

BILL ANALYSIS

H.B. 2858
By: Workman
Economic & Small Business Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Recent legislation relating to the Fair Practices of Equipment Manufacturers, Distributors, Wholesalers, and Dealers Act provided for situations in which there exists good cause for termination of a dealer agreement. Interested parties assert that, because of certain drafting conventions used in that legislation, certain situations constituting good cause events were combined with other such events to create one unified numerical list in the statute. These parties report that this numerical listing of those situations had the unintentional effect of giving a manufacturer the right to terminate an agreement with a dealer because of the dealer's failure to substantially comply with the agreement without giving the dealer prior notice of the problem and an opportunity to correct the problem. The parties note that it is necessary to change the statutes to provide for a period to give a dealer the opportunity to correct a problem before a dealer agreement is terminated for the dealer's failure to substantially comply with the agreement. H.B. 2858 seeks to remedy this situation and make the needed adjustment to reflect the original intent of the law.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 2858 amends Section 57.155(c), Business & Commerce Code, as added by Chapter 1039 (H.B. 3079), Acts of the 82nd Legislature, Regular Session, 2011, to remove a dealer's failure to substantially comply with essential and reasonable requirements imposed on the dealer under the terms of a dealer agreement as a condition qualifying a supplier for an exemption from notice and right to cure provisions applicable to the termination of a dealer agreement, other than a single-line dealer agreement, under the Fair Practices of Equipment Manufacturers, Distributors, Wholesalers, and Dealers Act.

EFFECTIVE DATE

September 1, 2013.