A bill to be entitled 1 2 An act relating to recreational vehicle dealers and 3 manufacturers; creating s. 320.3201, F.S.; providing legislative intent; creating s. 320.3202, F.S.; providing 4 definitions; creating s. 320.3203, F.S.; providing 5 requirements for a manufacturer/dealer agreement; 6 7 requiring designation of the area of sales responsibility; 8 providing conditions for sales outside the dealer's area 9 of sales responsibility; creating s. 320.3204, F.S.; providing requirements for sale by manufacturers and 10 distributors; creating s. 320.3205, F.S.; providing 11 requirements and procedures for termination, cancellation, 12 or nonrenewal of an agreement by a manufacturer or a 13 dealer; providing for the repurchase by the manufacturer 14 of vehicles, accessories, and parts and equipment, tools, 15 16 signage, and machinery; creating s. 320.3206, F.S.; providing for change in ownership by a dealer; requiring 17 notice to the manufacturer; providing requirements for 18 19 rejection by the manufacturer; providing for a dealer to 20 name a family member as a successor in case of retirement, incapacitation, or death of the dealer; providing 21 requirements for rejection of the successor by the 22 manufacturer; creating s. 320.3207, F.S.; providing 23 requirements for warrantors, manufacturers, and dealers 24 with respect to warranties; providing responsibilities; 25 26 providing requirements for compensation of the dealer; authorizing warranty audits by the warrantor; requiring 27 cause for denial of compensation; providing for 28

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disposition of warranty claims; prohibiting certain acts by the warrantor and the dealer; requiring notice of certain pending suits; creating s. 320.3208, F.S.; providing for inspection and rejection of a recreational vehicle upon delivery to a dealer; creating s. 320.3209, F.S.; prohibiting a manufacturer or distributor from coercing a dealer to perform certain acts; creating s. 320.3210, F.S.; providing for resolution when a dealer, manufacturer, distributor, or warrantor is injured by another party's violation; authorizing civil action; providing for mediation; providing for remedies; creating s. 320.3211, F.S.; providing administrative and criminal penalties for violations; providing for an administrative hearing to contest a penalty imposed by the department; providing for severability; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 320.3201, Florida Statutes, is created to read:

320.3201 Legislative intent.--It is the intent of the Legislature to protect the public health, safety, and welfare of the citizens of the state by regulating the relationship between recreational vehicle dealers and manufacturers, maintaining competition, and providing consumer protection and fair trade.

Section 2. Section 320.3202, Florida Statutes, is created to read:

320.3202 Definitions.--As used in ss. 320.3201-320.3211, the term:

- (1) "Area of sales responsibility" means the geographical area agreed to by the dealer and the manufacturer in the manufacturer/dealer agreement in which the dealer has the exclusive right to display or sell the manufacturer's new recreational vehicles of a particular line-make.
- (2) "Dealer" means any person, firm, corporation, or business entity licensed or required to be licensed pursuant to s. 320.771.
- (3) "Distributor" means any person, firm, corporation, or business entity that purchases new recreational vehicles for resale to dealers.
- (4) "Factory campaign" means an effort on the part of a warrantor to contact recreational vehicle owners or dealers in order to address a part or equipment issue.
- (5) "Family member" means a spouse or a child, grandchild, parent, sibling, niece, or nephew or the spouse thereof.
- (6) "Line-make" means a specific series of recreational vehicle products that:
- (a) Are identified by a common series trade name or trademark;
- (b) Are targeted to a particular market segment, as determined by their decor, features, equipment, size, weight, and price range;
- (c) Have lengths and interior floor plans that distinguish the recreational vehicles from recreational vehicles with substantially the same decor, equipment, features, price, and

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weight; and

- (d) Belong to a single, distinct classification of recreational vehicle product type having a substantial degree of commonality in the construction of the chassis, frame, and body.
- (7) "Manufacturer" means any person, firm, corporation, or business entity that engages in the manufacturing of recreational vehicles.
- (8) "Manufacturer/dealer agreement" means a written agreement or contract entered into between a manufacturer and a dealer which fixes the rights and responsibilities of the parties and pursuant to which the dealer sells new recreational vehicles.
- (9) "Proprietary part" means any part manufactured by or for and sold exclusively by the manufacturer.
- (10) "Recreational vehicle" means the types of motor vehicle or motor vehicles defined by s. 320.01(1)(b).
- (11) "Transient customer" means a customer who is temporarily traveling through a dealer's area of sales responsibility.
- (12) "Warrantor" means any person, firm, corporation, or business entity that gives a warranty in connection with a new recreational vehicle or parts, accessories, or components thereof. Such term does not include service contracts, mechanical or other insurance, or extended warranties sold for separate consideration by a dealer or other person not controlled by a manufacturer.
- Section 3. Section 320.3203, Florida Statutes, is created to read:

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320.3203 Requirement for a written manufacturer/dealer agreement; area of sales responsibility.--

- (1) A manufacturer or distributor may not sell a recreational vehicle in the state to or through a dealer without having entered into a manufacturer/dealer agreement which is signed by both parties.
- (2) The manufacturer shall designate in the manufacturer/dealer agreement the area of sales responsibility exclusively assigned to a dealer and shall not change such area or establish another dealer for the same line-make in such area during the duration of the agreement.
- (3) The area of sales responsibility may not be subject to review or change before 1 year after the execution of the manufacturer/dealer agreement.
- (4) A motor vehicle dealer may not sell a new recreational vehicle in this state without having entered into a manufacturer/dealer agreement and may not sell outside of its designated area of sales responsibility.
- (5)(a) Notwithstanding subsection (4), a dealer may sell outside of its designated area of responsibility if the dealer obtains a supplemental license pursuant to s. 320.771(7) and meets one of the following conditions:
- 1. For sales within another dealer's designated area of sales responsibility, the dealer must obtain in advance of the off-premise sale a written agreement signed by the dealer, the manufacturer of the recreational vehicles to be sold at the off-premise sale, and the dealer in whose designated area of sales responsibility the off-premise sale will occur. The written

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140 agreement must:

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- a. Designate the recreational vehicles to be sold;
- b. Set forth the time period for the off-premise sale; and
- c. Affirmatively authorize the sale of the recreational vehicles.
- 2. The off-premise sale is not located within any dealer's designated area of sales responsibility and is in conjunction with a public vehicle show.
- 3. The off-premise sale is in conjunction with a public vehicle show in which more than 35 dealers are participating and is predominantly funded by manufacturers.
- (b) For the purposes of this subsection, "public vehicle show" means an event sponsored by an organization approved under section 501(c)(6) of the Internal Revenue Code which has the purpose of promoting the welfare of the recreational vehicle industry and is located at a site:
- 1. That will be used to display and sell recreational vehicles;
- 2. That is not used for off-premise sales for more than 10 days in a calendar year; and
- 3. That is not the location set forth on any dealer's license as its place of business.
- Section 4. Section 320.3204, Florida Statutes, is created to read:
 - 320.3204 Sales of recreational vehicles by manufacturer or distributor.--Sales of recreational vehicles by manufacturers or distributors shall be in accordance with published prices, charges, and terms of sale in effect at any given time. The

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manufacturer must sell products on the same basis, with respect
to all rebates, discounts, and programs, to all competing
dealers similarly situated.

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- Section 5. Section 320.3205, Florida Statutes, is created to read:
- 320.3205 Termination, cancellation, and nonrenewal of a manufacturer/dealer agreement.--
- (1) (a) A manufacturer, directly or through any officer, agent, or employee, may not terminate, cancel, or fail to renew a manufacturer/dealer agreement without good cause, and, upon renewal, may not require additional inventory stocking requirements or increased retail sales targets in excess of the market growth in the dealer's area of responsibility.
- (b) The manufacturer has the burden of showing good cause.

 For purposes of determining whether there is good cause for a proposed action by a manufacturer, all of the following factors must be considered:
- 1. The extent of the affected dealer's penetration in the relevant market area.
- 2. The nature and extent of the dealer's investment in its business.
- 3. The adequacy of the dealer's service facilities, equipment, parts, supplies, and personnel.
 - 4. The effect of the proposed action on the community.
- 5. The extent and quality of the dealer's service under recreational vehicle warranties.
- 6. The failure to follow agreed-upon procedures or standards related to the overall operation of the dealership.

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7. The dealer's performance under the terms of its manufacturer/dealer agreement.

- (c) Except as provided in this section, a manufacturer shall provide a dealer at least 120 days' prior written notice of termination, cancellation, or nonrenewal of the manufacturer/dealer agreement.
- 1. The notice shall state all reasons for termination, cancellation, or nonrenewal and shall further state that if, within 30 days following receipt of the manufacturer's notice, the dealer provides to the manufacturer a written notice of intent to cure all claimed deficiencies, the dealer will then have 120 days after the date of the manufacturer's notice to rectify the deficiencies. If the deficiencies are rectified within 120 days, the manufacturer's notice shall be void. If the dealer fails to provide the notice of intent to cure deficiencies in the prescribed time period, the termination, cancellation, or nonrenewal shall take effect 30 days after the dealer's receipt of the manufacturer's notice unless the dealer has new and untitled inventory on hand.
- 2. The notice period may be reduced to 30 days if the grounds for termination, cancellation, or nonrenewal are due to:
- <u>a.</u> Conviction of or plea of nolo contendere to a felony of a dealer or one of its owners;
- b. The abandonment or closing of the business operations of the dealer for 10 consecutive business days unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the dealer has no control;
 - c. A significant misrepresentation by the dealer; or

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<u>d.</u> A suspension or revocation of the dealer's license, or refusal to renew the dealer's license, by the department.

- 3. The notice provisions of this paragraph shall not apply if the reason for termination, cancellation, or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors, or bankruptcy.
- (2) A dealer may terminate its manufacturer/dealer agreement with or without cause at any time by giving 30 days' written notice to the manufacturer. The dealer has the burden of showing good cause. Any of the following items shall be deemed good cause for a proposed action by a dealer:
- (a) Conviction of or plea of nolo contendere to a felony of a manufacturer or one of its subsidiary companies.
- (b) The business operations of the manufacturer have been abandoned or closed for 10 consecutive business days, unless the closing is due to an act of God, strike, labor difficulty, or other cause over which the manufacturer has no control.
 - (c) A significant misrepresentation by the manufacturer.
 - (d) A violation of ss. 320.3201-320.3211.
- (e) A declaration by the manufacturer of bankruptcy, insolvency, or the occurrence of an assignment for the benefit of creditors or bankruptcy.
- (3) If the manufacturer/dealer agreement is terminated, canceled, or not renewed by the manufacturer or by the dealer for cause, the manufacturer shall, at the election of the dealer and within 30 days of termination, cancellation, or nonrenewal, repurchase:
 - (a) All new motor vehicles, as defined by s. 319.001(8),

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acquired from the manufacturer which have not been used except for demonstration purposes, altered, or damaged at 100 percent of the net invoice cost, including transportation, less applicable rebates and discounts to the dealer. In the event any of the vehicles repurchased are damaged, the amount due to the dealer shall be reduced by the cost to repair the vehicle.

Damage prior to delivery to the dealer will not disqualify repurchase under this subsection;

- (b) All current and undamaged manufacturer's accessories and proprietary parts sold to the dealer for resale, if accompanied by the original invoice, at 105 percent of the original net price paid to the manufacturer to compensate the dealer for handling, packing, and shipping the parts; and
- (c) Any functioning diagnostic equipment, special tools, current signage, and other equipment and machinery at 100 percent of the dealer's net cost plus freight, destination, delivery, and distribution charges and sales taxes, if any, provided it was purchased by the dealer within 5 years before termination and upon the manufacturer's request and can no longer be used in the normal course of the dealer's ongoing business. The manufacturer shall pay the dealer within 30 days after receipt of the returned items.
- Section 6. Section 320.3206, Florida Statutes, is created to read:
 - 320.3206 Transfer of ownership; family succession.--
- (1) If a dealer desires to make a change in its ownership by the sale of the business assets, stock transfer, or otherwise, the dealer must give the manufacturer 30 days'

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written notice before the closing, including all supporting documentation as may be reasonably required by the manufacturer. The manufacturer shall not refuse consent to the proposed change or sale and may not disapprove or withhold approval of the change or sale unless the manufacturer can show that its decision is based on the manufacturer's reasonable criteria, which may include the prospective transferee's business experience, moral character, financial qualifications, and any criminal record.

- (2) If the manufacturer rejects a proposed change or sale, the manufacturer shall give written notice of its reasons to the dealer within 30 days after receipt of the dealer's notification and complete documentation. If the manufacturer does not give notice of rejection, the change or sale shall be deemed approved.
- (3) The manufacturer has the burden of showing that its rejection of the transfer or sale is reasonable.
- (4) It is unlawful for any manufacturer to fail to provide a dealer an opportunity to designate, in writing, a family member as a successor to the dealership in the event of the death, incapacity, or retirement of the dealer. It shall be unlawful to prevent or refuse to honor the succession to a dealership by a family member of the deceased, incapacitated, or retired dealer unless the manufacturer has provided to the dealer written notice of its objections. Grounds for objection shall be lack of creditworthiness, conviction of a felony, lack of required licenses or business experience, or other condition that makes the succession unreasonable under the circumstances.

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The manufacturer has the burden of showing the unreasonableness of the succession. However, no family member may succeed to a dealership if the succession involves, without the manufacturer's consent, a relocation of the business or an alteration of the terms and conditions of the manufacturer/dealer agreement. Section 7. Section 320.3207, Florida Statutes, is created to read: 320.3207 Warranty obligations. --Each warrantor shall specify in writing to each of its dealers obligations, if any, for preparation, delivery, and warranty service on its products; compensate the dealer for warranty service required of the dealer by the warrantor; and

- 321 provide the dealer the schedule of compensation to be paid and 322 the time allowances for the performance of such work and 323 service. In no event shall the schedule of compensation fail to
- 324 include reasonable compensation for diagnostic work as well as 325 warranty labor.
 - Time allowances for the diagnosis and performance of warranty labor shall be reasonable for the work to be performed. The manufacturer shall authorize the dealer to undertake warranty repairs without prior approval if the repairs require less than 3 hours of labor. In no event shall the compensation of a dealer for warranty labor be less than the lowest retail labor rates actually charged by the dealer for like nonwarranty
- 333 labor as long as such rates are reasonable. The warrantor shall reimburse the dealer for warranty 334 (3)
 - parts at actual wholesale cost plus a minimum 30-percent

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handling charge and the cost, if any, of freight to return warranty parts to the warrantor.

- (4) Warranty audits of dealer records may be conducted by the warrantor on a reasonable basis, and dealer claims for warranty compensation shall not be denied except for cause, such as performance of nonwarranty repairs, material noncompliance with warrantor's published policies and procedures, lack of material documentation, fraud, or misrepresentation.
- (5) The dealer must submit warranty claims within 45 days after completing work.
- (6) The dealer must notify the warrantor verbally or in writing if the dealer is unable to perform material or repetitive warranty repairs as soon as is reasonably possible.
- (7) The warrantor must disapprove warranty claims in writing within 30 days after the date of submission by the dealer in the manner and form prescribed by the warrantor.

 Claims not specifically disapproved in writing within 30 days shall be construed to be approved and must be paid within 45 days.
- (8) It is a violation of ss. 320.3201-320.3211 for any warrantor to:
- (a) Fail to perform any of its warranty obligations with respect to a recreational vehicle and its components;
- (b) Fail to include, in written notices of factory campaigns to recreational vehicle owners and dealers, the expected date by which necessary parts and equipment, including tires and chassis or chassis parts, will be available to dealers to perform the campaign work. The manufacturer may ship parts to

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the dealer to effect the campaign work, and, if such parts are in excess of the dealer's requirements, the dealer may return unused parts to the manufacturer for credit after completion of the campaign;

- (c) Fail to compensate any of its dealers for authorized repairs effected by the dealer of merchandise damaged in manufacture or transit to the dealer, if the carrier is designated by the manufacturer, factory branch, distributor, or distributor branch;
- (d) Fail to compensate any of its dealers for authorized warranty service in accordance with the schedule of compensation provided to the dealer pursuant to this section if performed in a timely and competent manner;
- (e) Intentionally misrepresent in any way to purchasers of recreational vehicles that warranties with respect to the manufacture, performance, or design of the vehicle are made by the dealer either as warrantor or cowarrantor; or
- (f) Require the dealer to make warranties to customers in any manner related to the manufacture of the recreational vehicle.
- (9) It is a violation of ss. 320.3201-320.3211 for any dealer to:
- (a) Fail to perform predelivery inspection functions, if required, in a competent and timely manner;
- (b) Fail to perform warranty service work authorized by the warrantor in a reasonably competent and timely manner on any transient customer's vehicle of the same line-make without good cause; or

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392	(c) Misrepresent the terms of any warranty.
393	(10)(a) Notwithstanding the terms of any
394	manufacturer/dealer agreement, it is a violation of ss.
395	320.3201-320.3211 for any warrantor to fail to indemnify and
396	hold harmless its dealer against any losses or damages to the
397	extent such losses or damages are caused by the negligence or
398	willful misconduct of the warrantor. The dealer shall not be
399	denied indemnification for failing to discover, disclose, or
400	remedy a defect in the design or manufacturing of the
401	recreational vehicle. The dealer shall provide to the warrantor
402	a copy of any suit in which allegations are made that come
403	within this subsection within 10 days after receiving such suit.
404	(b) Notwithstanding the terms of any manufacturer/dealer
405	agreement, it is a violation of ss. 320.3201-320.3211 for any
406	dealer to fail to indemnify and hold harmless its warrantor
407	against any losses or damages to the extent such losses or
408	damages are caused by the negligence or willful misconduct of
409	the dealer. The warrantor shall provide to the dealer a copy of
410	pending suits in which allegations are made that come within
411	this subsection within 10 days after receiving such suit.
412	Section 8. Section 320.3208, Florida Statutes, is created
413	to read:
414	320.3208 Inspection and rejection by the dealer
415	(1) Whenever a new recreational vehicle is damaged prior
416	to transit to the dealer or is damaged in transit to the dealer
417	when the carrier or means of transportation has been selected by
418	the manufacturer or distributor, the dealer shall:
419	(a) Notify the manufacturer or distributor of the damage

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by the next business day after the date of delivery of the new recreational vehicle to the dealer or within such additional time as specified in the manufacturer/dealer agreement; and

(b) Either:

- 1. Request from the manufacturer or distributor authorization to replace the components, parts, and accessories damaged or otherwise correct the damage; or
- $\underline{\text{2. Reject the vehicle within the timeframe set forth in}}$ subsection (3).

If the manufacturer or distributor refuses or fails to authorize repair of such damage within 10 days after receipt of notification or if the dealer rejects the recreational vehicle because of damage, ownership of the new recreational vehicle shall revert to the manufacturer or distributor.

- (2) The dealer will exercise due care in custody of the dealed recreational vehicle, but the dealer shall have no other obligations, financial or otherwise, with respect to that recreational vehicle.
- (3) The timeframe for inspection and rejection by the dealer shall be part of the manufacturer/dealer agreement and shall not be less than 3 business days after the physical delivery of the recreational vehicle.
- (4) Any recreational vehicle that has, at the time of delivery to the dealer, an unreasonable amount of miles on its odometer, as determined by the dealer, may be subject to rejection by the dealer and reversion of the vehicle to the manufacturer or distributor.

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448 Section 9. Section 320.3209, Florida Statutes, is created 449 to read: 320.3209 Coercion of dealer prohibited.--450 451 (1) A manufacturer or distributor may not coerce or 452 attempt to coerce a dealer to: 453 Purchase a product that the dealer did not order; (a) 454 (b) Enter into an agreement with the manufacturer or 455 distributor; 456 Take any action which is unfair or unreasonable to the 457 dealer; or (d) 458 Require a dealer to enter into an agreement that 459 requires the dealer to submit its disputes to binding 460 arbitration or otherwise waive rights or responsibilities under 461 ss. 320.3201-320.3211. (2) As used in this section, the term "coerce" includes, 462 463 but is not limited to, threatening to terminate, cancel, or not 464 renew a manufacturer/dealer agreement without good cause or 465 threatening to withhold product lines or delay product delivery 466 as an inducement to amending the manufacturer/dealer agreement. 467 Section 10. Section 320.3210, Florida Statutes, is created 468 to read: 469 320.3210 Civil dispute resolution; mediation; relief.--(1) A dealer, manufacturer, distributor, or warrantor 470 injured by another party's violation of ss. 320.3201-320.3211 471 may bring a civil action in circuit court to recover actual 472 473 damages. The court shall award attorney's fees and costs to the

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authorized by this section shall exclusively be in the county in

prevailing party in such an action. Venue for any civil action

CODING: Words stricken are deletions; words underlined are additions.

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which the dealership is located. In an action involving more than one dealer, venue may be in any county in which a dealer that is party to the action is located.

- (2) (a) Prior to bringing suit under this section, the party bringing suit for an alleged violation shall serve a written demand for mediation upon the offending party.
- (b) The demand for mediation shall be served upon the offending party via certified mail at the address stated within the agreement between the parties. In the event of a civil action between two dealers, the demand shall be mailed to the address on the dealer's license filed with the department.
- (c) The demand for mediation shall contain a brief statement of the dispute and the relief sought by the party filing the demand.
- (d) Within 20 days after the date a demand for mediation is served, the parties shall mutually select an independent certified mediator and meet with that mediator for the purpose of attempting to resolve the dispute. The meeting place shall be in this state in a location selected by the mediator. The mediator may extend the date of the meeting for good cause shown by either party or upon stipulation of both parties.
- (e) The service of a demand for mediation under this subsection shall stay the time for the filing of any complaint, petition, protest, or action under ss. 320.3201-320.3211 until representatives of both parties have met with a mutually selected mediator for the purpose of attempting to resolve the dispute. If a complaint, petition, protest, or action is filed before that meeting, the court shall enter an order suspending

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the proceeding or action until the meeting has occurred and may, upon written stipulation of all parties to the proceeding or action that they wish to continue to mediate under this subsection, enter an order suspending the proceeding or action for as long a period as the court considers appropriate. A suspension order issued under this paragraph may be revoked upon motion of any party or upon motion of the court.

- (f) The parties to the mediation shall bear their own costs for attorney's fees and divide equally the cost of the mediator.
- (3) In addition to the remedies provided in this section and notwithstanding the existence of any additional remedy at law, a dealer is authorized to make application to a circuit court for the grant, upon a hearing and for cause shown, of a temporary or permanent injunction, or both, restraining any person from acting as a dealer without being properly licensed pursuant s. 320.771, from violating or continuing to violate any of the provisions of ss. 320.3201-320.3211, or from failing or refusing to comply with the requirements of ss. 320.3201-320.3211. Such injunction shall be issued without bond. A single act in violation of the provisions of ss. 320.3201-320.3211 shall be sufficient to authorize the issuance of an injunction.

 Section 11. Section 320.3211, Florida Statutes, is created

320.3211 Penalties.--

to read:

(1) The department shall, as it deems necessary, either suspend or revoke any license issued under s. 320.771 upon a finding that the dealer violated any provision of ss. 320.3201-

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320.3211. The department is authorized to assess, impose, levy,	
and collect by legal process fines, in an amount not to exceed	
\$1,000 for each violation, against any individual if it finds	
that he or she has violated any provision of ss. 320.3201-	
320.3211. Such individual is entitled to an administrative	
hearing pursuant to chapter 120 to contest the action or fine	
levied, or about to be levied, upon him or her.	
(2) In addition to the civil and administrative remedies,	
a person who violates any provision of ss. 320.3201-320.3211	

(2) In addition to the civil and administrative remedies, a person who violates any provision of ss. 320.3201-320.3211 commits a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.

Section 12. If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application and, to this end, the provisions of this act are declared severable.

Section 13. This act shall take effect July 1, 2007.