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SENATE FILE 2034

BY MCKIBBEN and DRAKE

Passed Senate, Date _____ Passed House, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to compensation by manufacturers or distributors
 2 for warranty work on motor vehicles and vessels and providing
 3 a remedy.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2034

1 Section 1. Section 322.14, unnumbered paragraph 3, Code
2 Supplement 1997, is amended to read as follows:

3 The provisions of this section shall not apply to
4 violations under subsection 5 of section 322.3 or under
5 section 322.37.

6 Sec. 2. NEW SECTION. 322.37 WARRANTY WORK COMPENSATION.

7 1. As used in this section, unless a different meaning
8 appears from the context:

9 a. "Completed vessel" means a vessel which does not
10 require any additional manufacturing operations to perform its
11 intended function except minor finishing operations or the
12 addition of readily attachable equipment or components.

13 b. "Distributor" means a person, resident or nonresident,
14 who in whole or in part, sells or distributes motor vehicles
15 or vessels to motor vehicle or vessel dealers, or who
16 maintains distributor representatives.

17 c. "Manufacturer" means any person engaged in the business
18 of fabricating or assembling motor vehicles or vessels.
19 "Manufacturer" does not include a person who converts,
20 modifies, or alters a completed motor vehicle or vessel
21 manufactured by another person. "Manufacturer" includes a
22 person who uses a completed motor vehicle manufactured by
23 another person to construct a class "B" motor home as defined
24 in section 321.124.

25 d. "Vessel" means every description of watercraft, other
26 than a seaplane, used or capable of being used as a means of
27 transportation on water or ice. Ice boats are watercraft.
28 "Vessel" includes the hull, motor, engine, component parts,
29 spars, sails, and accessories of a vessel.

30 e. "Watercraft" means any vessel which through the
31 buoyance of water floats upon the water and is capable of
32 carrying one or more persons.

33 2. When a motor vehicle or vessel dealer makes repairs to
34 any motor vehicle or vessel pursuant to any warranty
35 provision, the dealer shall receive reasonable compensation

1 from the manufacturer or distributor giving the warranty.

2 Reasonable compensation includes the following:

3 a. The cost of labor at a rate no less than that posted by
4 the dealer for labor not under warranty.

5 b. The cost of any part provided and any shipping cost for
6 a part provided in an amount equal to one hundred percent of
7 the retail price and shipping cost of the part to the dealer.

8 3. A claim for compensation by a dealer for any parts
9 provided, shipping costs for parts provided, or labor
10 performed to satisfy a warranty must be approved or
11 disapproved by the manufacturer or distributor in writing
12 within thirty days of receipt of the claim by the manufacturer
13 or distributor. Written notice of disapproval shall contain
14 specific reasons for disapproval.

15 4. An approved claim must be paid by the manufacturer or
16 distributor within thirty days after approval.

17 5. A motor vehicle or vessel dealer may charge a
18 manufacturer or distributor interest of up to the rate of one
19 and one-half percent per month if the manufacturer or
20 distributor fails to pay a warranty claim within thirty days
21 after approval of the claim by the manufacturer or
22 distributor.

23 6. A manufacturer or distributor who violates this section
24 is liable to a motor vehicle or vessel dealer for any
25 financial injury or other damage suffered by the dealer as a
26 result of the violation. The liability provided under this
27 subsection is in addition to any legal or equitable remedy
28 available at law and any agreement between the manufacturer or
29 distributor and the dealer.

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EXPLANATION

31 This bill requires a motor vehicle or vessel manufacturer
32 or distributor to provide reasonable compensation to a dealer
33 when the dealer makes repairs to a motor vehicle or vessel
34 pursuant to any warranty provision given by the manufacturer
35 or distributor. Reasonable compensation includes labor costs

1 no less than that charged by the dealer for labor not under
2 warranty and the cost of parts and shipping equal to 100
3 percent of the retail price and shipping costs of the parts to
4 the dealer.

5 The bill provides that a claim for compensation must be
6 approved or disapproved by the manufacturer or distributor in
7 writing within 30 days of receipt of the claim. Written
8 notice of disapproval shall contain specific reasons for
9 disapproval. An approved claim must be paid within 30 days
10 after approval. If a manufacturer or distributor fails to pay
11 a warranty claim within 30 days after the claim was approved,
12 the dealer may charge the manufacturer or distributor interest
13 of up to the rate of one and one-half percent per month. A
14 manufacturer or distributor is liable to the dealer for any
15 financial injury or other injury suffered by the dealer as a
16 result of a violation of any of the provisions in the bill.

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