

Committee on Transportation

CS/CS/HB 775 — Motor Vehicle Warranty Repairs and Recall Repairs

by Commerce Committee; Careers and Competition Subcommittee; and Rep. Diaz, M. and others (CS/CS/CS/SB 466 by Rules Committee; Commerce and Tourism Committee; Transportation Committee; and Senators Hutson, Gainer, and Broxson)

The bill prohibits a licensed motor vehicle manufacturer, distributor, or importer (licensee), notwithstanding the terms of any franchise agreement, and except as authorized by law upon detection of fraudulent payments, from denying a dealer's claim, reducing the dealer's compensation, or processing a chargeback to a dealer for performing covered warranty or recall repairs on a used motor vehicle due to:

- A dealer's discovery of a need for such repairs during the course of a separate repair requested by the consumer; or
- Notification by the dealer to the consumer of the need for such repairs after issuance of an outstanding recall for a safety-related defect.

The bill also requires a licensee, excluding a motorcycle licensee, who has a franchise agreement with a motor vehicle dealer to compensate the dealer for a used motor vehicle that:

- Is of the same make and model manufactured, imported, or distributed by the licensee;
- Is subject to a recall notice, including a notice issued prior to July 1, 2017, regardless of whether the vehicle is identified by its vehicle identification number;
- Is held in the dealer's inventory at the time the recall notice was issued, or taken into the dealer's inventory after the recall notice due to a consumer trade-in or lease return;
- Cannot be repaired due to unavailability of a remedy for the vehicle within 30 days after issuance of the recall notice; and
- For which the licensee has not issued a written statement to the dealer indicating the vehicle may be sold or delivered to a customer before completion of the recall repair.

Such compensation must be the greater of:

- At least 1.5 percent of the motor vehicle's value for each month, or portion of a month, that the dealer does not receive a remedy for the vehicle; or
- Payment under a national program applicable to all motor vehicle dealers holding a franchise agreement with the licensee for the dealer's costs associated with holding the eligible used vehicle.

Payment shall be calculated from the 31st day after the recall was issued, the 31st day after the vehicle was acquired, or July 1, 2017, whichever is latest.

If approved by the Governor, these provisions take effect July 1, 2017.

Vote: Senate 36-0; House 116-0