

**16-1002. Contracts, sales agreements or security agreements to maintain stock of farm equipment or repair parts by retailer; cancellation or discontinuance thereof; repurchase obligations of wholesaler, manufacturer, distributor or transferee of such wholesaler, manufacturer or distributor thereon; contracts affected; security interests not affected; repurchase not subject to bulk sales law or the claims of secured or unsecured creditors of specified others.**

(a) Whenever any person, firm or corporation engaged in the business of selling and retailing farm implements, machinery, attachments or repair parts therefor enters into a written or parol contract, sales agreement or security agreement evidenced by a franchise agreement whereby such retailer agrees to maintain a stock of parts or complete or whole implements, machines or attachments with any wholesaler, manufacturer or distributor of such implements, machinery, attachments or repair parts, and either such wholesaler, manufacturer or distributor or the retailer desires to cancel or discontinue the contract, such wholesaler, manufacturer or distributor shall pay to such retailer or credit to such retailer's account, if the retailer has outstanding any sums owing the wholesaler, manufacturer or distributor, unless the retailer should desire to keep such merchandise, a sum equal to 100% of the net cost of all new, unused, undamaged, complete farm implements, machinery and attachments and 95% of the current net prices on new, unused, undamaged repair parts, including superseded parts, which implements, machinery, attachments and parts had previously been purchased from such wholesaler, manufacturer, distributor or transferee of such wholesaler, manufacturer or distributor if the transferee acquired substantially all of the assets of such wholesaler, manufacturer or distributor, and held by such retailer on the date of the cancellation or discontinuance of such contract. The wholesaler, manufacturer or distributor shall also pay such retailer a sum equal to 5% of the current net price of all parts returned for the handling, packing and loading of such parts for return to the wholesaler, manufacturer or distributor, except that such 5% shall not be paid or credited to the retailer if the wholesaler, manufacturer or distributor elects to perform the handling, packing, loading and transportation of the parts itself. Upon the payment or allowance of credit to the retailer's account of the sum required by this section, the title to such farm implements, machinery, attachments and repair parts therefor shall pass to the manufacturer, wholesaler or distributor making such payment, and such manufacturer, wholesaler or distributor shall be entitled to the possession of such farm implements, machinery, attachments or repair parts. All payments or allowances of credit due retailers shall be paid or credited within 60 days after the return of implements, machinery, attachments or repair parts. After 60 days, all payments or allowances shall include interest at the rate prescribed by K.S.A. 16-204, and amendments thereto.

(b) The provisions of this section relating to a retailer's right to cancel or discontinue a contract and receive payment for implements, machines, attachments and parts returned shall apply to all contracts now in effect which have no expiration date and are a continuing contract, and all other contracts entered into or renewed after July 1, 1976. The provisions for a retailer to receive payment for implements, machines, attachments and parts returned shall apply only to implements, machines, attachments and parts purchased after the effective date of this act. Any contract in force and effect on July 1, 1976, which by its own terms will terminate on a date subsequent thereto shall be governed by the law as it existed prior to this act.

(c) The provisions of this section shall not be construed to affect in any way any security interest which the wholesaler, manufacturer or distributor may have in the inventory of the retailer, except that any repurchase hereunder shall not be subject to the provisions of the bulk sales law or to the claims of any secured or unsecured creditors of the wholesaler, manufacturer or distributor or any assignee of the wholesaler, manufacturer or distributor until such time the retailer has received payment in full subject to any offset the retailer may owe to the wholesaler, manufacturer or distributor.

**History:** L. 1976, ch. 95, § 2; L. 1987, ch. 79, § 1; L. 1989, ch. 71, § 1; L. 2000, ch. 84, § 1; July 1.