

Honolulu, Hawaii

APR 26 2018

RE: S.B. No. 2490
S.D. 1
H.D. 2
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2490, S.D. 1, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE MOTOR VEHICLE INDUSTRY LICENSING ACT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Specify certain recall reimbursement or repair requirements for manufacturers where a stop-sale order has been issued;
- (2) Authorize a license holder to engage in business at motor vehicle dealer locations that are affiliated by common ownership under the same license;



- (3) Clarify when certain manufacturers' or distributors' sales or service performance standards shall be deemed unreasonable, arbitrary, or unfair; and
- (4) Prohibit a manufacturer or distributor from requiring a dealer to perform certain construction or renovations to the dealer's facilities; purchase items for a dealership facility in certain circumstances; or provide certain consumer and proprietary data, unless certain conditions are met.

Your Committee on Conference finds that this measure modernizes the State's motor vehicle industry licensing laws by: specifying recall reimbursement or repair requirements for manufacturers where a stop-sale order has been issued; allowing a licensed motor vehicle dealer to engage in business at multiple locations affiliated by common ownership within the same county; and clarifying the rights and obligations of dealers, manufacturers, and distributors with respect to improvements and upgrades on dealers' facilities, dealers' sales and service performance standards, and access to dealers' consumer and proprietary data.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the applicability of certain recall reimbursement and repair requirements includes those used vehicles taken into the used vehicle inventory of a dealer as a result of a consumer trade-in incident to the purchase of a certified pre-owned used vehicle;
- (2) Specifying that for purposes of determining eligibility for recall repairs, a manufacturer may direct the manner and method in which a dealer demonstrates the inventory status of an affected used motor vehicle; provided that the manner and method and information requested is not unduly burdensome;
- (3) Clarifying the requirements associated with improvements to a dealer's facilities, including:
 - (A) Clarifying the obligations of a manufacturer or distributor when a dealer chooses not to make facility improvements or technological upgrades, rather than specifying when a dealer is not eligible for facility-related incentives or benefits;



- (B) Clarifying the term "substantial alteration";
 - (C) Clarifying the requirements for an incentive program under which a dealer completes a facility construction, renovation, or substantial alteration; and
 - (D) Clarifying when dealer eligibility for facility-related incentives does not apply;
- (4) Clarifying performance standard requirements when determining a dealer's compliance with a franchise agreement;
 - (5) Specifying that a manufacturer or distributor is permitted to require a dealer to provide consumer data and propriety data that pertains to analytics or for reasonable marketing purposes for the benefit of the providing dealer;
 - (6) Changing its effective date to July 1, 2018; and
 - (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2490, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2490, S.D. 1, H.D. 2, C.D. 1.



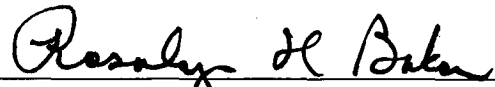
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



HENRY J.C. AQUINO
Co-Chair



ROSALYN H. BAKER
Chair



ROY M. TAKUMI
Co-Chair



TY F. CULLEN
Co-Chair



Hawai'i State Legislature

CCR 34-18

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: SB 2490, SD 1, HD 2	Date/Time: 4-23-18 1109 pm
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
BAKER, Rosalyn H., Chr.	✓				AQUINO, Henry J.C., Co-Chr.	✓			
NISHIHARA, Clarence K.	✓				TAKUMI, Roy M., Co-Chr.	✓			
TOKUDA, Jill N.	✓				CULLEN, Ty J.K., Co-Chr.	✓			
					MCDERMOTT, Bob				✓
TOTAL	3	-	-	-	TOTAL	3	-	-	1

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature:
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