

**Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session**  
**STAFF MEASURE SUMMARY**  
**Senate Committee On Business and Transportation**

**MEASURE:** SB 713 A  
**CARRIER:** Sen. Riley

**Fiscal:** No Fiscal Impact  
**Revenue:** No Revenue Impact

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**Action Date:** 04/13/15  
**Action:** Do Pass With Amendments. (Printed A-Eng.)  
**Meeting Dates:** 04/13  
**Vote:**  
Yeas: 4 - Beyer, Girod, Monroe, Riley  
Nays: 1 - Thomsen

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**Prepared By:** James LaBar, Committee Administrator

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**WHAT THE MEASURE DOES:**

Prohibits a manufacturer from requiring motor vehicle dealer to promote, offer, or sell extended service contracts, extended maintenance plans or similar products, with exceptions. Provides for fair and reasonable compensation to the dealer when the manufacturer terminates, cancels or fails to renew a franchise. Prohibits a manufacturer from imposing separate charges or surcharges to recover the cost of compensation to the dealer for warranty parts or services. Amends timetable for compensating the dealer from 120 days to one year; 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 for the construction, alteration or remodeling of the dealer's facility when a line-make has been terminated. Prohibits manufacturer, distributor or importer from denying claim or charging back claim if dealer fails to comply with specific claim processing procedure if dealer resubmits claim in compliance with procedure within 45 days, or from recovering costs for compensating dealer for warranty parts and service. 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.

**ISSUES DISCUSSED:**

- Other amendments considered
- History of vehicle dealership and manufacturer franchise agreements
- New provisions and clarifications are the result of a lengthy negotiation process
- Other state solutions for resolving disagreements between vehicle dealerships and manufacturers regarding warranty repairs
- Possible effect on consumers

**EFFECT OF COMMITTEE 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 timetable for compensating the dealer from 120 days to one year; 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 for the construction, alteration or remodeling of the dealer's facility when a line-make has been terminated. Allows a dealer to resubmit claims based on clerical or administrative claims. 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.

**BACKGROUND:**

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. Senate Bill 713A is consensus measure between the dealerships and manufacturers regarding their franchise agreements.

One aspect that Senate Bill 713A addresses that does not have consensus deals with the process of manufacturers reimbursing dealerships for charges with warranty repairs. The non-consensus point within the warranty repair reimbursement process dealt with the measure's prohibition for manufacturers to impose a surcharge on the dealerships for the repairs.