

Industrial & Outdoor Power Eq. Now Included in Chapter 322F of the Iowa Code

By Tom Junge, Iowa Field Director

Effective July 1, 2003 the Iowa buyback law (as we call it) will include industrial and outdoor power equipment. For those unfamiliar with this law, it includes:

- required notice of termination;
- good cause for termination;
- repurchase of specified equipment, attachments, parts, service tools and computers;
- death or incapacity of dealer terms;
- supplier's assignees and successors in interest;
- supplier violations; and
- supplier liability.

While the bill won't be rewritten until September or October, this is how we expect the changes will read:

322F.1 – Definitions

“Dealer” or “dealership” means a person engaged in the retail sale of equipment.

“Equipment” means agricultural equipment, construction equipment, industrial equipment, utility equipment or outdoor power equipment. However, “equipment” does not include self-propelled machines designed primarily for transportation of persons or property on a street or highway.

“Agricultural equipment” means a device, part of a device or an attachment of a device designed to be principally used for an agricultural purpose. “Agricultural equipment” includes but is not limited to equipment associated with livestock or crop production, horticulture or floriculture. “Agricultural equipment” includes but is not limited to tractors; trailers; combines; tillage, planting and cultivating implements; balers; irrigation implements, and all-terrain vehicles.

“Construction equipment,” “industrial equipment” or “utility equipment” means a device, part of a device or an attachment to a device to be principally used for a construction or industrial purpose. “Construction equipment,” “industrial equipment” or “utility equipment” includes equipment associated with earthmoving, industrial material handling, mining, forestry, highway construction or maintenance and landscaping. “Construction equipment,” “industrial equipment” or “utility equipment” includes but is not limited to tractors, graders, excavators, loaders and backhoes.

“Outdoor power equipment” means equipment using small motors or engines, if the equipment is used principally for outside service, including but not limited to aerators, augers, blowers, brush clearers, brush cutters, chain saws, dethatchers, edgers, hedge trimmers, lawn mowers, pole saws, power rakes, snowblowers and tillers.

322F.2 – Notice of Termination

A supplier shall terminate a dealership agreement for equipment other than outdoor power equipment by cancellation, renewal, or a substantial change in competitive circumstances only upon good cause and upon at least ninety days' prior written notice delivered to the dealer by certified mail or restricted certified mail.

A supplier shall terminate a dealership agreement for outdoor power equipment by cancellation or renewal only upon good cause and upon at least ninety days' prior written notice delivered to the dealer by restricted

certified mail or hand delivered by a representative of the supplier to the dealer or designated representative of the dealer.

A written termination notice must specify each deficiency constituting good cause for the action.

322F.3 Termination of Agreement – Repurchase of Equipment

The supplier must pay the dealer or credit the dealer's account with one-hundred percent of the net cost of all equipment used in demonstrations, including equipment leased primarily for demonstration or lease, at the equipment's agreed upon depreciated value, provided that such equipment is in new condition and has not been abused.

322F.7 Supplier Violation

A supplier violates this chapter if the supplier does any of the following:

For a dealership agreement governing equipment other than outdoor power equipment, takes action terminating, canceling, failing to renew the dealership agreement; or substantially changes the competitive circumstances intended by the dealership agreement, due to the result of conditions beyond the dealer's control, including drought, flood, labor disputes or economic recession.

For a dealership agreement governing outdoor power equipment, takes action terminating, canceling, or failing to renew the dealership agreement due to the results of conditions beyond the dealer's control, including drought, flood, labor disputes, or economic recession.

322F.8 Supplier Liability

For a dealership agreement governing equipment other than outdoor power equipment, a dealer may be granted injunctive relief against unlawful termination, cancellation or the nonrenewal of the dealership agreement, or a substantial change of competitive circumstances as provided in section 322F.2.

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322F.9 Applicability

For all dealership agreements governing agricultural equipment used principally for floriculture and for all dealership agreements governing construction equipment, industrial equipment, utility equipment and outdoor power equipment, this chapter applies to those dealership agreements in effect that have no expiration date and all other such dealership agreements entered into or renewed on or after the effective date of this act. Any dealership agreement in effect on the effective date of this Act, which by its own terms will terminate on a subsequent date, shall be governed by the law as it existed prior to the effective date of this Act.

This bill took considerable effort to pass legislation and dealers should appreciate the protection it offers. If a copy of this complete law is needed before it is finalized by the state, contact the Association office we can provide you with a working document of the bill.