

Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session
STAFF MEASURE SUMMARY
House Committee On Business and Labor

MEASURE: SB 713 B
CARRIER: Rep. Fagan

Fiscal: No Fiscal Impact
Revenue: No Revenue Impact

Action Date: 05/27/15

Action: Do Pass As Amended And Be Printed Engrossed.

Meeting Dates: 05/27

Vote:

Yeas: 10 - Barreto, Barton, Doherty, Evans, Fagan, Heard, Holvey, Kennemer, Nosse, Weidner
Exc: 1 - Esquivel

Prepared By: Jan Nordlund, Committee Administrator

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 or terminates a product line. Prohibits a manufacturer from imposing separate charges or surcharges to recover the cost of compensation to the dealer for warranty parts or services. 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.

ISSUES DISCUSSED:

- Use of surcharge on vehicle to cover reimbursement of warranty at retail rate
- Provisions in measure in which interested parties came to consensus
- Extended warranty contracts offered by manufacturer
- Leverage manufacturers have over dealers

EFFECT OF COMMITTEE AMENDMENT:

Corrects drafting error.

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. In all areas but one, Senate Bill 713-A is a consensus measure between the dealerships and manufacturers regarding their franchise agreements. There is disagreement regarding the warranty repair reimbursement process. The dealers have requested the provision in the bill that prohibits manufacturers from imposing a separate surcharge or fee as a means to recover all or a portion of compensating the dealer at retail rates for warranty parts and service.