

## STATEMENT OF PURPOSE

### RS20463

Amends 49-1613, Dealer and Salesman Licensing, to create a narrow provision so a manufacturer that has any dealerships in Idaho, whether franchised or not, would be prohibited from operating a dealership in Idaho no longer than one year without the approval of the department. Manufacturer upgrades to the dealer's facility cannot be a condition of franchise agreement unless both parties enter into a voluntary mutual agreement. Manufacturer prohibited from charging back, denying vehicle allocation, or withholding payments if a vehicle sold by the dealer is exported from Idaho unless the manufacturer proves that the dealer knew or reasonably should have known a vehicle was intended to be exported. Declares that it is unlawful for a manufacturer to require a dealer to sell any specific extended service contract in connection with the sale or lease of a new motor vehicle. Amends 49-1626, Payment for Delivery Prep. & Warranty Service, to allow that if a manufacturer issues a warranty charge back based solely on a dealer's incidental failure to comply with a specific claim processing requirement the dealer may resubmit a corrected claim in a timely manner. Existing law clarified to include criteria for establishing the schedule of compensation for warranty parts and labor shall not be less than the amount charged by the franchisee to retail customers for nonwarranty work, provided such rates are reasonable and establishes a method for calculating the retail rate customarily charged by the franchisee for parts and labor. A manufacturer may not otherwise recover all or any portion of its costs for compensating its dealers licensed in this state for warranty parts and labor either by reduction in the amount due to the dealer or by separate charge, surcharge, or other imposition. Provided however, that manufacturer is not prohibited from increasing the price for vehicles or parts in the normal course of business.

### FISCAL NOTE

None

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