

HB 1634 -- REASONABLE COMPENSATION FOR WARRANTY REPAIRS FOR CERTAIN TRUCKS

SPONSOR: Hough

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 12,000 pounds or more.

When making reasonable compensation for labor, the dealer's effective nonwarranty labor rate must be multiplied by the hours allowed under the franchisor's time allowances for the repair work. The effective nonwarranty labor rate is determined by dividing total charges for labor in the dealer's qualifying nonwarranty repair orders by the total hours that would be allowed for the same repairs under the franchisor's time allowances.

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 franchisor's warranty but does not include routine maintenance such as oil changes or replacement of fluids, belts, nuts, bolts, fasteners, bulbs, batteries, or tires.