

By: McReynolds

H.B. No. 2369

A BILL TO BE ENTITLED

AN ACT

1
2 relating to agreements between suppliers of and dealers in forestry
3 harvesting and certain other equipment.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter A, Chapter 19, Business & Commerce
6 Code, is amended by adding Section 19.025 to read as follows:

7 Sec. 19.025. ACTIONS AGAINST DEALERS. Notwithstanding the
8 terms of any dealer agreement or any other law, an action or
9 proceeding brought by a supplier against a dealer must be brought in
10 an appropriate forum in this state only, and the law of this state
11 applies to the action or proceeding.

12 SECTION 2. Section 19.41, Business & Commerce Code, is
13 amended to read as follows:

14 Sec. 19.41. GOOD CAUSE REQUIRED. (a) Notwithstanding the
15 terms of the dealer agreement, a [A] supplier may not terminate,
16 cancel, or fail to renew a dealer agreement without good cause.
17 Whether good cause has been established is determined considering
18 all existing circumstances, including:

19 (1) the dealer's sales in relation to the sales in the
20 market;

21 (2) the dealer's investment and obligations;

22 (3) injury or benefit to the public;

23 (4) the adequacy of the dealer's service facilities,
24 equipment, parts, and personnel in relation to those of other

1 dealers of equipment of the same line;

2 (5) whether warranties are being honored by the
3 dealer;

4 (6) the parties' compliance with the dealer agreement,
5 except to the extent that the dealer agreement conflicts with this
6 chapter; and

7 (7) the enforceability of the dealer agreement from a
8 public policy standpoint, including issues of the reasonableness of
9 the dealer agreement's terms, oppression, adhesion, and the
10 parties' relative bargaining power.

11 (b) The desire of a supplier for market penetration does not
12 by itself constitute good cause.

13 SECTION 3. This Act applies to a dealer agreement entered
14 into on or after the effective date of this Act. A dealer agreement
15 entered into before the effective date of this Act is covered by the
16 law in effect on the date the agreement was entered into, and the
17 former law is continued in effect for that purpose.

18 SECTION 4. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2005.