



Legislative
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FISCAL NOTE

Drafting Number:	LLS 18-0748	Date:	April 9, 2018
Prime Sponsors:	Sen. Tate Rep. Kraft-Tharp	Bill Status:	Senate Business
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Bill Topic: MOTOR VEHICLE DEALER & MANUFACTURER SERVICE RATES

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>minimal</i>)	<input checked="" type="checkbox"/> TABOR Refund (<i>minimal</i>)
<input checked="" type="checkbox"/> State Expenditure (<i>minimal</i>)	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires motor vehicle manufacturers to compensate each of its motor vehicle dealers for work on warranty obligations in accordance with standards established in the bill. Beginning in FY 2018-19, it minimally increases state revenue and workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

Under this bill, a motor vehicle manufacturer must compensate each of its motor vehicle dealers for work on warranty obligations in accordance with the current market rate for labor and the profit margins on parts. To establish compensation rates, motor vehicle dealers must submit repair orders to manufacturers. Manufacturers may contest the rates charged by a dealer. If a manufacturer contests a compensation rate within 15 days, the dealer may obtain a determination by a court. In these cases, the manufacturer must prove the rates are inaccurate. A motor vehicle dealer may request a modification to rates from manufacturers semi-annually.

State Revenue

Beginning in FY 2018-19, state cash fund revenue may increase from civil filing fees to district courts to hear any cases related to dealer compensation rates for warranty obligations. This revenue impact is expected to be minimal. For informational purposes, the civil filing fee is currently \$224.

TABOR Refund

This bill minimally increases state revenue from filing fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

As the bill allows motor vehicle dealers to seek a court determination if manufacturers disagree with the compensation rates for warranty obligations, workload in the trial courts in the Judicial Department may increase. The fiscal note assumes that professionals will comply with the law; therefore, this bill is not expected to tangibly impact the courts and no change in appropriations is required. The Motor Vehicle Dealer Board and Automobile Industry Division in the Department of Revenue are not expected to be parties to these potential lawsuits.

Effective Date

The bill takes effect October 1, 2018, if no referendum petition is filed.

State and Local Government Contacts

Counties
Law
Revenue

Information Technology
Municipalities

Judicial
Regulatory Agencies