

1                                   **POWERSPORT VEHICLE FRANCHISE ACT**

2   **REVISIONS**

3   2008 GENERAL SESSION

4   STATE OF UTAH

5   **Chief Sponsor: James R. Gowans**

6   Senate Sponsor: Brent H. Goodfellow

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8   **LONG TITLE**

9   **General Description:**

10                   This bill addresses a franchisor's obligations upon the termination of a franchise by a  
11 franchisee.

12 **Highlighted Provisions:**

13                   This bill:

14                   ▶ requires a franchisor to pay certain amounts to a franchisee upon termination of the  
15 franchise by the franchisee.

16 **Monies Appropriated in this Bill:**

17                   None

18 **Other Special Clauses:**

19                   None

20 **Utah Code Sections Affected:**

21 **AMENDS:**

22                   **13-35-307**, as enacted by Laws of Utah 2002, Chapter 234

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

25                   Section 1. Section **13-35-307** is amended to read:

26                   **13-35-307. Franchisor's repurchase obligations upon termination or**  
27 **noncontinuation of franchise.**



28 (1) Upon the termination or noncontinuation of a franchise by the franchisor or  
29 franchisee, the franchisor shall pay the franchisee:

30 (a) the franchisee's cost of new, undamaged, and unsold powersport vehicles in the  
31 franchisee's inventory acquired from the franchisor or another franchisee of the same line-make  
32 representing both the current model year at the time of termination or noncontinuation and the  
33 immediately prior model year vehicles:

34 (i) plus any charges made by the franchisor, for distribution, delivery, or taxes;

35 (ii) plus the franchisee's cost of any accessories added on the vehicle shall be  
36 repurchased; and

37 (iii) less all allowances paid or credited to the franchisee by the franchisor;

38 (b) the cost of all new, undamaged, and unsold supplies, parts, and accessories as set  
39 forth in the franchisor's catalog at the time of termination or noncontinuation for the supplies,  
40 parts, and accessories, less all allowances paid or credited to the franchisee by the franchisor;

41 (c) the fair market value, but not less than the franchisee's depreciated acquisition cost  
42 of each undamaged sign owned by the franchisee that bears a common name, trade name, or  
43 trademark of the franchisor if acquisition of the sign was recommended or required by the  
44 franchisor. If a franchisee has a sign with multiple manufacturers listed, the franchisor is only  
45 responsible for its pro rata portion of the sign;

46 (d) the fair market value, but not less than the franchisee's depreciated acquisition cost  
47 of all special tools, equipment, and furnishings acquired from the franchisor or sources  
48 approved by the franchisor that were recommended or required by the franchisor and are in  
49 good and usable condition; and

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

52 (2) The franchisor shall pay the franchisee the amounts specified in Subsection (1)  
53 within 90 days after the tender of the property to the franchisor if the franchisee:

54 (a) has clear title to the property; and

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

56 (3) If repurchased inventory and equipment are subject to a security interest, the  
57 franchisor may make payment jointly to the franchisee and to the holder of the security interest.

**Legislative Review Note**  
as of 2-8-08 1:31 PM

**Office of Legislative Research and General Counsel**

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**H.B. 409 - Powersport Vehicle Franchise Act Revisions**

**Fiscal Note**

2008 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals or local governments. Certain businesses may incur costs or achieve benefits under provisions of this bill.

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