

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	8 - 0 - 1
Yeas:	Barnhart, Berger, Dembrow, Hicks, Holvey, Hoyle, Kennemer, Garrett
Nays:	0
Exc.:	Jenson
Prepared By:	Erin Seiler, Administrator
Meeting Dates:	5/10

WHAT THE MEASURE DOES: Prohibits, with specified exceptions, manufacturer, distributor or importer from requiring dealer to construct or remodel dealer facility within seven years of last construction or remodel if existing facility complies with brand image standards or plans that existed when facility was last constructed or remodeled. Specifies exceptions. Prohibits manufacturer, distributor, or importer from requiring dealer to purchase goods or services for construction or remodeling from designated vendor without option of obtaining them through different vendor approved in advance. Prohibits dealer from selecting a vendor to get goods and service for construction or materially altering, if dealer gives money, credit, or allowance to compensate for costs of specific materials for construction/material alterations. Specifies methodology for determination of compensation for predelivery preparation and warranty service work. Prohibits manufacturer, distributor or importer from increasing price of vehicle or imposing surcharge to recover costs of paying dealer's claims for parts and labor under warranty service agreement.

ISSUES DISCUSSED:

- Statutes dealing with relationship between automobile dealers and manufacturer
- Contents of amendment
- Methodology for determining compensation for warranty work
- Contractual relationship between automobile dealer and manufacturer
- Reason relationship between automobile dealer and the manufacturer, distributor, or importer is in statute
- Others states with similar statutes

EFFECT OF COMMITTEE AMENDMENT: Prohibits requiring auto dealer from remodeling or constructing new facility within 7 years. Exceptions are (a) if it is reasonable and justifiable in light of specific conditions; (b) if there is need to comply with health and safety law or technical requirements to sell or service a motor vehicle; or (c) if there is written agreement separate from franchise agreement. Prohibits auto manufacturer, distributor, importer from requiring franchisee to buy goods or services for construction from vendor identified by manufacturer without options for obtaining substantially similar goods. Prohibits dealer from selecting vendor to get goods and service for construction or materially altering, if dealer gives money, credit, or allowance to compensate for costs of specific materials for construction/material alterations. Specifies methodology for calculating payment by dealer to franchisee for hourly rate and parts for warranty service and parts customers.

BACKGROUND: Oregon law governs many aspects of the relationship between a motor vehicle dealer and the manufacturer, distributor, or importer who grants the franchise to the dealer. Statute also defines the prohibited acts of a motor vehicle franchisor. House Bill 3347-B adds to the list of prohibited acts in areas concerning construction or remodeling of dealer facilities and in purchasing goods and services through vendors. The measure also specifies how to determine the compensation to vehicle dealers for predelivery and warranty service work.

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This summary has not been adopted or officially endorsed by action of the committee.