

1.1 moves to amend H.F. No. 740, the first engrossment, as follows:

1.2 Page 1, line 12, delete everything after "products" and insert a period

1.3 Page 1, line 13, delete everything before the period and insert "A manufacturer shall
1.4 compensate a new motor vehicle dealer for warranty service parts and labor required of the
1.5 new motor vehicle dealer by the manufacturer" and delete "be fair and"

1.6 Page 1, line 14, delete "reasonable and" and after "include" insert "the motor vehicle
1.7 dealer's" and delete "an average percentage markup" and insert "a reasonable"

1.8 Page 1, line 15, before "described" insert "or be calculated as" and delete "subdivisions
1.9 2 and 3" and insert "subdivision 2, at the election of the dealer"

1.10 Page 1, line 16, delete "fair and" and after "4" insert ", at the election of the dealer"

1.11 Page 1, line 17, delete "at the request of" and insert "for"

1.12 Page 1, line 20, before "The" insert "(a)" and delete "an average" and insert "a"

1.13 Page 1, line 22, delete "parts" and insert "repairs"

1.14 Page 1, line 24, delete "parts" and insert "repairs"

1.15 Page 2, delete lines 1 and 2 and insert "the submission to determine the retail rate."

1.16 Page 2, before line 3, insert:

1.17 "(b) A dealer's retail rate for parts shall be calculated by determining the dealer's total
1.18 parts sales in the submitted service repair orders under paragraph (a) and dividing that
1.19 amount by the dealer's total cost to purchase the parts, subtracting one from that amount,
1.20 and then multiplying by 100. A manufacturer may disapprove a dealer's retail rate if:

1.21 (1) the disapproval is provided to the dealer in writing;

2.1 (2) the disapproval is sent to the dealer within 30 days of the submission of the retail
2.2 rate by the dealer to the manufacturer. If a manufacturer fails to approve or disapprove the
2.3 retail rate within this time period the retail rate is approved;

2.4 (3) the disapproval includes a reasonable substantiation that the retail rate submission
2.5 is inaccurate, incomplete, or unreasonable based on the practices of other similarly situation
2.6 franchised motor vehicles in a comparable geographic area in the state offering the same
2.7 line-make of vehicles that elected to receive compensation pursuant to this subdivision; and

2.8 (4) the manufacturer proposes an adjustment of the retail rate.

2.9 (c) If a manufacturer disapproves a dealer's retail rate, and the dealer does not agree to
2.10 the manufacturer's proposed adjustment, the parties shall use the manufacturer's internal
2.11 dispute resolution procedure, if any, within a reasonable time after the dealer notifies the
2.12 manufacturer of their failure to agree. If the manufacturer's internal dispute resolution
2.13 procedure is unsuccessful, or if the procedure is not implemented within a reasonable time
2.14 after the dealer notifies the manufacturer of their failure to agree, the dealer may use the
2.15 civil remedies available under section 80E.17. A dealer must file a civil suit under section
2.16 80E.17, as permitted by this subdivision, within 60 days of receiving the manufacturer's
2.17 proposed adjustment to the retail rate, or the conclusion of the manufacturer's internal dispute
2.18 resolution procedure, whichever is later.

2.19 (d) Parts and labor, if applicable, associated with the following do not qualify as
2.20 warranty-like repairs and are excluded from the calculation:"

2.21 Page 2, line 3, after "repairs" insert "including parts and labor"

2.22 Page 2, line 7, after "(4)" insert "parts and labor to perform"

2.23 Page 2, line 10, after "tires" insert "and labor to install or repair"

2.24 Page 2, line 11, after "(7)" insert "parts and labor to perform"

2.25 Page 2, line 26, after the period insert "(a)"

2.26 Page 3, after line 2, insert:

2.27 "(b) A manufacturer may disapprove a dealer's effective nonwarranty labor rate if:

2.28 (1) the disapproval is provided to the dealer in writing;

2.29 (2) the disapproval is sent to the dealer within 30 days of the submission of the effective
2.30 nonwarranty labor rate by the dealer to the manufacturer. If a manufacturer fails to approve
2.31 or disapprove the rate within this time period the rate is approved;

3.1 (3) the disapproval includes a reasonable substantiation that the effective nonwarranty
3.2 labor rate submission is inaccurate, incomplete, or unreasonable based on the practices of
3.3 other similarly situation franchised motor vehicles in a comparable geographic area in the
3.4 state offering the same line-make of vehicles that elected to receive compensation pursuant
3.5 to this subdivision; and

3.6 (4) the manufacturer proposes an adjustment of the effective nonwarranty labor rate.

3.7 (b) If a manufacturer disapproves a dealer's effective nonwarranty labor rate, and the
3.8 dealer does not agree to the manufacturer's proposed adjustment, the parties shall use the
3.9 manufacturer's internal dispute resolution procedure, if any, within a reasonable time after
3.10 the dealer notifies the manufacturer of their failure to agree. If the manufacturer's internal
3.11 dispute resolution procedure is unsuccessful, or if the procedure is not implemented within
3.12 a reasonable time after the dealer notifies the manufacturer of their failure to agree, the
3.13 dealer may use the civil remedies available under section 80E.17. A dealer must file a civil
3.14 suit under section 80E.17, as permitted by this subdivision, within 60 days of receiving the
3.15 manufacturer's proposed adjustment to the effective nonwarranty labor rate, or the conclusion
3.16 of the manufacturer's internal dispute resolution procedure, whichever is later."

3.17 Page 3, line 3, before "A" insert "(a)"

3.18 Page 3, after line 4, insert:

3.19 "(b) At least ten days prior to submission, a dealer shall provide a manufacturer written
3.20 notice that the dealer intends to make a submission to establish a retail rate, under subdivision
3.21 2, or an effective nonwarranty labor rate, under subdivision 4. Within ten days of receiving
3.22 the submission a manufacturer may select the initial repair order date for the consecutive
3.23 repair orders that will be attached to the submission. If the manufacturer fails to make a
3.24 selection within ten days of receiving the submission, the dealer shall select the initial repair
3.25 order date."

3.26 Page 3, line 22, before "failure" insert "incidental"

3.27 Page 3, line 31, delete everything after "distributor" and insert "and includes
3.28 manufactures and distributors of motor vehicle engines, and the term "dealer" includes
3.29 dealers of new motor vehicles and motor vehicle engines."

3.30 Page 9, line 27, after "(o)" insert "(1)"

3.31 Page 10, line 1, before "Upon" insert "(2)"

3.32 Page 10, line 2, delete "complete"

4.1 Page 10, line 3, delete everything after "manufacturer" and insert "in establishing the
4.2 sales volume to receive a rebate or incentive and the specific calculation to determine the
4.3 required sales volume"

4.4 Page 10, delete line 4

4.5 Page 10, line 5, delete "calculations"

4.6 Page 10, after line 9 insert:

4.7 "(3) Nothing contained in this subdivision requires a manufacturer, distributor, or factory
4.8 branch to disclose the required numerical sales volumes that any of its franchised dealers
4.9 must attain to receive a rebate or incentive."