

March 1, 1991

LB 393

CLERK: LB 393, Madam President, by Senator Byars. (Read title.) The bill was introduced on January 17, referred to Transportation, advanced to General File. I have no amendments to the bill.

PRESIDENT MOUL: Senator Kristensen.

SENATOR KRISTENSEN: Thank you, Madam President. I'm handling this matter for Senator Byars as it did come through the Transportation Committee. Currently, in the State of Nebraska the manufacturer and the State of Nebraska require that a dealer, and this is a new car dealer, to perform warranty work and this would be warranty work when they have some defect or something they want done to their vehicle that they have sold and they require their dealers to do so. We also, by law, require that the dealer must perform the warranty work. In the case of labor, the law requires the manufacturer to pay the dealer at the same rate that he would charge the retailer, or she would charge the retail customer. So the labor is all right. In effect, that's the retail cost of doing those things. The difference is parts aren't that way. So when the dealer is required to put on parts the dealer doesn't get...doesn't pay the fleet rate or the discount rate that the dealer has to pay the inflated cost of doing that. So what this bill would do is require that the parts used for required warranty work by new car dealers be compensated for the manufacturer at a retailer fleet price. It is going to require that they sell it to the dealer at that discounted or cheaper price so, in effect, that they are bearing the burden of the cost of that warranty part. Parts are different. This would require that the parts be compensated in the same way that the labor currently is. Now, recreational vehicles are done a little bit differently. This bill does not deal with recreational vehicles. Now, if the recreational vehicle is on a Ford or a Chevy or something like that, the power train and et cetera would be covered under this bill but the warranty work done on the recreational shell or the top is not done so the people who were concerned about recreational vehicles, this does not apply to them. The other thing that I had a concern with that we talked about in committee is that this affects all warranty work that's done from the date of this legislation's effective date. So from this date forward this will affect all warranty work done. So there are franchise agreements that are currently in effect right now, from the date of this act on, this work will be