

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 18-0748.03 Jery Payne x2157

SENATE BILL 18-219

SENATE SPONSORSHIP

Tate,

HOUSE SPONSORSHIP

Kraft-Tharp,

Senate Committees

Business, Labor, & Technology

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE RATES A MOTOR VEHICLE DEALER CHARGES A**
102 **MOTOR VEHICLE MANUFACTURER FOR WORK PERFORMED BY**
103 **THE DEALER IN ACCORDANCE WITH A WARRANTY OBLIGATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill requires motor vehicle manufacturers to fulfill warranty obligations. A manufacturer must compensate each of its motor vehicle dealers in accordance with a set of standards designed to reflect the current market rate for labor and the profit margin on parts the dealer can expect to obtain. Dealers must submit certain repair orders to the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

manufacturer as required by the bill to establish compensation rates.

The manufacturer may contest the rates charged by the dealer. If the manufacturer does not contest the rates within 15 days, the amounts take effect. If the manufacturer timely contests the rates and the manufacturer and dealer cannot agree on the amount charged, the dealer may obtain a determination by a court. The manufacturer has the burden of proving the rates are inaccurate. The dealer may request a modification of rates from a manufacturer only semiannually.

A manufacturer is:

- ! Prohibited from lowering the retail labor rate below the rate the manufacturer was paying before the bill takes effect;
- ! Prohibited from eliminating flat-rate times for labor or establishing unreasonable flat-rate times for labor;
- ! Required to establish reasonable flat-rate times for labor for new models;
- ! Required to calculate the retail parts markup percentage from the dealer's wholesale cost for the part;
- ! Prohibited from reducing the suggested retail or list price to provide the dealer lower compensation;
- ! Prohibited from establishing different part numbers for warranty repairs to pay the dealer lower compensation;
- ! Prohibited from attempting to recover the costs of paying the dealer from the dealer using other methods;
- ! Prohibited from taking action against the dealer for asserting the dealer's rights under the bill;
- ! Prohibited from forcing the dealer to change prices for nonwarranty repairs;
- ! Prohibited from requiring a dealer to use any method that is unduly burdensome or time-consuming to account for the retail prices set under the bill;
- ! Required to reduce the motor vehicle dealer's cost for a part by the same percentage that the manufacturer reduces the retail cost of a part.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 12-6-114 as
3 follows:

4 **12-6-114. Filing of written warranties.** Each licensed
5 manufacturer shall file with the director all written warranties and
6 changes in written warranties that the manufacturer makes on any motor

1 vehicle or parts thereof. Each licensed manufacturer shall file with the
2 director a copy of the delivery and preparation obligations of its dealers.
3 ~~and~~ These warranties and obligations constitute the dealer's only
4 responsibility for product liability as between the dealer and the
5 manufacturer. ~~Any mechanical, body, or parts defects arising from any~~
6 ~~express or implied warranties of the manufacturer constitute the~~
7 ~~manufacturer's product or warranty liability, and the manufacturer shall~~
8 ~~reasonably compensate any authorized dealer who performs work to~~
9 ~~rectify the manufacturer's product or warranty defects.~~

10 **SECTION 2.** In Colorado Revised Statutes, **add** 12-6-132.5 as
11 follows:

12 **12-6-132.5. Fulfillment and compensation for warranty and**
13 **recall obligations - definitions.** (1) AS USED IN THIS SECTION:

14 (a) "MANUFACTURER" INCLUDES A MANUFACTURER, A
15 DISTRIBUTOR, AND A MANUFACTURER REPRESENTATIVE.

16 (b) "NONWARRANTY REPAIR" MEANS A DIAGNOSIS, REPAIR, LABOR,
17 OR PART FOR WHICH PAYMENT WAS MADE BY A PERSON OTHER THAN A
18 MANUFACTURER AND THAT WAS NOT A WARRANTY OBLIGATION.
19 "NONWARRANTY REPAIR" ALSO MEANS CUSTOMER-PAY REPAIRS, LABOR,
20 OR PARTS.

21 (c) "PART" MEANS AN ACCESSORY, A PART, OR A COMPONENT USED
22 TO REPAIR _____ A MOTOR VEHICLE IN ACCORDANCE WITH THE
23 MANUFACTURER'S WARRANTY OBLIGATION. "PART" INCLUDES ENGINE AND
24 TRANSMISSION PARTS AND ALL MOTOR VEHICLE ASSEMBLIES.

25 (d) "REPAIR" MEANS DIAGNOSING, WORK, AND LABOR PERFORMED
26 BY A MOTOR VEHICLE DEALER _____ FOR WHICH THE MOTOR VEHICLE
27 DEALER IS MAKING A CLAIM FOR COMPENSATION.

1 (e) "RETAIL LABOR RATE" MEANS THE RATE FOR LABOR
2 CALCULATED BY THE MOTOR VEHICLE DEALER IN ACCORDANCE WITH
3 SUBSECTION (4) OF THIS SECTION THAT A MANUFACTURER IS REQUIRED TO
4 PAY A MOTOR VEHICLE DEALER IN ACCORDANCE WITH SUBSECTION (2) OF
5 THIS SECTION.

6 (f) "RETAIL PARTS MARKUP PERCENTAGE" MEANS THE
7 PERCENTAGE MARKUP ON PARTS CALCULATED BY THE MOTOR VEHICLE
8 DEALER IN ACCORDANCE WITH SUBSECTION (4) OF THIS SECTION THAT A
9 MANUFACTURER IS REQUIRED TO PAY A MOTOR VEHICLE DEALER IN
10 ACCORDANCE WITH SUBSECTION (2) OF THIS SECTION.

11 (g) "WARRANTY OBLIGATION" MEANS DIAGNOSING AND REPAIRING
12 A MOTOR VEHICLE IN ACCORDANCE WITH ANY WARRANTY, RECALL, OR
13 CERTIFIED PREOWNED WARRANTY, ___ UNDER WHICH A MANUFACTURER
14 MAKES A REPAIR COMMITMENT ___ TO A CONSUMER OR MOTOR VEHICLE
15 DEALER.

16 (2) AT A MOTOR VEHICLE DEALER'S REQUEST, A MANUFACTURER
17 SHALL TIMELY COMPENSATE THE MOTOR VEHICLE DEALER AT THE RETAIL
18 LABOR RATE AND THE RETAIL PARTS MARKUP PERCENTAGE IN
19 ACCORDANCE WITH SUBSECTION (3) OF THIS SECTION FOR ALL LABOR
20 PERFORMED AND PARTS USED BY THE MOTOR VEHICLE DEALER FOR
21 COVERED REPAIRS PERFORMED IN ACCORDANCE WITH THE WARRANTY
22 OBLIGATION, IF THE RETAIL LABOR RATE AND RETAIL PARTS MARKUP
23 PERCENTAGE ARE REASONABLE.

24 (3) (a) A MOTOR VEHICLE DEALER, OTHER THAN A MOTOR VEHICLE
25 DEALER THAT DEALS IN RECREATIONAL VEHICLES, MAY ESTABLISH THE
26 RETAIL LABOR RATE AND THE RETAIL PARTS MARKUP PERCENTAGE BY
27 SUBMITTING TO THE MANUFACTURER EITHER OF THE FOLLOWING AS

1 DECIDED BY THE MOTOR VEHICLE DEALER:

2 (I) ONE HUNDRED SEQUENTIAL REPAIR ORDERS CONTAINING
3 NONWARRANTY REPAIRS, WHICH MAY INCLUDE A NONWARRANTY REPAIR
4 THAT IS INCLUDED IN A REPAIR ORDER WITH A WARRANTY OBLIGATION
5 REPAIR, THAT HAVE BEEN PAID BY A CONSUMER AND CLOSED BY THE TIME
6 OF SUBMISSION; OR

7 (II) ALL REPAIR ORDERS FOR NONWARRANTY REPAIRS, WHICH MAY
8 INCLUDE A NONWARRANTY REPAIR THAT IS INCLUDED IN A REPAIR ORDER
9 WITH WARRANTY OBLIGATION REPAIR, THAT HAVE BEEN PAID BY A
10 CONSUMER AND CLOSED BY THE TIME OF SUBMISSION FOR A PERIOD OF
11 NINETY CONSECUTIVE DAYS.

12 (b) A MANUFACTURER SHALL NOT DISQUALIFY A REPAIR ORDER
13 UNDER THIS SUBSECTION (3) BECAUSE THE REPAIR ORDER CONTAINS BOTH
14 WARRANTY AND NONWARRANTY REPAIRS, BUT ONLY NONWARRANTY
15 REPAIRS ARE USED IN THE CALCULATION OF THE RETAIL LABOR RATE AND
16 THE RETAIL PARTS MARKUP PERCENTAGE.

17 (c) A MOTOR VEHICLE DEALER MAY SUBMIT ONE SET OF REPAIR
18 ORDERS FOR THE PURPOSE OF CALCULATING BOTH ITS RETAIL LABOR RATE
19 AND THE RETAIL PARTS MARKUP PERCENTAGE OR MAY SUBMIT SEPARATE
20 SETS OF REPAIR ORDERS FOR PURPOSES OF CALCULATING ONLY ITS RETAIL
21 LABOR RATE OR FOR PURPOSES OF CALCULATING ONLY ITS RETAIL PARTS
22 MARKUP PERCENTAGE. IF THE RATES FROM THE CALCULATION ARE
23 SUBSTANTIALLY HIGHER OR LOWER THAN THE CURRENT RATES, THE
24 MANUFACTURER MAY REQUEST ADDITIONAL REPAIR ORDERS FOR THE
25 NINETY DAYS BEFORE OR AFTER THE SUBMITTED REPAIR ORDERS FOR
26 PURPOSES OF ALTERATION.

27 (d) THE REPAIR ORDERS SUBMITTED UNDER THIS SUBSECTION (3)

1 TO DETERMINE THE RETAIL LABOR RATE MUST CONTAIN ONLY REPAIR
2 ORDERS FROM THE LAST NINETY DAYS BEFORE THE DATE THE SUBMISSION
3 IS SENT TO THE MANUFACTURER.

4 (e) THE REPAIR ORDERS SUBMITTED UNDER THIS SUBSECTION (3)
5 TO DETERMINE THE RETAIL PARTS MARKUP PERCENTAGE MUST CONTAIN
6 ONLY REPAIR ORDERS FROM THE LAST NINETY DAYS BEFORE THE DATE THE
7 SUBMISSION IS SENT TO THE MANUFACTURER.

8 (4) (a) EXCEPT AS PROVIDED IN SUBSECTION (4)(c) OF THIS
9 SECTION, TO CALCULATE THE RETAIL LABOR RATE, THE MOTOR VEHICLE
10 DEALER MUST DIVIDE THE MOTOR VEHICLE DEALER'S TOTAL
11 NONWARRANTY LABOR SALES GENERATED FROM THE NONWARRANTY
12 REPAIRS SUBMITTED UNDER SUBSECTION (3) OF THIS SECTION BY THE
13 TOTAL NUMBER OF LABOR HOURS THAT GENERATED THOSE TOTAL LABOR
14 SALES.

15 (b) EXCEPT AS PROVIDED IN SUBSECTION (4)(c) OF THIS SECTION,
16 TO CALCULATE THE RETAIL PARTS MARKUP PERCENTAGE, THE MOTOR
17 VEHICLE DEALER MUST DIVIDE THE MOTOR VEHICLE DEALER'S TOTAL
18 PARTS SALES GENERATED FROM NONWARRANTY REPAIRS SUBMITTED
19 UNDER SUBSECTION (3) OF THIS SECTION BY THE AMOUNT OF THE MOTOR
20 VEHICLE DEALER'S TOTAL COST FOR THOSE PARTS, SUBTRACTING ONE
21 FROM THIS AMOUNT, AND THEN MULTIPLYING THE AMOUNT BY ONE
22 HUNDRED.

23 (c) THE CALCULATION OF THE RETAIL LABOR RATE IN SUBSECTION
24 (4)(a) OF THIS SECTION AND OF THE RETAIL PARTS MARKUP PERCENTAGE
25 IN SUBSECTION (4)(b) OF THIS SECTION DO NOT INCLUDE PARTS USED OR
26 LABOR PERFORMED:

27 (I) FOR MANUFACTURER OR MOTOR VEHICLE DEALER SPECIAL

1 EVENTS, ONE-TIME SPECIALS, EXPRESS SERVICE, AND QUOTED-PRICE
2 PROMOTIONAL DISCOUNTS, BUT THIS EXCLUSION FROM THE CALCULATION
3 DOES NOT INCLUDE BROADLY APPLICABLE DISCOUNTS OFFERED BY THE
4 DEALER, SUCH AS PERCENTAGE-OFF COUPONS, THAT APPLY TO REPAIRS
5 AND PARTS;

6 (II) FOR PARTS SOLD AT WHOLESALE;

7 (III) FOR ROUTINE MAINTENANCE, INCLUDING REPLACEMENT
8 FLUIDS, FILTERS, BATTERIES, BULBS, NUTS, BOLTS, FASTENERS, TIRES, AND
9 BELTS;

10 (IV) THAT DO NOT HAVE INDIVIDUAL PART NUMBERS;

11 ==

12 (V) FOR THE REPAIRS OF A MOTOR VEHICLE OWNED BY THE MOTOR
13 VEHICLE DEALER, AN AFFILIATE OF THE MOTOR VEHICLE DEALER, OR AN
14 EMPLOYEE OF EITHER THE MOTOR VEHICLE DEALER OR THE AFFILIATE;

15 (VI) FOR MOTOR VEHICLE DEALER RECONDITIONING;

16 (VII) FOR WINDOW TINT, PROTECTIVE FILM, MASKING PRODUCTS,
17 OR WINDOW REPLACEMENT LABOR;

18 (VIII) FOR MANUFACTURER APPROVED AND REIMBURSED
19 GOODWILL == REPAIRS OR REPLACEMENTS;

20 (IX) FOR EMISSION INSPECTIONS REQUIRED BY LAW;

21 (X) FOR SAFETY INSPECTIONS REQUIRED BY LAW;

22 (XI) FOR WHICH A VOLUME DISCOUNT WAS NEGOTIATED WITH A
23 THIRD-PARTY PAYER, INCLUDING GOVERNMENT AGENCIES, INSURANCE
24 CARRIERS, AND FLEET OPERATORS, BUT NOT INCLUDING THIRD-PARTY
25 WARRANTY COMPANIES OR SERVICE CONTRACT COMPANIES.

26 (5) (a) NOTWITHSTANDING ANY MANUFACTURER REQUIREMENT,
27 POLICY, PROCEDURE, GUIDELINE, OR STANDARD, A MOTOR VEHICLE

1 DEALER MAY SUBMIT TO THE MANUFACTURER THE RETAIL LABOR RATE OR
2 RETAIL PARTS MARKUP PERCENTAGE AS EACH IS CALCULATED IN
3 ACCORDANCE WITH SUBSECTION (4) OF THIS SECTION.

4 (b) A MOTOR VEHICLE DEALER MAY REQUEST IN WRITING, NOT
5 MORE OFTEN THAN ONCE ANNUALLY, AN INCREASE IN COMPENSATION FOR
6 LABOR AT THE RETAIL LABOR RATE FOR WARRANTY OBLIGATIONS.

7 (c) A MOTOR VEHICLE DEALER MAY REQUEST IN WRITING, NOT
8 MORE OFTEN THAN ONCE ANNUALLY, AN INCREASE IN COMPENSATION FOR
9 PARTS AT THE RETAIL PARTS MARKUP PERCENTAGE FOR WARRANTY
10 OBLIGATIONS.

11 (d) (I) A MANUFACTURER MAY:

12 (A) CONDUCT A PERIODIC REVIEW OF A MOTOR VEHICLE DEALER'S
13 SERVICE RECORDS TO VERIFY THE CONTINUING ACCURACY OF THE RETAIL
14 LABOR RATE OR RETAIL PARTS MARKUP PERCENTAGE PROPOSED BY OR IN
15 EFFECT FOR THE DEALER; AND

16 (B) ADJUST THE MOTOR VEHICLE DEALER'S RETAIL LABOR RATE OR
17 RETAIL PARTS MARKUP PERCENTAGE BASED ON THE REVIEW CONDUCTED
18 UNDER SUBSECTION (5)(d)(I)(A) OF THIS SECTION.

19 (II) A MANUFACTURER SHALL NOT CONDUCT A PERIODIC REVIEW
20 MORE THAN ONCE PER CALENDAR YEAR. THIS PERIODIC REVIEW IS NOT AN
21 AUDIT IN ACCORDANCE WITH SECTION 12-6-126.

22 (III) THE MOTOR VEHICLE DEALER MAY FILE A COMPLAINT IN
23 ACCORDANCE WITH THE PROCEDURES SET FORTH IN SUBSECTION (6)(c) OF
24 THIS SECTION IF THE MOTOR VEHICLE DEALER DOES NOT AGREE WITH THE
25 ADJUSTED RETAIL LABOR RATE OR RETAIL PARTS MARKUP PERCENTAGE.

26 (6) (a) (I) IF THE SUBMITTED CALCULATION OF THE RETAIL LABOR
27 RATE OR RETAIL PARTS MARKUP PERCENTAGE IS MATERIALLY INACCURATE

1 OR IS UNREASONABLE OR IS SUBSTANTIALLY DIFFERENT THAN THAT OF
2 OTHER SAME LINE-MAKE DEALERS WITHIN THIRTY MILES OF OR SIMILARLY
3 SITUATED AS THE SUBMITTING MOTOR VEHICLE DEALER. A
4 MANUFACTURER MAY CONTEST THE MOTOR VEHICLE DEALER'S SUBMITTED
5 CALCULATIONS OF THE RETAIL LABOR RATE OR RETAIL PARTS MARKUP
6 PERCENTAGE BY DELIVERING A NOTICE TO THE MOTOR VEHICLE DEALER
7 WITHIN FORTY-FIVE DAYS AFTER RECEIVING THE SUBMISSION IN
8 ACCORDANCE WITH SUBSECTION (3) OF THIS SECTION FROM THE MOTOR
9 VEHICLE DEALER. TO COMPLY WITH THIS SUBSECTION (6), THE NOTICE
10 MUST:

11 (A) INCLUDE AN EXPLANATION OF THE REASONS THAT THE
12 MANUFACTURER BELIEVES THE CALCULATION IS SUBJECT TO CONTEST;

13 (B) PROVIDE EVIDENCE SUBSTANTIATING THE MANUFACTURER'S
14 POSITION; AND

15 (C) PROPOSE AN ADJUSTMENT OF THE CONTESTED RETAIL LABOR
16 RATE OR RETAIL PARTS MARKUP PERCENTAGE.

17 (II) THE MANUFACTURER MAY MODIFY THE GROUNDS FOR
18 CONTESTING THE RETAIL LABOR RATE OR RETAIL PARTS MARKUP
19 PERCENTAGE AFTER DELIVERING THE NOTICE TO THE MOTOR VEHICLE
20 DEALER UNDER THIS SUBSECTION (6), BUT THE MODIFICATION DOES NOT
21 CHANGE THE TIMING REQUIREMENTS IN THIS SECTION.

22 (b) IF THE MANUFACTURER DOES NOT TIMELY CONTEST THE MOTOR
23 VEHICLE DEALER'S CALCULATION OF THE RETAIL LABOR RATE OR RETAIL
24 PARTS MARKUP PERCENTAGE IN ACCORDANCE WITH THIS SUBSECTION (6),
25 THE UNCONTESTED RETAIL LABOR RATE OR RETAIL PARTS MARKUP
26 PERCENTAGE BECOMES EFFECTIVE FORTY-FIVE DAYS AFTER THE
27 MANUFACTURER HAS RECEIVED THE SUBMISSION FROM THE MOTOR

1 VEHICLE DEALER, AND THEREAFTER, THE MANUFACTURER SHALL USE THE
2 MOTOR VEHICLE DEALER'S INCREASED RETAIL LABOR RATE AND RETAIL
3 PARTS MARKUP PERCENTAGE IN CALCULATING COMPENSATION FOR
4 WARRANTY OBLIGATIONS UNTIL A SUBSEQUENT CALCULATION OF THE
5 MOTOR VEHICLE DEALER'S RETAIL LABOR RATE OR RETAIL PARTS MARKUP
6 PERCENTAGE IS ESTABLISHED IN ACCORDANCE WITH THIS SECTION.

7 (c) (I) IF THE MANUFACTURER TIMELY CONTESTS THE MOTOR
8 VEHICLE DEALER'S CALCULATION OF THE RETAIL LABOR RATE OR RETAIL
9 PARTS MARKUP PERCENTAGE AND THE MANUFACTURER AND MOTOR
10 VEHICLE DEALER ARE UNABLE TO RESOLVE THE DISAGREEMENT, THE
11 MOTOR VEHICLE DEALER MAY SEEK A DETERMINATION BY FILING A
12 COMPLAINT WITH A COURT OF COMPETENT JURISDICTION OR THE
13 EXECUTIVE DIRECTOR NO LATER THAN SIXTY DAYS AFTER THE NEW MOTOR
14 VEHICLE DEALER RECEIVES THE MANUFACTURER'S CHALLENGE TO THE
15 DETERMINED RETAIL LABOR RATE OR RETAIL PARTS MARKUP PERCENTAGE.

16 (II) IN A COURT PROCEEDING, THE COURT SHALL DETERMINE, IN
17 ACCORDANCE WITH THIS SECTION, THE PROPER RETAIL LABOR RATE OR
18 RETAIL PARTS MARKUP PERCENTAGE.

19 (III) ANY RETAIL LABOR RATE OR RETAIL PARTS MARKUP
20 PERCENTAGE ESTABLISHED THROUGH THE _____ PROCEEDING APPLIES
21 RETROACTIVELY TO CALCULATE REIMBURSEMENT FOR ANY LABOR AND
22 PART BEGINNING THIRTY DAYS AFTER THE MANUFACTURER RECEIVED THE
23 SUBMISSION REQUIRED BY SUBSECTION (3) OF THIS SECTION.

24 (IV) IF THE MANUFACTURER CONTESTS THE MOTOR VEHICLE
25 DEALER'S CALCULATION OF THE RETAIL LABOR RATE OR RETAIL PARTS
26 MARKUP PERCENTAGE, THE MANUFACTURER SHALL CONTINUE TO
27 REIMBURSE THE MOTOR VEHICLE DEALER FOR WARRANTY OBLIGATION

1 REPAIRS AT THE RETAIL LABOR RATE AND RETAIL PARTS MARKUP
2 PERCENTAGE AS BOTH EXISTED BEFORE THE MOTOR VEHICLE DEALER
3 SUBMITTED A REQUEST FOR AN INCREASE UNDER SUBSECTION (5) OF THIS
4 SECTION. WHEN THE MANUFACTURER AND MOTOR VEHICLE DEALER AGREE
5 ON THE RETAIL LABOR RATE OR RETAIL PARTS MARKUP PERCENTAGE, THE
6 MANUFACTURER SHALL PAY ANY DIFFERENCE BETWEEN THE AMOUNT THE
7 MANUFACTURER COMPENSATED THE DEALER AND THE AMOUNT AGREED
8 TO BY THE MOTOR VEHICLE DEALER AND MANUFACTURER AS OF THIRTY
9 DAYS AFTER THE MANUFACTURER RECEIVED THE SUBMISSION REQUIRED
10 BY SUBSECTION (3) OF THIS SECTION.

11 (d) IN THE COURT PROCEEDING, THE COURT SHALL AWARD THE
12 PREVAILING PARTY REASONABLE ATTORNEY FEES AND COSTS. IF THE
13 MOTOR VEHICLE DEALER PREVAILS, THE COURT SHALL AWARD AS
14 DAMAGES THE FULL AMOUNT OF REIMBURSEMENT THAT SHOULD HAVE
15 BEEN PAID TO THE MOTOR VEHICLE DEALER. == ==

16 (7) WHEN CALCULATING THE RETAIL LABOR RATE AND THE RETAIL
17 PARTS MARKUP PERCENTAGE, THE MANUFACTURER:

18 == ==

19 (a) SHALL NOT == ESTABLISH AN UNREASONABLE FLAT-RATE TIME,
20 == NOR ESTABLISH UNREASONABLE FLAT-RATE LABOR TIMES FOR NEW
21 LINE-MAKES THAT ARE INCONSISTENT WITH THE EXISTING RATES;

22 (b) SHALL, IF THE MANUFACTURER FURNISHES A PART TO A MOTOR
23 VEHICLE DEALER AT NO COST FOR USE IN PERFORMING A REPAIR UNDER A
24 WARRANTY OBLIGATION, COMPENSATE THE MOTOR VEHICLE DEALER FOR
25 THE AUTHORIZED REPAIR PART BY PAYING THE DEALER AN AMOUNT EQUAL
26 TO THE RETAIL PARTS MARKUP PERCENTAGE MULTIPLIED BY THE COST THE
27 DEALER WOULD HAVE PAID FOR THE AUTHORIZED PART AS LISTED IN THE

1 MANUFACTURER'S PRICE SCHEDULE; OF PROVIDING A LOWER
2 COMPENSATION AMOUNT TO THE MOTOR VEHICLE DEALER THAN THE
3 AMOUNT CALCULATED UNDER THIS SECTION;

4 (c) SHALL NOT ESTABLISH A DIFFERENT PART NUMBER FOR REPAIRS
5 MADE IN ACCORDANCE WITH A WARRANTY OBLIGATION THAN THE PART
6 NUMBER ESTABLISHED FOR NONWARRANTY REPAIRS SOLELY TO PROVIDE
7 A LOWER COMPENSATION TO A MOTOR VEHICLE DEALER;

8 (d) SHALL NOT RECOVER OR ATTEMPT TO RECOVER, DIRECTLY OR
9 INDIRECTLY, IN WHOLE OR IN PART, ANY OF ITS COSTS FROM THE MOTOR
10 VEHICLE DEALER FOR COMPENSATING THE MOTOR VEHICLE DEALER UNDER
11 THIS SECTION;

12 (e) SHALL NOT, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART,
13 ASSESS PENALTIES OR SURCHARGES TO THE MOTOR VEHICLE DEALER, LIMIT
14 ALLOCATION OF MOTOR VEHICLES OR PARTS TO THE MOTOR VEHICLE
15 DEALER, OR TAKE ANY ADVERSE ACTION BASED ON THE MOTOR VEHICLE
16 DEALER'S EXERCISE OF THE DEALER'S RIGHTS UNDER THIS SECTION;

17 (f) SHALL NOT REQUIRE FROM A MOTOR VEHICLE ANY
18 INFORMATION THAT IS UNDULY BURDENSOME OR TIME CONSUMING TO
19 OBTAIN, INCLUDING ANY PART-BY-PART OR
20 TRANSACTION-BY-TRANSACTION CALCULATIONS.

21 (8) NOTHING IN THIS SECTION PROHIBITS A MANUFACTURER FROM
22 INCREASING THE PRICE OF A MOTOR VEHICLE OR MOTOR VEHICLE PART IN
23 THE NORMAL COURSE OF BUSINESS.

24 **SECTION 3. Act subject to petition - effective date.** This act
25 takes effect October 1, 2018; except that, if a referendum petition is filed
26 pursuant to section 1 (3) of article V of the state constitution against this
27 act or an item, section, or part of this act within the ninety-day period

1 after final adjournment of the general assembly, then the act, item,
2 section, or part will not take effect unless approved by the people at the
3 general election to be held in November 2018 and, in such case, will take
4 effect on the date of the official declaration of the vote thereon by the
5 governor.