



GOV. MSG. NO. 1349

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

July 06, 2012

The Honorable Shan Tsutsui, President
and Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

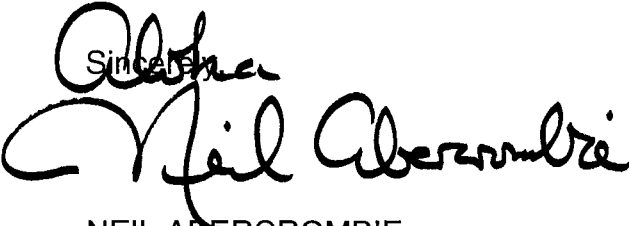
The Honorable Calvin Say, Speaker
and Members of the House
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Tsutsui, Speaker Say and Members of the Legislature:

This is to inform you that on July 06, 2012, the following bill was signed into law:

HB1543 SD1 CD1

RELATING TO THE MOTOR VEHICLE
INDUSTRY LICENSING LAW.
Act 246 (12)

Sincerely,


NEIL ABERCROMBIE
Governor, State of Hawaii

RECEIVED
SENATE
OFFICE OF THE PRESIDENT

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A BILL FOR AN ACT

RELATING TO THE MOTOR VEHICLE INDUSTRY LICENSING LAW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that safeguards need to
 2 be enacted due to actual and threatened surcharges made by motor
 3 vehicle manufacturers against dealers, both those that have
 4 sought increased warranty reimbursement under Hawaii law and
 5 those that have not sought increased warranty reimbursement.

6 SECTION 2. Section 437-56, Hawaii Revised Statutes, is
 7 amended to read as follows:

8 " ~~[§]~~437-56~~[§]~~ **Reimbursement for parts.** (a) In no event
 9 shall any manufacturer or distributor pay its dealers a markup
 10 on parts for warranty work that is less than that charged by the
 11 dealer to the retail customers of the dealer; provided that such
 12 dealer's retail parts markup is not unreasonable when compared
 13 with that of same line make authorized franchise dealers of the
 14 manufacturer or distributor for identical merchandise or
 15 services in the State.

16 (b) The retail markup charged by the dealer shall be
 17 established by submitting to the manufacturer or distributor a
 18 sufficient quantity of numerically consecutive repair orders



1 from the most recent months to provide one hundred qualifying
2 customer-paid repair orders. For a dealer unable to provide one
3 hundred qualifying customer-paid repair orders out of all
4 numerically consecutive repair orders within the two-month
5 period prior to the submission, the dealer shall submit customer
6 service repair orders of all types, including customer pay,
7 warranty, and internal, for that two-month period. The repair
8 orders shall contain the price and percentage markup. Dealers
9 shall declare in their submission the average markup the dealer
10 is declaring as its new parts reimbursement rate. The declared
11 parts reimbursement markup shall take effect within ninety days
12 after initial submission to the manufacturer or distributor and
13 shall be presumed to be fair and reasonable. However, the
14 manufacturer or distributor may make reasonable requests for
15 additional information supporting the submission. The ninety-
16 day timeframe in which the manufacturer or distributor shall
17 make the declared parts reimbursement markup effective shall
18 commence following receipt from the dealer of any reasonably
19 requested supporting information. The dealer shall not request
20 a change in the parts reimbursement markup more than once every
21 twelve months.



1 (c) In determining qualifying repair orders for parts, the
2 following work shall not be included: repairs for manufacturer
3 or distributor special events; repairs covered by any insurance
4 or service contract; federal, state, or local government
5 legislated vehicle emission or safety inspections; parts sold at
6 wholesale or repairs performed at wholesale, which shall include
7 any sale or service to a fleet of vehicles; engine assemblies
8 and transmission assemblies; routine maintenance not covered
9 under any retail customer warranty, such as fluids, filters, and
10 belts not provided in the course of repairs; nuts, bolts,
11 fasteners, and similar items that do not have an individual part
12 number; tires; and vehicle reconditioning.

13 (d) Dealers shall have at least thirty days after the
14 repair work is completed to submit a claim for approval. All
15 claims made by the dealers for compensation for delivery,
16 preparation, and warranty work shall be approved or disapproved
17 and if approved, paid within forty-five days after receipt by a
18 manufacturer or distributor of a properly completed claim. All
19 sale incentive claims shall be approved or disapproved and if
20 approved, paid within sixty days after receipt by a manufacturer
21 or distributor of a properly completed claim. When any claim is
22 disapproved, the dealer shall be notified in writing of the



1 grounds for disapproval. Failure to disapprove a claim within
2 the required timeframe constitutes approval of the claim.

3 (e) A manufacturer or distributor may not recover, or
4 attempt to recover, from dealers its cost for reimbursing a
5 dealer for warranty work as required by this section.

6 (f) For the purposes of this section, the director of
7 commerce and consumer affairs shall:

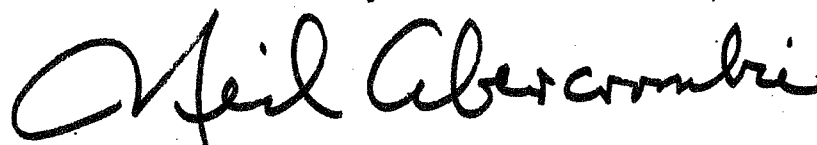
8 (1) Conduct a review of the costs of the repairs of motor
9 vehicles, including the prices charged by dealers for
10 performing repairs under warranty and repairs not
11 under warranty; and

12 (2) Compare such costs to repairs performed by non-
13 dealers."

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act shall take effect upon its approval.

APPROVED this 6 day of JUL, 2012



GOVERNOR OF THE STATE OF HAWAII

