

# SENATE BILL No. 1037

September 10, 2014, Introduced by Senator CASWELL and referred to the Committee on Regulatory Reform.

A bill to amend 1984 PA 341, entitled  
"Farm and utility equipment act,"  
by amending section 7a (MCL 445.1457a), as added by 1995 PA 86.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 7a. (1) A supplier shall not terminate, cancel, fail to  
2       renew, or substantially change the competitive circumstances of an  
3       agreement without good cause. A supplier shall provide a dealer at  
4       least 90 days' prior written notice of termination, cancellation,  
5       nonrenewal, or substantial change in competitive circumstances. The  
6       notice shall state the reasons or deficiencies for the action, and  
7       the dealer has 90 days to submit a plan to correct the stated  
8       reasons or deficiencies that is acceptable to the supplier or to

1 correct the stated reasons or deficiencies. Failure by a dealer to  
2 comply with the requirements imposed ~~upon~~**ON** the dealer by the  
3 supplier's agreement ~~shall be~~**IS** cause for termination, provided  
4 **THAT** the requirements are not different from those requirements  
5 imposed by the supplier on other similarly situated equipment  
6 dealers ~~within the~~**LOCATED IN THIS** state.

7 (2) The notice described in subsection (1) shall state all the  
8 reasons for termination, cancellation, nonrenewal, or substantial  
9 change in competitive circumstances and shall provide that the  
10 dealer has 90 days in which to rectify any claimed deficiency. If a  
11 plan to rectify is submitted or the deficiency is rectified within  
12 90 days, the notice is considered void.

13 (3) The notice provisions of this section ~~shall~~**DO** not apply  
14 if the reason for termination, cancellation, or nonrenewal is  
15 insolvency, the occurrence of an assignment for the benefit of  
16 creditors, bankruptcy, or material misrepresentation and  
17 falsification of records. If the reason for termination,  
18 cancellation, nonrenewal, or substantial change in competitive  
19 circumstances is nonpayment of ~~sums~~**MONEY** due under the agreement,  
20 the dealer ~~shall be~~**IS** entitled to written notice of default in  
21 payment and ~~shall have~~**HAS** 10 days from the date of delivery ~~of~~**OR**  
22 posting of the notice in which to remedy the default. A supplier  
23 ~~shall be~~**IS** liable to a dealer for damages caused to the dealer by  
24 the supplier's breach of subsection (1).

25 (4) **NOTWITHSTANDING THE TERMS OF ANY AGREEMENT, THE SALE OR**  
26 **TRANSFER OF HIS OR HER OWNERSHIP INTEREST IN A DEALERSHIP BY ANY OF**  
27 **THE FOLLOWING TO 1 OR MORE MEMBERS OF HIS OR HER IMMEDIATE FAMILY**

1 IS NOT GOOD CAUSE FOR THE TERMINATION, CANCELLATION, OR FAILURE TO  
2 RENEW AN AGREEMENT OR TO SUBSTANTIALLY CHANGE THE COMPETITIVE  
3 CIRCUMSTANCES OF AN AGREEMENT:

4 (A) THE DEALER, IF THE DEALER IS A SOLE PROPRIETORSHIP.

5 (B) AN INDIVIDUAL WHO IS THE MAJORITY STOCKHOLDER, IF THE  
6 DEALER IS A CORPORATION.

7 (C) AN INDIVIDUAL WHO IS A PARTNER, IF THE DEALER IS A  
8 PARTNERSHIP.