
A BILL FOR AN ACT

RELATING TO MOTOR VEHICLES.

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

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

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

9 "~~§437-56~~ **Reimbursement for parts.**

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

17 (b) The retail markup charged by the dealer shall be
18 established by submitting to the manufacturer or distributor a



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

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

9



Report Title:

Motor Vehicles; Reimbursement for parts.

Description:

Prohibits manufacturer recovery of increased warranty reimbursement to dealers.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

