

FINAL BILL REPORT

SB 6301

C 298 L 98

Synopsis as Enacted

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

Sponsors: Senators Schow, Horn, Franklin and Heavey.

Senate Committee on Commerce & Labor

House Committee on Commerce & Labor

Background: Under current law, new vehicle dealers must have an agreement with a vehicle manufacturer to perform warranty repair work. Warranty work is completed by the dealer regardless of where the vehicle is purchased. Dealers are reimbursed by the manufacturer for the costs of performing such work. Current law does not dictate the specific time period or other conditions related to a manufacturer reimbursing an auto dealer for the performance of warranty work on the manufacturer's products.

Under the Motor Vehicle Warranty Act, consumers of new motor vehicles that are defective request repair from the manufacturer. If repairs are not accomplished in a specified number of attempts and period of time, the manufacturer must replace or buy back the vehicles. In a buy back, consumers are entitled to refund of the purchase price and various charges and costs, including costs of repair, less a reasonable offset for use. Consumers may also request arbitration. Arbitration boards may award the same remedies. The act applies to the self-propelled vehicle and chassis of a motor home but not to the portions used as dwelling, office, or commercial space.

Summary: Franchise agreements between motor vehicle manufacturers and dealers must specify the dealers' obligation to perform warranty work or service.

Manufacturers must pay all approved claims for warranty work by dealers within 30 days of receipt. Claims must be approved or disapproved within 30 days of receipt. Claims not specifically disapproved in writing within 30 days are considered approved. Claims must be submitted on the form and in the manner specified by the manufacturer.

For up to one year following payment, manufacturers may audit claims and charge dealers for unsubstantiated, incorrect, or false claims. If fraud is suspected, manufacturers may audit and charge dealers under the fraud statutes.

Motor home– and motor home manufacturer– definitions for purposes of warranty work are added.

A reasonable number of attempts at repair for a motor home is one attempt for a serious safety defect, or three attempts for the same nonconformity.

The out-of-service period for a motor home is 60 days. After 30 days out of service, an owner must notify the manufacturers. The manufacturers may attempt to coordinate repairs. The period after which the consumer can request arbitration includes the time to complete repair attempts.

The motor home manufacturers are responsible for the cost of transporting the motor home to the repair facility in the case of a serious safety defect or a distance of more than 100 miles.

A reasonable offset for use of a motor home is calculated using a denominator of 90,000.

Arbitration boards may increase or decrease an offset by one-third and may allocate liability among the motor home manufacturers.

Motor homes acquired after June 30, 1998 are covered.

Votes on Final Passage:

Senate	48	0	
House	97	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: June 11, 1998