

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 129

BY TRANSPORTATION AND DEFENSE COMMITTEE

AN ACT

1 RELATING TO MOTOR VEHICLES; AMENDING SECTION 49-1626, IDAHO CODE, TO PRO-
2 HIBIT MANUFACTURERS FROM UNREASONABLY DENYING CERTAIN REQUESTS BY
3 DEALERS FOR MODIFICATION OF A MANUFACTURER'S UNIFORM TIME ALLOWANCE FOR
4 WARRANTY REPAIR OR FOR ADDITIONAL TIME ALLOWANCE FOR DIAGNOSTIC OR RE-
5 PAIR WORK AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY
6 AND PROVIDING AN EFFECTIVE DATE.
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 49-1626, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11 49-1626. PAYMENT FOR DELIVERY PREPARATION AND WARRANTY SERVICE. (1)
12 Each manufacturer or distributor shall specify in writing to each of its
13 dealers licensed in this state, the dealer's obligations for pre-delivery
14 preparation and warranty service on its products, compensate the dealer for
15 service required of the dealer by the manufacturer or distributor, and pro-
16 vide the dealer a schedule of compensation to be paid the dealer for parts,
17 work and service in connection with its products, and the time allowance for
18 the performance of that work and service.

19 (2) In no event shall a schedule of compensation fail to include reason-
20 able compensation for diagnostic work, as well as repair service and labor.
21 Time allowances for the diagnosis and performance of warranty work and ser-
22 vice shall be reasonable and adequate for the work to be performed.

23 (3) It is unlawful for a new vehicle manufacturer or distributor to fail
24 to perform any warranty obligations ~~or~~, to fail to include in written notices
25 of factory recalls to new vehicle owners and dealers, the expected date by
26 which necessary parts and equipment will be available to dealers for the cor-
27 rection of those defects, or to fail to compensate any of the dealers in this
28 state for repairs affected by recall.

29 (4) A vehicle dealer may submit a warranty claim to a manufacturer or
30 distributor if a warranty defect is identified and documented prior to the
31 expiration of a manufacturer's or distributor's warranty:

32 (a) While a franchise agreement is in effect; or

33 (b) After the termination of a franchise agreement if the claim is for
34 work performed while the franchise agreement was in effect.

35 (5) All claims made by dealers pursuant to this section for labor and
36 parts shall be paid within thirty (30) days following their approval. All
37 claims shall be either approved or disapproved within thirty (30) days after
38 their receipt, on forms and in the manner specified by the manufacturer or
39 distributor, and any claim not specifically disapproved in writing within
40 thirty (30) days after receipt shall be construed to be approved and payment
41 must follow within thirty (30) days.

1 (6) A dealer whose claim has been denied due to failure to comply with
2 a specific claim processing requirement, such as a clerical error or other
3 administrative technicality that does not put into question the legitimacy
4 of the claim, may resubmit the corrected claim as provided for in subsection
5 (7) of this section.

6 (7) A dealer shall have thirty (30) days from the date of notification
7 by a manufacturer or distributor of a denial of a claim or a charge-back to
8 the dealer to resubmit a claim for payment or compensation if the claim was
9 denied for any of the reasons described in subsection (6) of this section,
10 whether the charge-back was a direct or an indirect transaction, unless a
11 longer period of time is provided for by the manufacturer or distributor.

12 (8) Notwithstanding the terms of a franchise agreement or other con-
13 tract with a dealer and except as provided in subsection (9) of this section,
14 after the expiration of one (1) year after the date of payment of the warranty
15 claim, a manufacturer or distributor shall not audit the records of a motor
16 vehicle dealer to determine compliance with the terms of a warranty claim.
17 Provided however, that the manufacturer or distributor may audit the dealer
18 for fraudulent claims during any period for which an action for fraud may be
19 commenced.

20 (9) A manufacturer or distributor may make charge-backs to a motor ve-
21 hicle dealer if, after completion of an audit of the dealer's records, the
22 manufacturer or distributor can show, by a preponderance of the evidence,
23 that:

24 (a) With respect to a warranty claim, the repair work was improperly
25 performed in a substandard manner or was unnecessary; or

26 (b) The claim is unsubstantiated in accordance with the ~~manufacturer~~
27 manufacturer's or distributor's requirements.

28 (10) Nothing in subsection (8) or (9) of this section shall prevent a
29 manufacturer or distributor from instituting a legal action for fraud as
30 provided for in section 5-218, Idaho Code.

31 (11) The schedule of compensation for warranty parts and labor shall not
32 be less than the rates charged by the dealer for similar service to retail
33 customers for nonwarranty parts and labor; provided that such dealer's re-
34 tail rate is not unreasonable when compared with other motor vehicle fran-
35 chises from the same or competitive lines for similar merchandise or ser-
36 vices in the geographic area in which the dealer is engaged in business.

37 (a) For purposes of determining the schedule of compensation paid to a
38 dealer by the manufacturer or distributor, the following shall not be
39 considered in determining amounts charged by the dealer to retail cus-
40 tomers:

41 (i) Menu-priced parts or services;

42 (ii) Repairs for manufacturer or distributor special events;

43 (iii) Repairs covered by any insurance or service contract;

44 (iv) Vehicle emission or safety inspections required by federal,
45 state or local governments;

46 (v) Parts sold at wholesale or repairs performed at wholesale,
47 which shall include any sale or service to a fleet of vehicles;

48 (vi) Engine assemblies and transmission assemblies;

49 (vii) Routine maintenance not covered under any retail customer
50 warranty including, but not necessarily limited to, maintenance

1 involving fluids, filters and belts not provided in the course of
2 repairs;

3 (viii) Nuts, bolts, fasteners and similar items that do not have an
4 individual part number;

5 (ix) Tires; or

6 (x) Vehicle reconditioning.

7 (b) The dealer shall establish their schedule of compensation under
8 the provisions of this section by submitting to the manufacturer or
9 distributor one hundred (100) sequential customer-paid service repair
10 orders or ninety (90) days of customer-paid service repair orders,
11 whichever is less, covering repairs made no more than one hundred eighty
12 (180) days before the submission of such customer-paid service repair
13 orders and declaring the schedule of compensation. The new schedule
14 of compensation shall take effect within ninety (90) days after the
15 initial submission to the manufacturer or distributor and shall be
16 presumed to be fair and reasonable. However, within thirty (30) days
17 following receipt of the declared schedule of compensation from the
18 dealer, the manufacturer or distributor may make reasonable requests
19 for additional information supporting the declared schedule of com-
20 pensation. The ninety (90) day time frame in which the manufacturer or
21 distributor shall make the schedule of compensation effective shall
22 commence following receipt from the dealer of any reasonably requested
23 supporting information. No manufacturer or distributor shall require
24 a motor vehicle dealer to establish a schedule of compensation by any
25 other methodology or require supportive information that is unduly bur-
26 densome or time consuming to provide including, but not limited to, part
27 by part or transaction by transaction calculations. The dealer shall
28 not request a change in the schedule of compensation more than once ev-
29 ery twelve (12) months.

30 (12) A manufacturer may not unreasonably deny a written request submit-
31 ted by a dealer for modification of a manufacturer's uniform time allowance
32 for a specific warranty repair or a request submitted by a dealer for an addi-
33 tional time allowance for either diagnostic or repair work on a specific ve-
34 hicle covered under warranty, provided the request includes any information
35 and documentation reasonably required by the manufacturer to assess the mer-
36 its of the dealer's request.

37 ~~(12)~~ (13) It is unlawful for a manufacturer or distributor or subsidiary
38 to own, operate or control, either directly or indirectly, a motor vehicle
39 warranty or service facility located in this state except on an emergency
40 or interim basis or if no qualified applicant has applied for appointment
41 as a dealer in a market previously served by a motor vehicle dealer of that
42 ~~manufacturer~~ manufacturer's or distributor's line make except as provided
43 for in section 49-1613(3) (g), Idaho Code.

44 ~~(13)~~ (14) A manufacturer or distributor may not otherwise recover all or
45 any portion of its costs for compensating its dealers licensed in this state
46 for warranty parts and labor either by reduction in the amount due to the
47 dealer or by separate charge, surcharge or other imposition; provided how-
48 ever, a manufacturer or distributor shall not be prohibited from increasing
49 prices for vehicles or parts in the normal course of business.

1 ~~(14)~~ (15) All procedures and protections afforded to a motor vehicle
2 dealer under the provisions of this section shall be available to a recre-
3 ational vehicle dealer. However, the schedule of compensation afforded
4 under subsection (11) of this section shall not apply to compensation for
5 parts, systems, fixtures, appliances, furnishings, accessories and fea-
6 tures of a recreational vehicle that are designed, used and maintained
7 primarily for nonvehicular residential purposes.

8 SECTION 2. An emergency existing therefor, which emergency is hereby
9 declared to exist, this act shall be in full force and effect on and after
10 July 1, 2023.