

ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025
COMMITTEE STATEMENT
LB667

Hearing Date: Tuesday February 18, 2025
Committee On: Transportation and Telecommunications
Introducer: Storer
One Liner: Change provisions of the Motor Vehicle Industry Regulation Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Moser, Ballard, Bosn, Brandt, DeBoer, Fredrickson,
Guereca, Storer

Nay:

Absent:

Present Not Voting:

Testimony:

Proponents:

Senator Tanya Storer
Loy Todd
Rob Ramsey
Thomas McCaslin

Representing:

Opening Presenter
Nebraska New Car and Truck Dealers Association
H & H Automotive Group
Gateway Motors

Opponents:

Thomas Lawson

Representing:

Ford Motor Company

Neutral:

Nick Steingart

Representing:

Alliance for Automotive Innovation

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB667 addresses the warranty obligations of motor vehicle manufacturers and dealers. It removes references relating to 'reasonableness' in relation to parts and labor, as that term had become contentious between the parties. It allows dealers to request modification of a manufacturer's uniform time allowance for a specific warranty repair and can request time extensions for repair work on a specific vehicle. Oil, filters, fluids, brake pads, brake discs, brake drums, spark plugs, wiper blades, and tire repair or replacement work cannot be used when determining compensation for parts and wage rates on warranty work.

The dealer may establish an average percentage markup by submitting one hundred sequential customer-paid service repair orders. Within thirty days after receipt of the orders, the manufacturer may audit the orders and approve or deny the average percentage markup. If the manufacturer denies the markup, the dealer can file an



appeal with the Nebraska Motor Vehicle Industry Licensing Board. The manufacturer shall have the burden to prove that the denial was made pursuant to the Motor Vehicle Industry Regulation Act.

If a manufacturer provides a part at a reduced cost or no cost for warranty work, it must compensate the dealer for the dealer's cost of the part plus an amount equal to the markup on the dealer's part. That compensation shall then be multiplied by the fair wholesale value of the part.

Section by section summary:

Section 1 – Amends section 60-1438 – Manufacturer or Dealer Warranty Obligations

In general, the section removes the word 'reasonable' from legislation discussing compensation for diagnostic work, repair service, parts, and labor. It also removes the word 'reasonable' when discussing wage rates and denial of markups. Time allowances for diagnosis and performance of warranty work must be adequate for a qualified technician to perform the work.

Some language relating to reasonableness remains, however. Franchisors are prohibited from unreasonably denying a written request from a franchisee to amend the uniform time allowance for specific warranty repair or for an extension of time for work on a specific warranty-covered vehicle. Requests must include information and documentation reasonably necessary for the franchisor to assess their merits.

In determining compensation for warranty work, maintenance service relating to the following cannot be used: oil, filters, fluids, brake pads, brake discs, brake drums, spark plugs, wiper blades, and tire repair or replacement.

If a franchisor provides a part to a dealer at no or reduced cost, they must compensate the franchisee for their cost of the part plus the markup on the dealer's part, multiplied by the fair wholesale value of the part. Fair wholesale value means the amount the dealer paid for the part, the cost of the part in a price schedule of the franchisor, or the cost of a substantially similar part in a price schedule of the franchisor.

Section 2 - Original section 60-1438 is repealed.

Explanation of amendments:

The Committee considered and adopted an amendment which accomplishes the following:

Clarified the compensation dispute resolution process between manufacturers and dealers. Manufacturers can request up to one hundred additional repair orders, selected by the dealer, to determine if the dealer's average percentage markup rate is different than that they charged for warranty work. If the manufacturer determines that dealer's rates charged for nonwarranty work are less than that charged for warranty work, they have thirty days from receipt the repair orders to rebut the dealer's labor rate, average percentage markup rate, or both. Requests for additional repair orders can only occur if a request has not been made within the previous twelve months.

Nothing in the bill prohibits a dealer and manufacturer from reaching an agreement on a mutually acceptable retail labor rate or average percentage markup.



