



**House
Legislative
Analysis
Section**

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REQUIRE REPURCHASE OF CERT. INVENTORY

RECEIVED

MAY 12 1988

House Bill 5516

Sponsor: Rep. Thomas L. Hickner
Committee: Corporations and Finance

Complete to 5-5-88

A SUMMARY OF HOUSE BILL 5516 AS INTRODUCED 3-22-88

The Farm and Utility Equipment Franchise Act regulates persons that buy and sell farm and utility tractors and equipment subject to a franchise agreement. The bill would amend the act and its title to differentiate between types of dealers engaged in the buying or selling of this kind of equipment. The act's title would be changed to the "Farm and Utility Equipment Act" and the bill would include the words "wholesaler or distributor" throughout the act, thus making the provisions of the act apply to farm equipment businesses that are not franchises. The bill would add to the act a provision which states that if a wholesaler or distributor entered into a wholesaler or distributor agreement with a manufacturer -- as evidenced by a written or implied contract, sales agreement, security agreement, or franchise agreement -- which was subsequently terminated, the manufacturer would be required to repurchase the inventory of the wholesaler or distributor, in the same manner that a franchise supplier is required to repurchase a dealer's inventory. Further, the penalty for failing to repurchase inventory as required by the act would be increased from 100 percent of the net price of the inventory to 200 percent of that amount.

MCL 445.1451, et al.

House Bill 5516 (5-5-88)