by 100 to produce a
- 409 percentage.
- 410 (e) A distributee may not seek to establish or modify the distributee's:
- 411 (i) labor rate, as described in Subsection 13-14c-204(2), more frequently than once in
- 412 a 12-month period; and
- 413 (ii) total charges for parts more frequently than once in a 12-month period.
- 414 (f)(i) In addition to compensating a distributee for diagnostic work, labor, and parts
- 415 under this section, a distributor shall compensate the distributee for reasonable and
- 416 necessary tasks the distributee performs that are incidental to warranty repairs,
- 417 upon submission of an itemized statement, including:
- 418 (A) assisting a customer with unhooking or hooking up the motorboat from a
- 419 motorboat trailer or towing vehicle;
- 420 (B) removing, installing, or uncovering a protective cover, or accessing an interior
- 421 compartment to facilitate inspection or repair;
- 422 (C) assisting a customer with retrieving the customer's motorboat from the
- 423 dealership after the distributee completes the repair; and
- 424 (D) handling administrative or documentation tasks, including paperwork.
- 425 (g) If a warranty repair requires an on-water performance evaluation to verify the
- 426 effectiveness of the repair or to properly perform a diagnosis, the distributor shall
- 427 compensate the distributee for reasonable costs the distributee incurs in conducting
- 428 the test, including:
- 429 (i) labor time for test operation at a rate made in accordance with Subsection
- 430 13-14c-204(2);
- 431 (ii) fuel or oil the test requires; and
- 432 (iii) reasonable transportation costs to and from the testing location.
- 433 (5)(a) For any item that a distributor sells, supplies, or otherwise provides to a
- 434 distributee, including a motorboat trailer, an engine, a part, or an accessory sold or

- 435 bundled with a motorboat, the distributor shall:
- 436 (i) provide full warranty support and coverage in accordance with this section and the
437 distributorship agreement, including any necessary technical assistance,
438 replacement parts, or repairs;
- 439 (ii) compensate the distributee for all warranty-related work the distributee performs
440 at the distributee's retail labor rate and retail parts markup made in accordance
441 with Subsection 13-14c-204(2); and
- 442 (iii) ensure that any warranty terms or conditions for these items are substantially
443 similar to those offered by the distributor in other states and disclosed to the
444 distributee in writing so that the distributee may properly administer and perform
445 the warranty obligations on behalf of the distributor.
- 446 (b) For any item that a distributor sells, supplies, or otherwise provides to a distributee,
447 including a motorboat trailer, an engine, a part, or an accessory sold with a
448 motorboat, the distributor may not disclaim or delegate warranty responsibility for
449 the items to a third party if the distributor is the entity that sold, supplied, or bundled
450 the items for the distributee.
- 451 (c)(i) For warranty purposes under this section, a motorboat trailer is deemed
452 included with the new motorboat if:
- 453 (A) the new motorboat distributor invoices the distributee for the motorboat
454 trailer; or
- 455 (B) the distributor offers a credit for ordering the motorboat without the motorboat
456 trailer and that credit is less than the distributee's wholesale price for the
457 motorboat trailer when purchased separately.
- 458 (ii) A credit that is equal to or greater than the distributee's wholesale price for the
459 motorboat trailer does not cause the motorboat trailer to be deemed included for
460 warranty purposes.
- 461 (6) A distributor shall:
- 462 (a) perform any warranty obligation described in the distributor's written warranty policy;
463 (b) include in each written notice of the distributor's recall to a new motorboat owner
464 and each distributee the expected date the necessary parts and equipment will be
465 available to the distributee for the correction of the defect; and
- 466 (c) compensate a distributee for all reasonable diagnostic work, labor, and parts the
467 distributor requires to perform a recall repair in accordance with Subsections (3) and
468 (4) in accordance with the distributorship agreement.

469 (7) If a distributor denies a distributee's claim for a defective part, alleging that the part is
 470 not defective, the distributor at the distributor's option shall:

471 (a) return the part to the distributee at the distributor's expense; or

472 (b) pay the distributee the cost of the part.

473 (8) A distributor may deny a distributee's claim for warranty compensation or recall repair
 474 compensation if:

475 (a) the distributee lacks material documentation for the claim; or

476 (b) the distributee files a claim that is fraudulent.

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

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

479 **13-14c-301 . Termination or discontinuance of a distributorship agreement.**

480 (1) Except as provided in Subsection (2), a distributor may not terminate or refuse to
 481 continue a distributorship agreement, or the rights to sell and service a line-make in
 482 accordance with a distributorship agreement, whether through termination or
 483 discontinuance of the distributorship agreement, termination or discontinuance of a
 484 line-make, or otherwise, unless:

485 (a) the distributee receives written notice from the distributor 60 days before the
 486 effective date of termination or discontinuance setting forth the specific grounds for
 487 termination or discontinuance that the distributor relies on to establish good cause for
 488 the termination or discontinuance;

489 (b) the distributor has good cause for termination or discontinuance, including:

490 (i) fraud;

491 (ii) evidence of customer harm;

492 (iii) failure to meet and maintain financial standard obligations; or

493 (iv) failure to meet clearly communicated performance standards; and

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

495 (2) A distributor may terminate a distributorship agreement, without complying with
 496 Subsection (1):

497 (a) if the department confiscates or revokes the distributee's registration in accordance
 498 with Section 13-14c-103; or

499 (b) upon a mutual written agreement of the distributor and distributee.

500 (3)(a) At any time before the effective date of termination or discontinuance of the
 501 distributorship agreement, the distributee may request an adjudicative proceeding in
 502 accordance with Section 63G-4-201, for a hearing on the merits, and following notice

- 503 to all parties concerned, the hearing shall be held within 30 days after the day on
504 which the executive director receives the request for an adjudicative proceeding.
505 (b) A termination or discontinuance subject to a hearing under Subsection (3)(a) may not
506 become effective until:
507 (i) final determination of the issue by the executive director; and
508 (ii) the applicable appeal period has lapsed.
509 (4) A distributee may voluntarily terminate the distributee's distributorship agreement if the
510 distributee provides written notice to the distributor at least 60 days before the
511 termination.

512 Section 11. Section **13-14c-302** is enacted to read:

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

- 515 (1) Except as provided in Subsection (6), a distributor shall provide the notice and
516 documentation required under Subsection (3) if the distributor seeks to:
517 (a) enter into a distributorship agreement establishing a motorboat dealership within a
518 notice area where the same line-make is represented by another distributee; or
519 (b) relocate an existing motorboat distributee.
520 (2) In determining whether a new or relocated dealership is within a notice area where the
521 same line-make is represented by an existing dealership, the notice area is measured
522 from the closest property boundary line of the existing dealership to the closest property
523 boundary line of the new or relocated dealership.
524 (3)(a) If a distributor seeks to take an action listed in Subsection (1), before taking the
525 action, the distributor shall, in writing, notify each distributee in that line-make in the
526 notice area.
527 (b) The notice required by Subsection (3)(a) shall:
528 (i) specify the intended action described under Subsection (1);
529 (ii) specify the good cause on which the distributor intends to rely for the action; and
530 (iii) be delivered by registered or certified mail or by any form of reliable delivery
531 through which receipt is verifiable.
532 (4)(a) The executive director may require the distributor to provide:
533 (i)(A) any aggregate economic data and all existing reports, analyses, or opinions
534 based on the aggregate economic data that were relied on by the distributor in
535 reaching the decision to proceed with the action described in the notice; and
536 (B) the aggregate economic data under Subsection (4)(a)(i)(A) includes:

- 537 (I) motorboat registration data;
538 (II) market penetration data; and
539 (III) demographic data;
540 (ii) written documentation that the distributor has in the distributor's possession that
541 the distributor intends to rely on in establishing good cause;
542 (iii) a statement that describes in reasonable detail how the establishment of a new
543 distributee or the relocation of an existing distributee will affect the amount of
544 business transacted by other distributees of the same line-make in the notice area,
545 as compared to business available to the distributees; or
546 (iv) a statement that describes in reasonable detail how the establishment of a new
547 distributee or the relocation of an existing distributee will be beneficial or
548 injurious to the public welfare or public interest.
549 (b) The distributor is not required to disclose any documents under Subsection (4)(a) if:
550 (i) the documents would be privileged under the Utah Rules of Evidence;
551 (ii) the documents contain confidential proprietary information;
552 (iii) the documents are subject to federal or state privacy laws;
553 (iv) the documents are correspondence between the distributor and existing
554 distributees in that line-make in the notice area; or
555 (v) the distributor reasonably believes that disclosure of the documents would violate:
556 (A) the privacy of another distributee; or
557 (B) Section 13-14c-201.
558 (c) The distributor shall provide to each distributee in that line-make in the notice area a
559 copy of the information the distributor provides to the executive director in
560 accordance with Subsection (4)(a).
561 (5)(a) Within 30 days of receiving notice required by Subsection (3), any distributee that
562 is required to receive notice under Subsection (3) may request an adjudicative
563 proceeding in accordance with Section 63G-4-201 to review the appropriateness of
564 the establishment or relocation of the dealership.
565 (b) No later than 10 days after the day on which the request for an adjudicative
566 proceeding is filed, the department shall inform the distributor that:
567 (i) a timely request for an adjudicative proceeding has been filed;
568 (ii) a hearing may be scheduled;
569 (iii) the distributor may not establish or relocate the proposed dealership until the
570 executive director holds a hearing and renders a decision in accordance with

- 571 Section 63G-4-201; and
- 572 (iv) the distributor may not establish or relocate a proposed dealership if the
- 573 executive director determines that there is not good cause for permitting the
- 574 establishment or relocation of the dealership.
- 575 (6) If multiple requests for an adjudicative proceeding in accordance with Section
- 576 63G-4-201 are filed under Subsection (5), hearings may be consolidated to expedite the
- 577 disposition of the issue.
- 578 (7) Subsections (1) through (5) do not apply to a relocation of an existing or successor
- 579 distributee to a location that is:
- 580 (a) within the same county and less than five miles from the existing location of the
- 581 existing or successor distributee's dealership; or
- 582 (b) further away from a dealership of a distributee of the same line-make.
- 583 (8)(a) Relocation of an existing distributee's dealership in excess of 15 miles from the
- 584 dealership's existing location is considered the establishment of an additional
- 585 distributee in the line-make of the relocating distributee.
- 586 (b) The reopening in a notice area of a dealership that has not been in operation is
- 587 considered the establishment of an additional motorboat distributee.
- 588 Section 12. Section **13-14c-303** is enacted to read:
- 589 **13-14c-303 . Evidence to be considered in determining cause to terminate or**
- 590 **discontinue.**
- 591 (1) In determining whether a distributor has established good cause for the termination or
- 592 discontinuance of a distributorship agreement, the executive director shall consider:
- 593 (a) the amount of business transacted by the distributee, as compared to business
- 594 available to the distributee;
- 595 (b) the investment necessarily made and obligations incurred by the distributee in the
- 596 performance of the distributee's part of the distributorship agreement;
- 597 (c) the permanency of the investment;
- 598 (d) whether the termination or discontinuance would injure or benefit the public welfare
- 599 or public interest by disrupting the distributee's business;
- 600 (e) whether the distributee has adequate motorboat sales and service facilities,
- 601 equipment, motorboat parts, and qualified service personnel to reasonably provide for
- 602 the needs of the consumer for the new motorboats handled by the distributee and has
- 603 been and is rendering adequate services to the public;
- 604 (f) whether the distributee refuses to honor warranties of the distributor under which the

- 605 warranty service work is to be performed in accordance with the distributorship
606 agreement, if the distributor reimburses the distributee for the warranty service work;
607 (g) failure by the distributee to comply with those requirements of the distributorship
608 agreement that are determined by the executive director to be:
609 (i) reasonable;
610 (ii) material; and
611 (iii) not in violation of this chapter;
612 (h) evidence of bad faith by the distributee in complying with those terms of the
613 distributorship agreement that are determined by the executive director to be:
614 (i) reasonable;
615 (ii) material; and
616 (iii) not in violation of this chapter;
617 (i) transfer of any ownership or interest in the distributorship agreement without first
618 obtaining approval from the distributor or the executive director;
619 (j) fraud;
620 (k) evidence of customer harm;
621 (l) failure to meet and maintain financial standard obligations;
622 (m) failure to meet clearly communicated performance standards; and
623 (n) any other factor the executive director considers relevant.
624 (2) Notwithstanding any distributorship agreement, the following do not constitute good
625 cause, as used in this chapter for the termination or discontinuance of a distributorship
626 agreement:
627 (a) the sole fact that the distributor desires greater market penetration or more sales or
628 leases of new motorboats;
629 (b) the change of ownership of the distributee or the change of executive management of
630 the distributee unless the distributor proves that the change of ownership or executive
631 management will be substantially detrimental to the distribution of the distributor's
632 motorboats; or
633 (c) the fact that the distributee has justifiably refused or declined to participate in any
634 conduct covered by Section 13-14c-201.
635 (3) For purposes of Subsection (2), "substantially detrimental" includes the failure of any
636 proposed transferee to meet the objective criteria applied by the distributor in qualifying
637 distributees at the time of application.

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

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

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

643 (a) an amount calculated by:

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

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

646 (B) represent the current model year plus the immediately preceding model year
647 which the distributor continues to sell immediately before the time of
648 termination or discontinuance;

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

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

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

654 (v) subtracting reasonable depreciation, use, wear and tear, and other diminution in
655 value in the distributee's inventory caused by the distributee.

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

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

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

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

668 (2) The distributor shall pay directly to lines of credit, mortgages, or other lien holders, and
669 then pay the remaining amounts owed to the distributee as specified in Subsection (1)
670 within 60 days after the tender of the property to the distributor if the distributee has
671 clear title to the property.

672 (3)(a) This section does not apply to a distributee's voluntary termination, termination of

673 a distributee's distributorship agreement for cause, or discontinuance of a distributee's
674 distributorship agreement that occurs as a result of the distributee's sale of the
675 distributee's business entity to a third party if the distributor contemporaneously
676 grants a distributorship agreement to the third party on terms and conditions that are
677 comparable to those of the termination or discontinuance of the distributorship
678 agreement.

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

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

683 **13-14c-305 . Change in distribution plan.**

684 (1) If there is a change in the plan of distribution of a line-make that continues the
685 line-make, a distributor may not directly or indirectly cause a termination, a
686 cancellation, or a nonrenewal of a distributee's distributorship agreement.

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

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

691 **13-14c-306 . Recognition and rights of a sub-distributee.**

692 (1) As used in this section:

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

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

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

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

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

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

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

706 (a) Except as provided in this section, the existing sub-distributee agreement and

707 generally applicable law govern the rights, duties, remedies, and dispute-resolution
708 procedures between a distributee and a sub-distributee arising out of or relating to an
709 existing sub-distributee agreement.

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

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

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

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

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

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

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

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

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

732 Section 16. **Repealer.**

733 This bill repeals:

734 Section 13-58-101, Title.

735 Section 13-58-102, Definitions.

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

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

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

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

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

742 Section 17. **Effective Date.**

743 This bill takes effect on May 6, 2026.