

# HOUSE BILL ANALYSIS

## SB 6301

**Brief Description:** Regulating franchise agreements between motor vehicle manufacturers and dealers.

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**Sponsors:** Senators Schow, Horn, Franklin and Heavey.

Hearing: February 18, 1998

### BACKGROUND:

Motor vehicle franchise agreements between a manufacturer and a new vehicle dealer outline each party's responsibilities concerning the operation of the vehicle franchise. Current law imposes obligations on a manufacturer and a dealer regarding the location, and date, transfer, or exchange, and termination, cancellation or non renewal of a franchise. Current law does not require a manufacturer to reimburse a dealer for the performance of warranty work by the dealer.

### SUMMARY OF BILL:

A manufacturer is required to specify in a franchise agreement the obligation of a new vehicle dealer to do warranty work, or service on the manufacturer's products. A manufacturer must give a dealer a schedule of compensation for any warranty work, or service performed by the dealer.

A manufacturer is required to approve or disapprove a dealer's claim for warranty work within thirty days after the manufacturer received the claim. If a manufacturer approves a dealer's claim, the manufacturer is required to pay the dealer within thirty days after receipt of the claim. If a manufacturer disapproves a claim, the manufacturer must give the dealer written reasons for disapproving the claim. A claim that a manufacturer has not approved in writing within thirty days of receipt is considered approved, and the manufacturer must pay that claim within thirty days of receipt of the claim.

Within one year following payment to a dealer, a manufacturer may audit a dealer's claim and charge the dealer for unsubstantiated, incorrect, or false claims. A manufacturer may audit and charge the dealer for fraudulent claims as allowed by Washington's fraud statute.

**RULES AUTHORITY:** The bill does not contain provisions addressing the rule making powers of an agency.

**FISCAL NOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of session in which bill is passed.