

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

# A Bill

Act 633 of 2001  
SENATE BILL 515

5 By: Senator Cash  
6 By: Representative Nichols  
7

## For An Act To Be Entitled

10 AN ACT TO AMEND THE FARM EQUIPMENT RETAILER FRANCHISE  
11 PROTECTION LAW TO ADD PROVISIONS CONCERNING WARRANTY  
12 WORK; AND FOR OTHER PURPOSES.  
13

### Subtitle

14 AN ACT TO AMEND THE FARM EQUIPMENT  
15 RETAILER FRANCHISE PROTECTION LAW TO ADD  
16 PROVISIONS CONCERNING WARRANTY WORK.  
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
21

22 SECTION 1. Arkansas Code Title 4, Chapter 72, Subchapter 3 is amended  
23 to add an additional section to read as follows:

24 4-72-311. Warranties.

25 (a) This section applies to a warranty claim submitted by a dealer.

26 (b)(1) Claims filed for payment under warranty agreements shall either  
27 be approved or disapproved within thirty (30) days of receipt by a  
28 manufacturer, wholesaler, or distributor.

29 (2) All claims for payment shall be paid within thirty (30) days  
30 of their approval.

31 (3) If a claim is disapproved, the manufacturer, wholesaler, or  
32 distributor shall notify the dealer within thirty (30) days stating the  
33 specific grounds upon which the disapproval is based. If a claim is not  
34 specifically disapproved within thirty (30) days of receipt, it shall be  
35 deemed approved and payment by the manufacturer, wholesaler, or distributor  
36 shall follow within thirty (30) days.

1           (4) If, after termination of a contract, the dealer submits a  
2 claim to the manufacturer, wholesaler, or distributor for warranty work  
3 performed prior to the effective date of the termination, the manufacturer,  
4 wholesaler, or distributor shall accept or reject the claim within thirty (30)  
5 days of receipt.

6           (5) If a claim is not paid within the time allowed under this  
7 subsection (b), interest shall accrue at the maximum lawful interest rate.

8           (c)(1) Warranty work performed by the dealer shall be compensated in  
9 accordance with the reasonable and customary amount of time required to  
10 complete the work, expressed in hours and fractions thereof. The time shall be  
11 multiplied by the dealer's established customer hourly retail labor rate,  
12 which shall have previously been made known to the manufacturer, wholesaler,  
13 or distributor.

14           (2) Expenses expressly excluded under the warranty of the  
15 manufacturer, wholesaler, or distributor to the customer shall not be included  
16 nor required to be paid on requests for compensation from the dealer for  
17 warranty work performed.

18           (3) All parts used by the dealer in performing the warranty work  
19 shall be paid to the dealer in the amount equal to the dealer's net price for  
20 the parts, plus a minimum of fifteen percent (15%). The additional amount is  
21 to reimburse the dealer for reasonable costs of doing business in performing  
22 the warranty service on behalf of the manufacturer, wholesaler, or  
23 distributor, including but not limited to freight and handling costs incurred.

24           (4) The manufacturer, wholesaler, or distributor has the right to  
25 adjust compensation for errors discovered during audit, and if necessary, to  
26 adjust claims paid in error.

27           (d) The dealer shall have the right to accept the reimbursement terms  
28 and conditions of the manufacturer, wholesaler, or distributor in lieu of the  
29 terms and conditions of this section.

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32                           **APPROVED: 3/9/2001**