
SENATE BILL 6350

State of Washington

53rd Legislature

1994 Regular Session

By Senator L. Smith

Read first time 01/20/94. Referred to Committee on Agriculture.

1 AN ACT Relating to regulation of the sale of farm equipment; and
2 amending RCW 19.98.010, 19.98.110, and 19.98.130.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 19.98.010 and 1975 1st ex.s. c 277 s 1 are each
5 amended to read as follows:

6 Whenever any person, firm, or corporation engaged in the retail
7 sale of farm implements and repair parts therefor enters into a written
8 contract with any wholesaler, manufacturer, or distributor of farm
9 implements, machinery, attachments, accessories, or repair parts
10 whereby such retailer agrees to maintain a stock of parts or complete
11 or whole machines, attachments, or accessories, and either party to
12 such contract desires to cancel or discontinue the contract, unless the
13 retailer should desire to keep such merchandise the manufacturer,
14 wholesaler, or distributor shall pay the retailer for the merchandise.
15 Such payment shall be in the amount of one hundred percent of the net
16 cost of all current unused complete farm implements, machinery,
17 attachments, and accessories, including transportation charges paid by
18 the retailer, and eighty-five percent of the current net prices on
19 repair parts, including superseded parts listed in current price lists

1 or catalogs which parts had previously been purchased from such
2 wholesaler, manufacturer, or distributor and held by such retailer on
3 the date of the cancellation or discontinuance of such contract or
4 thereafter received by such retailer from the wholesaler, manufacturer,
5 or distributor. The wholesaler, manufacturer, or distributor shall
6 also pay such retailer a sum equal to five percent of the current net
7 price of all parts returned for the handling, packing, and loading of
8 such parts for return: PROVIDED, That the provisions of this section
9 shall apply only to repair parts which are new, unused, and in good
10 condition. Upon the payment of such amounts, the title to such farm
11 implements, farm machinery, attachments, accessories, or repair parts,
12 shall pass to the manufacturer, wholesaler, or distributor making such
13 payment, and such manufacturer, wholesaler, or distributor shall be
14 entitled to the possession of such merchandise.

15 The provisions of this section shall apply to any annual part
16 return adjustment agreement made between a seller or retailer and a
17 manufacturer, wholesaler, or distributor.

18 The provisions of this section shall be supplemental to any
19 agreement between the retailer and the manufacturer, wholesaler, or
20 distributor covering the return of farm implements, machinery,
21 attachments, accessories, and repair parts so that the retailer can
22 elect to pursue either his contract remedy or the remedy provided
23 herein, and an election by the retailer to pursue his contract remedy
24 shall not bar his right to the remedy provided herein as to those farm
25 implements, machinery, attachments, accessories, and repair parts not
26 affected by the contract remedy.

27 The provisions of this section shall apply to all contracts now in
28 effect which have no expiration date and are a continuing contract, and
29 all other contracts entered into or renewed after January 1, 1976. Any
30 contract in force and effect on January 1, 1976, which by its own terms
31 will terminate on a date subsequent thereto shall be governed by the
32 law as it existed prior to this chapter(~~(:—PROVIDED, That))~~). No
33 contract covered by this chapter may be canceled by any party without
34 good cause unless the contract contains a provision specifying a
35 procedure that complies with this chapter and by which the contract may
36 be terminated without cause. Good cause shall include, but shall not
37 be restricted to, the failure of any party to comply with the lawful
38 provisions of the contract(~~(-))~~; the adjudication of any party to a
39 contract as a bankrupt(~~(-))~~; wrongful refusal of manufacturer,

1 wholesaler, or distributor to supply farm machinery, farm implements
2 and repair parts therefor; the failure of the dealer to meet state or
3 local licensing requirements, meet dealer insurance requirements, carry
4 adequate inventory, do warranty or service work promptly, maintain good
5 credit ratings, maintain reasonable business hours, retain qualified
6 management staff, adequately advertise the product, or accurately
7 represent the product; or the falsification of warranty claims or
8 cancellation of orders by the dealer.

9 **Sec. 2.** RCW 19.98.110 and 1990 c 124 s 2 are each amended to read
10 as follows:

11 Unless the context clearly requires otherwise, the definitions in
12 this section apply throughout RCW 19.98.100 through 19.98.150 and
13 19.98.911:

14 (1) "Equipment" means machinery (~~(consisting of a framework,~~
15 ~~various fixed and moving parts,~~)) driven by an (~~(internal combustion))~~
16 engine with power take-off, three-point, front loader, or other
17 attachments or means to perform agricultural work, and all other
18 implements associated with this machinery that are designed for or
19 adapted and used for agriculture, horticulture, livestock, or grazing
20 use.

21 (2) "Equipment dealer" or "equipment dealership" means any person,
22 partnership, corporation, association, or other form of business
23 enterprise, primarily engaged in retail sale or service of equipment in
24 this state, pursuant to any oral or written agreement for a definite or
25 indefinite period of time in which there is a continuing commercial
26 relationship in the marketing of the equipment or related services, but
27 does not include dealers covered by chapter 46.70 or 46.94 RCW.

28 (3) "Supplier" means the manufacturer, wholesaler, or distributor
29 of the equipment to be sold by the equipment dealer.

30 (4) "Dealer agreement" means a contract or agreement, either
31 expressed or implied, whether oral or written, between a supplier and
32 an equipment dealer, by which the equipment dealer is granted the right
33 to sell, distribute, or service the supplier's equipment where there is
34 a continuing commercial relationship between the supplier and the
35 equipment dealer.

36 (5) "Continuing commercial relationship" means any relationship in
37 which the equipment dealer has been granted the right to sell or
38 service equipment manufactured by (~~{the}~~) the supplier.

1 (6) "Good cause" means failure by an equipment dealer to
2 substantially comply with essential and reasonable requirements imposed
3 upon the equipment dealer by the dealer agreement, provided such
4 requirements are not different from those requirements imposed on other
5 similarly situated equipment dealers in the state either by their terms
6 or in the manner of their enforcement, and includes the failure of the
7 dealer to meet state or local licensing requirements, meet dealer
8 insurance requirements, carry adequate inventory, do warranty or
9 service work promptly, maintain good credit ratings, maintain
10 reasonable business hours, retain qualified management staff,
11 adequately advertise the product, accurately represent the product, or
12 the falsification of warranty claims or cancellation of orders by the
13 dealer.

14 **Sec. 3.** RCW 19.98.130 and 1990 c 124 s 4 are each amended to read
15 as follows:

16 (1) Except where a grounds for termination (~~or nonrenewal~~) of a
17 dealer agreement or a substantial change in an equipment dealer's
18 competitive circumstances are contained in subsection (2) (a), (b),
19 (c), (d), (e), or (f) of this section, if the dealer has substantial
20 inventory a supplier shall give an equipment dealer ninety days'
21 written notice of the supplier's intent to terminate(~~()~~) or cancel(~~()~~
22 or not renew) a dealer agreement or substantially change the equipment
23 dealer's competitive circumstances; if the dealer does not have
24 substantial inventory, sixty days' notice of the supplier's intent to
25 terminate or cancel is required. The notice shall state all reasons
26 constituting good cause for termination(~~()~~) or cancellation(~~()~~
27 ~~or nonrenewal~~) and shall provide, except for termination pursuant to
28 subsection (2) (a), (b), (c), (d), or (e) of this section, that the
29 equipment dealer has sixty days in which to cure any claimed
30 deficiency. If the deficiency is rectified within sixty days, the
31 notice shall be void. The contractual terms of the dealer agreement
32 shall not expire or the equipment dealer's competitive circumstances
33 shall not be substantially changed without the written consent of the
34 equipment dealer prior to the expiration of at least ninety days
35 following such notice.

36 (2) As used in RCW 19.98.100 through 19.98.150 and 19.98.911, a
37 termination by a supplier of a dealer agreement shall be with good
38 cause when the equipment dealer:

- 1 (a) Has transferred a controlling ownership interest in the
2 equipment dealership without the supplier's consent;
- 3 (b) Has made a material misrepresentation to the supplier;
- 4 (c) Has filed a voluntary petition in bankruptcy or has had an
5 involuntary petition in bankruptcy filed against the equipment dealer
6 which has not been discharged within sixty days after the filing, is in
7 default under the provisions of a security agreement in effect with the
8 supplier, or is insolvent or in receivership;
- 9 (d) Has been convicted of a crime, punishable for a term of
10 imprisonment for one year or more;
- 11 (e) Has failed to operate in the normal course of business for ten
12 consecutive business days or has terminated the business;
- 13 (f) Has relocated the equipment dealer's place of business without
14 supplier's consent;
- 15 (g) Has consistently engaged in business practices that are
16 detrimental to the consumer or supplier by way of excessive pricing,
17 misleading advertising, or failure to provide service and replacement
18 parts or perform warranty obligations;
- 19 (h) Has inadequately represented the supplier over a measured
20 period causing lack of performance in sales, service, or warranty areas
21 and failed to achieve market penetration at levels consistent with
22 similarly situated equipment dealerships in the state based on
23 available record information;
- 24 (i) Has consistently failed to meet building and housekeeping
25 requirements or failed to provide adequate sales, service, or parts
26 personnel commensurate with the dealer agreement;
- 27 (j) Has consistently failed to comply with the applicable licensing
28 laws pertaining to the products and services being represented for and
29 on supplier's behalf; ((or))
- 30 (k) Has consistently failed to comply with the terms of the dealer
31 agreement;
- 32 (l) Has failed to meet state or local licensing requirements or
33 dealer insurance requirements, carry adequate inventory, do warranty or
34 service work promptly, maintain good credit ratings, maintain
35 reasonable business hours, retain qualified management staff,
36 adequately advertise the product, or accurately represent the product;
37 or

1 (m) Has falsified warranty claims or canceled orders.

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