

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 17, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Ann Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Secretary

Conferees appearing before the committee:

Alan Alderson, Western Retail Implement & Hardware Ass'n.
Jack R. Selzer, Legal Counsel, Western Retail Implement &
Hardware Association

Others attending: See attached list

Upon motion by Senator Gooch, seconded by Senator Jordan, the Minutes of the February 15th meeting were unanimously approved.

SB 586 - Reimbursement for warranty work on farm equipment, outdoor power equipment and lawn and garden equipment

Alan Alderson, Legislative Counsel for Western Retail Implement and Hardware Association, stated the Association requested the legislation in **SB 586** and **SB 588** and introduced Jack Selzer, Legal Counsel, Western Retail Implement and Hardware Association, testified.

Mr. Selzer explained **SB 586** the legislation requires manufacturers to pay equipment dealers a fair hourly labor rate for repair work done on equipment that is under warranty by the manufacturer. **SB 586** ensures that manufacturers provide sufficient labor reimbursement and pay the true cost for equipment defects for which the manufacturer has given the consumer a written or implied warranty, and assures consumers that equipment dealers will give the same priority to warranty work as to non-warranty work. (Attachment 1)

Mr. Selzer requested an amendment to **SB 586, on Page 1, at Line 38 to insert a new subsection as follows: “(d) The provisions of this section shall not apply to a manufacturer who provides a written dealer agreement for compensation to a dealer for warranty labor costs either as (i) a discount in the pricing of the equipment to the dealer or, (ii) a lump sum payment to the dealer, provided such payment is not less than 5 percent of the suggested retail price of the equipment.”** (Attachment 2)

Senator Ranson raised a question as to the phrase “or greater than” at Line 32. Mr. Selzer responded he did not know why it was included and agreed that it should be deleted.

SB 588 - Contracts for farm equipment, outdoor power equipment and lawn and garden equipment

Mr. Selzer testified that the purpose of **SB 588** is to make adjustments and bring conformity among existing “buyback” statutes applicable to farm equipment repair parts, outdoor power equipment repair parts, and lawn and garden equipment repair parts and establish the manufacturer’s buyback at 95%. The increase in the buyback percentage allows dealers to recover actual cost in repair parts when closing out a dealership, and encourages dealers to carry adequate repair parts by assuring a fair price for any excess repair parts in inventory upon termination of dealership. A manufacturer is not required to repurchase parts from a retailer under several conditions, including an amended section that would

CONTINUATION SHEET

increase from 12 to 24 months those purchased prior to notice of termination.

The hearings on **SB 586** and **SB 588** were concluded.

The Committee discussed the proposed legislation, noted manufacturers had agreed to the legislation, and that there were no opponents to the legislation.

Senator Barone moved, seconded by Senator Donovan that SB 588 be recommended favorably for passage. The recorded vote was unanimous in favor of the motion.

Senator Barone moved, seconded by Senator Donovan that SB 586 be amended on Page 1, at Line 32 by striking the words “or greater than”, and inserting the word “as”; and at Line 39 by inserting the following new subsection: “(d) The provisions of this section shall not apply to a manufacturer who provides a written dealer agreement for compensation to a dealer for warranty labor costs either as (i) a discount in the pricing of the equipment to the dealer or, (ii) a lump sum payment to the dealer, provided such payment is not less than 5 percent of the suggested retail price of the equipment.” and SB 586 be recommended favorably for passage as amended. The recorded vote was in favor of the motion by a vote of: Yea - 7, No - 4.

The Chair informed the Committee it would consider **SCR 1641 - Formation of Enhanced 911 Tas Force** and **SB 521 - Enterprise Zone Act; eligibility for firms which construct or remodel only a portion of a business facility**, at the meeting scheduled for tomorrow. Bob Nugent, Revisor of Statutes advised the Committee that the Department of Commerce and Housing and the Department of Revenue had agreed on an amendment to **SB 521, as follows: On Page 1, at Line 16 strike “the sales tax exemption may be claimed” and insert “a project exemption certificate may be granted; at Line 19 add an “s” to the word “sale”; and on Line 22 before the “period (.)” add the following “as such person may elect.”**

The Committee adjourned at 9:00 a.m.

The next meeting is scheduled for February 18, 2000.