
DIGEST

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HB 502 Engrossed

2021 Regular Session

Stefanski

Abstract: Provides relative to dealer warranty compensation.

Proposed law provides definitions for franchisor, franchisor's warranty, parts, qualifying repair, qualifying repair order, repair order, and warranty work.

Present law provides that in no event shall any manufacturer or distributor pay its dealer at a price or rate for warranty work that is less than that charged by the dealer to the retail customers of the dealer for nonwarranty work of like kind.

Proposed law provides that in no event shall any franchisor pay a dealer an amount of money for warranty work that is less than that charged by the dealer to the retail customer of the dealer for non-warranty work of like kind.

Proposed law provides that time allowances for the performance of warranty work shall be reasonable and adequate in relation to the nature and scope of the work, using the actual time required by a qualified technician of ordinary skill to perform the work.

Proposed law provides that subject to the provisions of proposed law, the parts mark-up or labor rate customarily charged by the dealer may be established or modified at the election of the dealer by submitting, by electronic transmission or tangible delivery, to the franchisor, either of the following:

- (1) All consecutive repair orders that include 100 sequential qualifying repair orders.
- (2) All repairs order closed during any period of 90 consecutive days.

Proposed law provides that a dealer submitting repair orders pursuant to proposed law shall submit the option that produces the fewer number of repair orders. Proposed law further provides that in making this determination, the dealer should consider repairs made no more than 180 days before the submission.

Proposed law provides that a dealer seeking to establish or modify the warranty labor rate or parts mark-up shall submit to the franchisor either of the following:

- (1) A single set of repair orders for the purpose of calculating both the labor rate or parts mark-up.

- (2) A single set of repair orders for the purpose of calculating only the labor rate or parts mark-up.

Proposed law provides that a dealer may not establish or modify the parts mark-up or labor rate more than once per a 12-month period.

Proposed law provides that the franchisor shall not submit more than one rebuttal to the dealer and shall not add, expand, supplement, or otherwise modify any element, including but not limit to any grounds for contesting the parts mark-up or labor rate mark-up.

Proposed law provides that if the dealer and the franchisor do not agree on the parts mark-up or labor rate, the dealer may file a protest with the Louisiana Motor Vehicle Commission. Proposed law further provides that the commission shall notify the franchisor and schedule a hearing.

Proposed law provides that the burden of proof shall be placed on the franchisor and the franchisor must prove by a preponderance of the evidence that the dealer's submitted parts or mark-up or labor rate was materially inaccurate.

Proposed law provides that if the commission decides in favor of the dealer, any increase in the dealer's parts mark-up or labor rate shall be effective, retroactively, thirty days following the franchisor's receipt of the original submission.

Proposed law provides that if a franchisor furnishes a part to a dealer, at a reduced cost or at no cost, to use in performing warranty work, the franchisor shall compensate the dealer for the part in the same manner as warranty parts compensation under proposed law by compensating the dealer on the basis of the dealer's mark-up on the cost for the part as listed in the franchisor's price schedule, minus the cost for the part.

(Amends R.S. 32:1262(A))