

HCS HB 1634 -- COMPENSATION OF WARRANTY REPAIRS

SPONSOR: Hough

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Transportation by a vote of 11 to 0.

This bill specifies the compensation practices to be used between motor vehicle franchisors and dealers under a recall, campaign service action, or warranty repair for trucks with a licensed gross weight of 18,000 pounds or more.

Reasonable compensation for parts must be equal to the dealer's cost for the parts multiplied by the dealer's average percentage markup over dealer cost for parts. A dealer's average percentage markup over dealer cost for parts is determined by dividing the total charges for parts in the dealer's qualifying nonwarranty repair orders by the total dealer cost for the parts. A dealer's "qualifying nonwarranty repair orders" means an order relating to a nonwarranty repair that would be warranty work if the vehicle repaired was covered by the franchisors' warranty but does not include routine maintenance such as oil changes or replacement of fluids, belts, nuts, bolts, fasteners, bulbs, batteries, or tires.

PROPOSERS: Supporters say that this bill will level the playing field between motor vehicle franchisors and dealers. There is currently a huge price disparity between retail parts and warranty parts that manufacturers are required to compensate for. The disparity in price leads to the dealers operating at a loss when doing warranty repairs.

Testifying for the bill were Representative Hough; Dan Kemna; Al Scheppers Motor Company; and Missouri Automobile Dealers Association.

OPPOSERS: There was no opposition voiced to the committee.