

BILL ANALYSIS

Senate Research Center

H.B. 965
By: Swinford (Duncan)
Economic Development
5/9/1999
Engrossed

DIGEST

Currently, a common practice in the agricultural equipment industry is for manufacturers to create their own franchise of dealerships, to own an interest in the dealerships, and to enter into agreements with the dealerships. In such dealer agreements, the manufacturers specify the type of equipment the dealer is obligated to sell and define the territory where such equipment is to be sold. Chapter 19, Business and Commerce Code, was created to protect agricultural equipment dealers in this state from agreements which restricted how they operated their dealerships and to whom they could sell their dealerships. Under the code, the term "dealer" does not include a person whose principal business is the sale of off-road construction equipment. Corporate mergers and other industry changes have allowed off-road construction equipment manufacturers to circumvent the law by either manufacturing agricultural equipment themselves or by merging with companies that manufacture agricultural equipment. H.B. 965 would regulate certain dealer agreements concerning forestry harvesting and off-road construction equipment.

PURPOSE

As proposed, H.B. 965 regulates certain dealer agreements concerning forestry harvesting and off-road construction equipment.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends heading to Chapter 19, Business & Commerce Code, as follows:

New heading: CHAPTER 19. FARM, INDUSTRIAL, OFF-ROAD CONSTRUCTION,
FORESTRY, HARVESTING EQUIPMENT, AND OUTDOOR POWER
EQUIPMENT DEALER AGREEMENTS

SECTION 2. Amends Section 19.01, Business & Commerce Code, by amending Subdivisions (5) and (8), and adding Subdivision (12), to redefine "dealer," and "equipment," and define "single line dealer."

SECTION 3. Amends Section 19.43(a), Business & Commerce Code, to require a supplier to pay to a dealer the dealer cost of new, unsold, undamaged, and complete farm tractors, farm implements, utility tractors, industrial tractors, forklifts, material-handling equipment, outdoor power equipment, forestry harvesting equipment, off-road construction equipment, and attachments returned by the dealer under certain conditions.

SECTION 4. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 5. Emergency clause.