

Date of Hearing: April 24, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 473 (Aguiar-Curry) – As Amended April 12, 2023

**SUBJECT:** Motor vehicle manufacturers, distributors, and dealers

**SUMMARY** Modifies several provisions of the laws governing the relationship between new motor vehicle manufacturers and the franchisees that operate car dealerships. Specifically, **this bill:**

- 1) Provides that in determining what constitutes a reasonable time allowance for the diagnosis and performance of work and service, the franchisor must use the labor time guide used by the franchisee for nonwarranty work, if elected by the franchisee, and that the franchisee may file a protest with the New Motor Vehicle Board (NMVB), within the Department of Motor Vehicles (DMV), alleging that a franchisor failed to use the labor time guide as required.
- 2) Provides that in any appeal pursuant to 1) the franchisor has the burden of proving to the NMVB that the franchisor utilized the proper labor time guide.
- 3) Requires a new motor vehicle manufacturer to indemnify their franchisees for any damages arising out of the franchisee's utilization of a digital service the use of which is required or incentivized by the franchisor and the use of that digital service violates California law.
- 4) Adds incentive programs to the list of standards that may only be imposed on a new motor vehicle franchisee by the franchisor in accordance with the limitations imposed by existing law.
- 5) Prohibits a new car manufacturer from allocating vehicles or parts; imposing a facility or equipment policy; or competing with a new car dealer franchisee in a manner inconsistent with provisions of existing law.
- 6) Prohibits specified parties licensed by DMV from offering to a consumer a subscription service for any motor vehicle feature that utilizes components and hardware already installed on the motor vehicle at the time of purchase or lease and would function after activation without ongoing expense to the dealer, manufacturer, distributor, or a third-party service provider. Exempts subscription services for navigation system updates, satellite radio, roadside assistance, and vehicle-connected services that rely on cellular or other data networks for continued operation.
- 7) Prohibits, in addition to the prohibitions contained in existing law, a manufacturer, manufacturer branch, distributor, or distributor branch from doing any of the following:
  - a) Competing with their franchisees in the sale or service of motor vehicles. Competing with franchisees does not include providing an update to motor vehicle software, where the update is provided at no cost, or when creating a new line of motor vehicles and using new or existing franchisees to sell and service those vehicles;
  - b) Implementing or modifying a vehicle reservation system for the sale or lease of motor vehicles, except as specified;

- c) Implementing a program or policy that encourages or requires the franchisee to install direct current fast charging stations, except as specified;
  - d) Filing or requesting relocation of any lawsuit involving a franchisee to a jurisdiction outside of California without the consent of the franchisee;
  - e) Failing to reimburse a franchisee for all its fees and costs following a protest at the NMVB, if the Board issues a determination on the merits in the franchisee's favor and the protest was filed against the manufacturer, manufacturer branch, distributor, or distributor branch;
  - f) Failing to disclose to any franchisee, upon written request, the basis upon which new motor vehicles of the same line-make are allocated or distributed to franchisees in the state and the basis upon which the current allocation or distribution is being made or will be made to the franchisee; and,
  - g) Use or threaten to use the exercise of right of first refusal in bad faith
- 8) Makes various findings and declarations.

**EXISTING LAW:**

- 1) Establishes the NMVB within the DMV and broadly tasks the Board with considering any matter concerning the activities or practices of any person applying for or holding a license as a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative thereof. (Vehicle Code (VEH) 3000 & 3050)
- 2) Prohibits, generally, a person from acting as a motor vehicle dealer, remanufacturer, manufacturer, or transporter, or as a manufacturer branch, remanufacturer branch, distributor, or distributor branch, without having first been issued a license or temporary permit issued by the DMV. (VEH 11700)
- 3) Provides that it is unlawful for a motor vehicle manufacturer, manufacturer branch, distributor, or distributor branch licensed pursuant to this code to do, directly or indirectly through an affiliate, any of the following:
  - a) Refuse or fail to deliver in reasonable quantities and within a reasonable time after receipt of an order from a dealer having a franchise for the retail sale of a new vehicle sold or distributed by the manufacturer or distributor, a new vehicle or parts or accessories to new vehicles that are of a model offered by the manufacturer or distributor to other franchisees in this state of the same line-make, if the vehicle, parts, or accessories are publicly advertised as being available for delivery or actually being delivered in this state;
  - b) Prevent or require, or attempt to prevent or require, by contract or otherwise, a change in the capital structure of a dealership or the means by or through which the dealer finances the operation of the dealership, if the dealer at all times meets reasonable capital standards agreed to by the dealer and the manufacturer or distributor, and if a change in capital structure does not cause a change in the principal management or have the effect of a sale of the franchise without the consent of the manufacturer or distributor;
  - c) Prevent or require, or attempt to prevent or require, a dealer to change the executive management of a dealership, other than the principal dealership operator or operators, if the franchise was granted to the dealer in reliance upon the personal qualifications of that person;

- d) Prevent or require, or attempt to prevent or require, by contract or otherwise, a dealer, or an officer, partner, or stockholder of a dealership, from selling or transferring a part of the interest of any of them to another person, except that a dealer, officer, partner, or stockholder does not have the right to sell, transfer, or assign the franchise, or a right thereunder, without the consent of the manufacturer or distributor except that the consent shall not be unreasonably withheld, as specified;
- e) Prevent, or attempt to prevent, a dealer from receiving fair and reasonable compensation for the value of the franchised business, except that there cannot be a transfer or assignment of the dealer's franchise without the consent of the manufacturer or distributor, which cannot be unreasonably withheld;
- f) Obtain money, goods, services, or another benefit from a person with whom the dealer does business, on account of, or in relation to, the transaction between the dealer and that other person, other than for compensation for services rendered, unless the benefit is promptly accounted for, and transmitted to, the dealer;
- g) To, generally, obtain from a dealer or enforce against a dealer an agreement, provision, release, assignment, novation, waiver, or estoppel that modifies or disclaims a duty or obligation of a manufacturer, manufacturer branch, distributor, distributor branch, or representative, or a right or privilege of a dealer; limits or constrains the right of a dealer to file, pursue, or submit evidence in connection with a protest before the New Motor Vehicle Board; requires a dealer to terminate a franchise; or require a controversy between a manufacturer, manufacturer branch, distributor, distributor branch, or representative and a dealer to be referred to a person for a binding determination;
- h) Increase prices of motor vehicles that the dealer had ordered for private retail consumers prior to the dealer's receipt of the written official price increase notification;
- i) Fail to pay to a dealer, within a reasonable time following receipt of a valid claim by a dealer thereof, a payment agreed to be made by the manufacturer or distributor to the dealer by reason of the fact that a new vehicle of a prior year model is in the dealer's inventory at the time of introduction of new model vehicles;
- j) Deny the widow, widower, or heirs designated by a deceased owner of a dealership the opportunity to participate in the ownership of the dealership or successor dealership under a valid franchise for a reasonable time after the death of the owner;
- k) Offer refunds or other types of inducements to a person for the purchase of new motor vehicles of a certain line-make to be sold to the state or a political subdivision of the state without making the same offer to all other dealers in the same line-make within the relevant market area;
- l) Modify, replace, enter into, relocate, terminate, or refuse to renew a franchise without adhering to the procedure described in 6);
- m) Employ unlicensed representatives;
- n) Deny a dealer the right of free association with another dealer for a lawful purpose;
- o) Compete with a dealer in the same line-make operating under an agreement or franchise from a manufacturer or distributor in the relevant market area;
- p) Unfairly discriminate among its franchisees with respect to warranty reimbursement or authority granted to its franchisees to make warranty adjustments with retail customers;
- q) To sell vehicles to a person not licensed for resale;
- r) Fail to affix an identification number to a park trailer, as specified;
- s) Dishonor a warranty, rebate, or other incentive offered to the public or a dealer in connection with the retail sale of a new motor vehicle, based solely upon the fact that an autobroker arranged or negotiated the sale;

- t) Exercise a right of first refusal or other right requiring a franchisee or an owner of the franchise to sell, transfer, or assign to the franchisor, or to a nominee of the franchisor, all or a material part of the franchised business or of the assets of the franchised business, as specified;
  - u) Unfairly discriminate in favor of a dealership owned or controlled, in whole or in part, by a manufacturer or distributor or an entity that controls or is controlled by the manufacturer or distributor, as specified;
  - v) Access, modify, or extract information from a confidential dealer computer record, as defined, without obtaining the prior written consent of the dealer and without maintaining administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of the information;
  - w) To use electronic, contractual, or other means to prevent or interfere with the lawful efforts of a dealer to comply with federal and state data security and privacy laws, or the ability of the dealer to ensure that data accessed from the dealer's computer is done in accordance with existing law and monitor data access from or written to the dealer's computer system;
  - x) Unfairly discriminate against a franchisee selling a service contract, debt cancellation agreement, maintenance agreement, or similar product not approved, endorsed, sponsored, or offered by the manufacturer, manufacturer branch, distributor, or distributor branch or affiliate; or
  - y) Take or threaten to take any adverse action against a dealer pursuant to an export or sale-for-resale prohibition because the dealer sold or leased a vehicle to a customer who either exported the vehicle to a foreign country or resold the vehicle in violation of the prohibition, unless the export or sale-for-resale prohibition policy was provided to the dealer in writing at least 48 hours before the sale or lease of the vehicle, and the dealer knew or reasonably should have known of the customer's intent to export or resell the vehicle in violation of the prohibition. (VEH 11713.3)
- 4) Provides that it is unlawful for any motor vehicle manufacturer, manufacturer branch, distributor, or distributor branch, directly or indirectly through an affiliate, to do any of the following:
- a) Prevent, or attempt to prevent, by contract or otherwise, a dealer from acquiring, adding, or maintaining a sales or service operation for another line-make of motor vehicles at the same or expanded facility at which the dealer currently operates a dealership if the dealer complies with any reasonable facilities and capital requirements of the manufacturer or distributor;
  - b) Require a dealer to establish or maintain exclusive facilities, personnel, or display space if the imposition of the requirement would be unreasonable in light of all existing circumstances, including economic conditions;
  - c) Require, by contract or otherwise, a dealer to make a material alteration, expansion, or addition to any dealership facility, unless the required alteration, expansion, or addition is reasonable in light of all existing circumstances, including economic conditions and advancements in vehicular technology or required by existing health and safety laws;
  - d) Fail to pay to a dealer, within 90 days of termination, cancellation, or nonrenewal of a franchise various costs and charges, as specified;
  - e) Fail to pay to a dealer of new recreational vehicles, within 90 days of termination, cancellation, or nonrenewal of a franchise for a recreational vehicle line-make, as defined, various costs and charges, as specified;

- f) Fail, upon demand, to indemnify any existing or former franchisee and the franchisee's successors and assigns from any and all damages sustained and attorney's fees and other expenses reasonably incurred by the franchisee that results from or relates to specified claims made or asserted by a third party against the franchisee;
  - g) Establish or maintain a performance standard, sales objective, or program for measuring a dealer's sales, service, or customer service performance that may materially affect the dealer, including, but not limited to, the dealer's right to payment under any incentive or reimbursement program or establishment of working capital requirements, unless such standards are reasonable in light of all existing circumstances and a dealer is provided the methodology and data used in establishing the performance standard, sales objective, or program for measuring dealership sales or service performance;
  - h) Restrict the ability of a dealer to select a digital service of a dealer's choice that is offered by a vendor of the dealer's choice, provided that the service offered by the vendor is approved by the manufacturer, manufacturer branch, distributor, distributor branch, or affiliate, as specified; and
  - i) Restrict, limit, or discourage a franchisee from checking or verifying the applicability of a technical service bulletin or customer service campaign to any vehicle. (VEH 11713.13)
- 5) Specifies the standards regarding the advertisement for and dissemination of information regarding the sales of new motor vehicles by entities licensed by the state. (VEH 11713)
- 6) Prohibits a motor vehicle franchisor from terminating or refusing to continue an existing franchise unless the following is met:
- a) The franchisee and the NMVB have received written notice from the franchisor, as specified;
  - b) The NMVB finds that there is good cause for termination or refusal to continue; and,
  - c) The franchisor has received the written consent of the franchisee, or the appropriate time period for the franchisee to file a protest of the NMVB's good cause finding has elapsed. (VEH 3060)
- 7) Prohibits a new motor vehicle franchisor from establishing or maintaining a performance standard, sales objective, or program for measuring a dealer's sales, service, or customer service performance that is inconsistent with the standards established in g) of 4) and provides that if a franchisor does so a franchisee may file a protest with the NMVB. (VEH 3065.3)

**FISCAL EFFECT:** Unknown

**COMMENTS:** NMVB is a board within DMV with oversight provided by the California State Transportation Agency. It was created in 1967 as the New Car Dealers Policy and Appeals Board, with functions limited to hearing appeals from final decisions which were adverse to the occupational license of a new motor vehicle dealer, manufacturer, distributor or representative. After the passage of the Automobile Franchise Act in 1973, NMVB was given its current name and given quasi-judicial capacity to resolve disputes between franchised dealers and manufacturers of new motor vehicles. The board consists of nine members, four of which are required to be dealers.

The California New Car Dealers Association (CNCDA), which is sponsoring this bill, argues “Without a new motor vehicle franchise law, there would be a significant imbalance in bargaining power between large multinational vehicle manufacturers and local independently-owned franchised dealerships. Importantly, dealerships cannot strengthen their bargaining power by banding together, as doing so would run afoul of federal antitrust law. This is why the Legislature regularly updates franchise laws to address the latest manufacturer abuses against dealers and the public. Today’s dealers are facing an unprecedented level of cost-shifting by manufacturers related to warranty reimbursement, punitive policies associated with brand spin-offs and other coercive policies in direct contrast with the intent of established franchise laws.

AB 473 levels the playing field by restoring the proper competitive balance between dealers and their manufacturers so that independent franchised dealers can continue to service the needs of their communities and customers. It also follows in the tradition of similar bi-partisan franchise bills enacted in 2009, 2011, 2013, 2015 and 2019.”

According to the author, “AB 473 seeks to create a stronger, more equitable vehicle franchise system by modernizing California’s New Motor Vehicle Franchise Law. This bill will ensure that California’s new car dealer franchisees can continue operating without the threat that their vehicle manufacturer franchisors may compete against them, thereby undermining the overall intent and purpose of the franchise law. Further, the bill protects new car dealer franchisees from increasingly unreasonable performance standards and requirements that threaten to put dealerships out of business. Finally, this bill protects customers from hidden charges in the purchase and/or operation of their vehicles.

AB 473 has been carefully crafted to provide franchisees with needed statutory protections, while still ensuring that compliance with its provisions is reasonable for franchisors. In striking this balance, AB 473 will provide relief to dealers, their customers, their employees, and their communities, protecting this robust engine of economic activity that employs over 140,000 Californians.”

While this bill has several provisions in it changing the relationship between auto manufacturers and car dealers, one of the primary issues this bill seeks to address is how time is calculated for warranty reimbursement work. This bill is the 7<sup>th</sup> bill the Legislature has heard since 2006 amending the franchise law between the auto manufacturers and the car dealers. Generally all of these bills end with a compromise between both parties. However, AB 2107 (Reyes) of 2018 did not. The auto manufacturers remained opposed to that bill because of a provision changing the way time would be calculated for warranty reimbursement work. That bill created a formula to determine how time will be calculated and was ultimately vetoed by the Governor. Governor Brown in his veto message stated:

“Under current law, manufacturers are required to reimburse dealers for warranty and recall repairs at a "reasonable" rate negotiated between the two parties. This framework appears to be working reasonably well and I see no reason to adopt the rather complicated formula authorized in this bill--with perhaps unintended consequences.”

*Time calculation for warranty repairs.* Auto manufacturers and the dealers came to an agreement in 2019 in AB 179 (Reyes) Chapter 796, Statutes of 2019 regarding reimbursement for time on warranty reimbursement work. That bill adopted General Motors existing practice to permit dealers to challenge a time allowance provided by the manufacturer. If the manufacturer denies

the request, a car dealer is permitted to file a protest with NMVB to make a determination of if the time rate provided was reasonable.

Car dealers across the country this legislative session have tried in 22 states to require the use of third party time guides. Seven states have amended that provision out of the bills, and several have adopted the language in AB 179 creating a protest right instead. According to the Alliance for Automotive Innovation, all 50 states have adopted the California standard set in AB 179 for calculating time.

Few car dealerships in California have taken advantage of protesting time allowances as provided for in AB 179 in California. CNCDA has asserted to the committee that they are concerned auto manufacturers would retaliate against them should they file such a complaint. They continue to believe that auto manufacturers are not adequately paying them for the amount of time it takes to conduct warranty reimbursement work. This bill continues the conversation from AB 2107 that was vetoed to come up with a new standard for establishing time allowances. Unlike AB 2107, which created a formulaic standard to calculate time, this bill would require car manufacturers to accept the time allowances established by a third party time guide.

Auto manufacturers assert that third party time guides are an inappropriate source for establishing time as time guides are meant for mechanics not specifically trained on the vehicles they are repairing. They point towards an affidavit from the Executive Chairman of a third party time guide company where they swore under oath that their third party time guides are not intended as a substitute for warranty labor time guides and instead are designed for the typical independent repair shop mechanic who has not been specially trained by an auto manufacturer and does not have all of the factory approved tools and diagnostic equipment, and works on a broad range of post-warranty vehicles from multiple brands.

Auto manufacturers have asserted that their time guides are fair. They calculate them using the mechanics they trained, and at times even calculate the time for the repair using trained mechanics with tools that would take longer than the tools available to dealerships.

CNCDA asserts that a neutral arbiter on determining time reimbursement is necessary because they believe auto manufacturers are changing the time guides prior to a known recall in order to reduce the amount they are required to pay the dealerships for work. The auto manufacturers reject that assertion. AB 179 attempted to address that alleged issue by preventing an auto manufacturer from replacing, modifying or supplementing the warranty reimbursement schedule to impose a fixed percentage or other reduction in the time or compensation allowed to the franchisee for warranty repairs not attributable to a specific repair. AB 179 would have allowed a reduced time allowance to a specific warranty repair only upon 15 days prior written notice to the franchisee.

The Alliance for Automotive Innovation writes in opposition “Unlike third-party time guides, manufacturer time allowances are objective and verifiable. Using the same level of trained technicians employed by dealerships in the state of California, the manufacturer performs every warranty repair in the time guide as part of an objective time study. The manufacturer time guide includes time for retrieving the vehicle, preparing it, diagnostics, and other tasks.

If a particular technician can complete a repair in less time than the manufacturer’s time guide, dealers are still paid in full time allowance, pocketing the excess profits from that repair. Qualified technicians should be able to meet or beat the manufacturer’s time allowance.

Similarly, if a particular repair takes more time than the manufacturer's time guide, there is an automated process that dealers can use to request additional payment to accommodate for that additional time."

*Electric charging.* As auto manufacturers are transitioning towards electric vehicles, they are requiring dealerships to upgrade their facilities to be able to charge the vehicles (many dealerships already have onsite fueling). Car dealers want the ability to have shared charging stations for cars at auto malls with several different dealers. The dealerships have worked out amendments with auto manufacturers that would prohibit auto manufacturers from requiring electric charging facilities at the dealership if the dealership can obtain access to direct current fast charging stations within a reasonable distance from the dealerships location by participating in a bank of shared charging stations with other dealerships or constructing new charging stations with other organizations.

Ford recently started a program requiring dealerships to build fast charging networks that are public facing, essentially requiring their dealership network to give members of the public an easement right on dealership property that is unrelated to the sale of vehicles. Dealerships contend they are ok with this requirement, but believe that auto manufacturers should pay for half of the cost of constructing and maintaining the charger. The provision was recently amended that the dealership has to share half the income generated from the ongoing use of the electric vehicle stations.

*Subscriptions.* BMW has begun to roll out a program in other countries requiring the purchasers of their vehicles to pay a monthly subscription to use their seat warmers, causing subscribers to say "They turned off my heat" if a payment was missed. CNCDA is concerned that, as the public facing entity for auto manufacturers, they will face backlash from consumers when they learn that features built into the car that have traditionally been part of the cost of buying the vehicle now come with a monthly subscription cost to activate. This bill will prohibit auto manufacturers from offering a consumer a subscription service for any motor vehicle feature that utilizes components and hardware already installed on the motor vehicle at the time of purchase or lease and would function after activation without ongoing cost to or support by the dealer, manufacturer, distributor or third-party service provider. The author recently amended the bill to explicitly exempt services like navigation system updates, satellite radio, roadside assistance, and vehicle-connected services that rely on cellular or other data networked for continued operation.

Silicon Valley Leadership Group, writing in opposition to this bill, argues "Subscriptions give customers the flexibility to change their minds about their car's features—both to get something they did not buy before and now desire, or to stop paying for something they did pay for and now no longer want. Allowing consumers to pivot, upgrade, change, and enhance their car after its purchase is a design consumers want and is part of the inventive experience of cars today. It should not be restricted.

Automobiles now come with powerful computers and a variety of sensors. That creates the potential for innovations and features to be created and made available after the vehicle is purchased. The vehicle will resemble a smartphone or personal computer where innovative software is created and written for products that consumers already own. Consumers who like that could subscribe to a package that adds that feature to their vehicle. This innovation and



marketplace is in its infancy and California should not outlaw this new creativity and innovation.”

*Direct competition.* Unlike older auto manufacturers, Tesla made directly sells vehicles to consumers and does not use a dealership network. CNCDA has become increasingly concerned that the original manufacturers may do the same as they transition to zero emission vehicles, and have added a provision to this bill prohibiting manufacturers from directly competing with them. In particular, CNCDA has been concerned about Scout Motors. Scout Motors was purchased by Volkswagen Group in May of 2022. The company will be building two electric vehicles, a small SUV and pickup truck and a pickup truck in right-to-work state South Carolina. Volkswagen does not plan on creating a new dealership franchise for Scout Motors or to sell the vehicles through Volkswagen or Audi dealers. Instead they plan on directly selling to consumers, potentially placing them in direct competition with Volkswagen vehicles sold at dealerships.

Scout Motors is opposing the bill, arguing the anti-competition language in the bill “would serve to prohibit Scout Motors (or any other new-to-the-market manufacturer would be statutorily banned from using newly appointed intendent dealers, using existing independent dealers, or selling direct to California in any affiliate of such manufacturer were selling motor vehicles.”

To address this concern the author amended the bill to permit competition so long as the vehicle is being sold using new or existing franchisees to sell and service those vehicles. It would still prohibit Scout Motors or any new vehicle line from a manufacturer with a dealership network in California from being sold directly to consumers. Volkswagen, the parent company of Scout Motors, could sell Scout vehicles in the state if they sell them at any of their other vehicle line company’s dealerships like Volkswagen, Audi, Porsche, Bentley or Lamborghini. Volkswagen Group could also create a new franchise network for Scout Motors if they want to keep a separate brand distinct from their other models. This provision would not affect Tesla, which does not have a dealership network to directly compete against.

Auto manufacturers have also raised concerns that the direct competition provision would prohibit them from doing over the air updates for recalls. To address that concern the author amended the bill to exempt over the air updates from the anti-competition language, so long as the cost of providing the update is free to consumers.

*Double Referral:* This bill was heard in Assembly Judiciary Committee. Please see their analysis for a discussion on the provisions of this bill regarding the provisions related to venue choice, attorney’s fees, burden of proof shifts, attorney’s fees, and indemnification. The author’s office has since amended the provision related to the right of first refusal, reinstating auto manufacturers’ right to do so as long as it is not made in bad faith.

*Previous Legislation:*

AB 179 (Reyes), Chapter 796, Statutes of 2019 revised the criteria for determining the labor rate and allowable hours for which dealers are compensated by manufacturers for warranty work

from a reasonableness standard to a specific formula based on actual invoices. NMVB is authorized to adjudicate disputes amongst other provisions.

AB 1178 (Achadjian), Chapter 526, Statutes of 2015 provided that a vehicle manufacturer, manufacturer branch, distributor, or distributor branch cannot take any adverse action against a dealer relative to an export or sale-for-resale prohibition if the dealer causes the vehicle to be registered in a state and collects or causes to be collected any applicable sale or use tax due to the state, as specified.

SB 155 (Padilla), Chapter 512, Statutes of 2013 modified the relationship between motor vehicle dealers and manufacturers by, among other things, making changes regarding the use of flat-rate time schedules for warranty reimbursement, warranty and incentive claims, audits, protest rights, export policies, performance standards, and facility improvements.

SB 642 (Padilla), Chapter 342, Statutes of 2011 modified and expanded the existing statutory framework regulating the relationship between vehicle manufacturers and their franchised dealers.

SB 424 (Padilla), Chapter 12, Statutes of 2009 regulates actions that vehicle manufacturers may take with regard to their franchised dealers, and allows franchisees that have contracts terminated because of a manufacturer's or distributor's bankruptcy to continue to sell new cars in their inventory for up to six months.

AB 2107 (Reyes) of 2018 would have created a formula for calculating time allowances for warranty reimbursement work, amongst other provisions. That bill was vetoed by the Governor.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Conference of Machinists  
California New Car Dealers Association  
California Teamsters Public Affairs Council  
California Motorcycle Dealers Association

### **Oppose**

Alliance for Automotive Innovation  
Bay Area Council  
California Manufacturers and Technology Association  
Civil Justice Association of California  
Silicon Valley Leadership Group  
Motorcycle Industry Council  
Recreational Off-highway Vehicle Association  
Scout Motors (unless amended)  
Specialty Vehicle Institute of America  
Technet-Technology Network

**Analysis Prepared by:** David Sforza / TRANS. / (916) 319-2093