

REVENUE:

FISCAL:

SUBSEQUENT REFERRAL TO:

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: James LaBar, Administrator

Meeting Dates: 4/13

WHAT THE MEASURE DOES: Prohibits motor vehicle manufacturer, distributor or importer from requiring dealer to advertise, promote, offer or sell extended service contracts, extended maintenance plans, or similar products or services that manufacturer, distributor or importer provides, originates, sponsors or endorses. Specifies costs and expenses for which manufacturer, distributor or importer must compensate dealer if manufacturer, distributor or importer terminates motor vehicle line-make or terminates, cancels, fails to renew or discontinues dealer's franchise. Prohibits manufacturer, distributor or importer from denying claim or charging back claim because dealer fails to comply with specific claim processing procedure if dealer resubmits claim in compliance with procedure within 60 days, or from recovering costs for compensating dealer for warranty parts and service.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT:

(-1 amendment) Prohibits a manufacturer from requiring motor vehicle dealer to promote, offer, or sell extended service contracts, extended maintenance plans or similar products, with exceptions. Prohibits a manufacturer from imposing separate charges or surcharges to recover the cost of compensation to the dealer for warranty parts or services. Provides for fair and reasonable compensation to the dealer when the manufacturer terminates, cancels or fails to renew a franchise. Amends "120 days" to "365 days" for compensating the dealer; factors in lease or contracts for management computer systems that were required and will no longer be used by the dealer; and mitigates the dealer when a line-make has been terminated for the construction, alteration or remodeling of the dealer's facility. Allows a dealer to resubmit claims based on clerical or administrative claims.

(-2 amendment) Adds "reasonable" to amount remaining due on a lease or contract for a management computer system if dealer no longer uses system because manufacturer, distributor or importer discontinued dealer's franchise. Removes provision denying manufacturer to recover costs of compensating dealer for warranty parts or service by reducing the amount dealer or by imposing a separate charge.

BACKGROUND: Relationships between auto manufacturers and auto dealers run the gamut from ideal partners to tension-filled supply chains. Oregon law governs many aspects of the relationship between a motor vehicle dealer and the manufacturer, distributor or importer that grants the franchise to the dealer. Statute also defines the prohibited acts of a motor vehicle franchisor. Senate Bill 713 adds to the list of statues.