

SB 980 A STAFF MEASURE SUMMARY

Carrier: Sen. Girod

Senate Committee On Business and Transportation

Action Date: 04/17/17
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 4-1-0-0
Yeas: 4 - Beyer, Girod, Monroe, Riley
Nays: 1 - Thomsen
Fiscal: No fiscal impact
Revenue: No revenue impact
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WHAT THE MEASURE DOES:

Directs motor vehicle manufacturers to compensate dealer franchisees, as provided for in ORS 650.158, for all labor and parts the manufacturer requires be used to perform repairs on vehicles subject to recall. Specifies prorated compensation rate of at least 1.5 percent of used vehicles held by a dealer awaiting parts for recall under specified circumstances, not to exceed the valuation of the used vehicle subject to recall. Provides exceptions in cases where a national compensation program provides equal or greater compensation or the manufacturer and franchisee agree to different compensation. Prohibits manufacturers from reducing compensation through chargeback or removal of franchisee from incentive program.

ISSUES DISCUSSED:

- Relationship between dealers and manufacturers
- Large numbers of vehicles recalled in recent years
- Proper level of dealer reimbursement
- Discussions occurring at national level and in several states
- Amendment represents compromise between dealers and manufacturers

EFFECT OF AMENDMENT:

Replaces the original measure.

BACKGROUND:

A motor vehicle recall is issued when a vehicle manufacturer or the National Highway Traffic Safety Administration (NHTSA) determines that the vehicle or onboard equipment creates an unreasonable safety risk or fails to meet minimum safety standards. Most decisions regarding recalls are made voluntarily by the manufacturer. Under a motor vehicle recall, manufacturers are required to fix the problem by repair, replacement, refund or repurchase of the vehicle. Repair work is often conducted by a vehicle dealer, specifically the dealer from whom the vehicle was purchased.