

1 **POWERSPORT VEHICLE FRANCHISE ACT AMENDMENTS**

2 2012 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Douglas Sagers**

5 Senate Sponsor: Curtis S. Bramble

7 **LONG TITLE**

8 **General Description:**

9 This bill amends the Powersport Vehicle Franchise Act.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ modifies a provision relating to a franchisor's obligation to pay a franchisee for
13 unsold vehicles when a powersport vehicle franchise is terminated or not continued.

14 **Money Appropriated in this Bill:**

15 None

16 **Other Special Clauses:**

17 None

18 **Utah Code Sections Affected:**

19 AMENDS:

20 **13-35-307**, as last amended by Laws of Utah 2009, Chapter 261

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

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

24 **13-35-307. Franchisor's repurchase obligations upon termination or**
25 **noncontinuation of franchise.**

26 (1) (a) Except as provided in Subsection (1)(b), if a franchise is terminated or not
27 continued by the franchisor or franchisee, the franchisor shall pay the franchisee:

28 (i) the franchisee's cost of new, undamaged, ~~and~~ unsold, and unregistered powersport
29 vehicles in the franchisee's inventory acquired from the franchisor or another franchisee of the

30 same line-make [~~representing both the current model year at the time of termination or~~
31 ~~noncontinuation and the immediately prior model year vehicles~~] and invoiced during the
32 30-month period immediately before the franchise is terminated or not continued;

33 (ii) any charges made by the franchisor for distribution, delivery, or taxes;
34 (iii) the franchisee's cost of any accessories added on a vehicle;
35 (iv) the cost of new, undamaged, and unsold supplies, parts, and accessories as set
36 forth in the franchisor's catalog at the time of termination or noncontinuation less all
37 allowances paid or credited to the franchisee by the franchisor;

38 (v) except as provided in Subsection (1)(c), the fair market value, but not less than the
39 franchisee's depreciated acquisition cost, of each undamaged sign owned by the franchisee that
40 bears a common name, trade name, or trademark of the franchisor if acquisition of the sign was
41 recommended or required by the franchisor;

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

46 (vii) the cost of transporting, handling, packing, and loading powersport vehicles,
47 supplies, parts, accessories, signs, special tools, equipment, and furnishings.

48 (b) The franchisor may deduct the sum of all allowances paid or credited to the
49 franchisee by the franchisor from the amount owed under Subsection (1)(a).

50 (c) If a franchisee has a sign with multiple manufacturers listed, the franchisor shall
51 pay only for its pro rata portion of the sign described in Subsection (1)(a)(v).

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 has:

54 (a) clear title to the property; or
55 (b) the manufacturer's statement of origin.

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.

