

HB 2127 A STAFF MEASURE SUMMARY**Carrier:** Rep. Sosa**House Committee On Commerce and Consumer Protection****Action Date:** 04/01/25**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 8-0-2-0**Yeas:** 8 - Chaichi, Chotzen, Gomberg, Neron, Osborne, Reschke, Sosa, Walters**Exc:** 2 - Cate, Wallan**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Andrew Hendrie, LPRO Analyst**Meeting Dates:** 2/4, 4/1**WHAT THE MEASURE DOES:**

The measure changes the laws that govern franchise agreements between car dealers and manufacturers, distributors, and importers and amends the actions a manufacturer, distributor, or importer can take within the business relationship. It requires manufactures, distributors, and importers to use objective criteria, including customer dealer selection, as part of any system used to allocate motor vehicles. It restricts what can be charged for or subscribed to except for communication based subscriptions. It prohibits coercion or other forms of pressure to force a dealer to install an electric charging station for public use or accept a new plan or system to govern the interactions between dealer and manufacturer, distributor, or importer that is not fair, reasonable, and equitable in respect to other dealers of that manufacturer, distributor, or importer. It gives a manufacturer, distributor, or importer 20 days to respond to a dealer's request to purchase goods or services from another source for constructing or remodeling a dealer facility and puts the burden on the manufacturer, distributor, or importer to show that the decision was reasonable in a dispute. It makes changes to the requirements for a written schedule of compensation for diagnostic work, repair service, parts, and labor that adequately and fairly compensates a dealer for the work, service, parts, and labor. It declares under what circumstances a franchisor indemnifies a franchisee or former franchisee. The measure applies to franchises where the franchisor and the franchisee enter into an agreement or renew an agreement on or after January 1, 2026.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF AMENDMENT:

The amendment adds customer dealer selection to the criteria a manufacturer, distributor, or importer can use to allocate motor vehicles. The amendment prohibits the manufacturer, distributor, or importer from charging a fee unless arranging or providing emergency roadside service or offering a free trial of a subscription service. The amendment requires a manufacturer, distributor, or importer to use time allowances that are reasonable and adequate for a qualified technician to make a diagnosis and perform the work or service. The amendment removes the requirement that the dealer be reimbursed for parts used to satisfy a warranty at the prevailing retail price. The amendment also removes the requirement that a manufacturer, distributor, or importer not restrict repairs or services the dealer may provide by limiting or reducing payments on a dealer's claim. It also requires that when a manufacturer, distributor, or importer is reimbursing a dealer for using a part it supplies, the reimbursement will be the price from the manufacturer's current price catalog.

BACKGROUND:

Motor vehicle franchisees and manufacturer, distributor, and importer franchisors enter into agreements to work together to sell and service motor vehicles locally to the retail customer. The cost of the parts and time needed to

HB 2127 A STAFF MEASURE SUMMARY

make a repair or replacement can be a point of disagreement between the parties. Other points of disagreement can be about the amenities required by a franchisor to be offered by a franchisee.

HB 2127 A changes the laws the govern franchise agreements between car dealers and manufacturers, distributors, and importers. The measure amends what actions a manufacturer, distributor, or importer can take within the business relationship and prohibits coercion to install electronic charging stations or changing business plans or systems unfairly. The measure also creates requirements for pre-delivery and warranty work, compensation, and reimbursement. Lastly, it declares when a franchisor must indemnify a franchisee or former franchisee.