

(Reprinted with amendments adopted on April 24, 2023)

FIRST REPRINT

S.B. 303

SENATE BILL NO. 303—SENATORS DONDERO LOOP, FLORES; DALY,
DONATE, LANGE, NEAL, OHRENSCHALL, PAZINA AND SPEARMAN

MARCH 16, 2023

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions relating to motor vehicles.
(BDR 43-673)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to motor vehicles; providing that it is an unfair act or practice for a manufacturer to not compensate a dealer fairly for warranty work or a recall service or repair or to violate certain provisions; setting forth a process for calculating the rate at which a manufacturer must compensate a dealer for warranty work or a recall service or repair; requiring the Director of the Department of Motor Vehicles to decide certain disputes between a dealer and a manufacturer relating to the payment of compensation to a dealer for warranty work or a recall service or repair; making various other changes relating to motor vehicles; and other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides that it is an unfair act or practice for any manufacturer of
2 motor vehicles, trailers or semitrailers to fail to compensate a dealer fairly for labor,
3 parts and other expenses incurred by the dealer under the manufacturer’s warranty
4 agreements or any recall service or repair. (NRS 482.36385) **Section 22** of this bill
5 removes this provision. **Sections 2-16** of this bill set forth new requirements for
6 calculating the compensation that a manufacturer must pay a dealer for such
7 purposes.

8 **Section 8** of this bill provides that it is an unfair act or practice for a
9 manufacturer to: (1) fail to compensate a dealer fairly for labor and parts for
10 warranty work or a recall service or repair; or (2) violate any of the provisions of
11 **sections 9-15** of this bill. **Section 8** further provides that it shall be deemed that a
12 dealer has been fairly compensated by a manufacturer for warranty work if the
13 manufacturer compensates the dealer for: (1) labor for warranty work at the



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14 dealer's prevailing retail labor rate; and (2) parts used in warranty work in an
15 amount that is equal to the dealer's cost for the parts, pursuant to **section 12** of this
16 bill, multiplied by the prevailing retail parts markup.

17 **Section 9** of this bill sets forth the process for a dealer to establish or modify
18 the prevailing retail labor rate and prevailing retail parts markup of the dealer.
19 Specifically, **section 9** requires the dealer to submit in writing to the manufacturer
20 the prevailing retail labor rate and prevailing retail parts markup, which must be
21 based on certain qualifying repair orders of the dealer. **Section 9** further requires
22 the dealer to submit certain qualifying repair orders to the manufacturer.

23 **Section 10** of this bill authorizes a manufacturer to contest the material
24 accuracy or reasonableness of the prevailing retail labor rate and prevailing retail
25 parts markup of a dealer not later than 30 days after receiving the qualifying repair
26 orders from the dealer. If a manufacturer contests the material accuracy or
27 reasonableness of any such rate or markup, **section 10** requires the manufacturer to
28 provide the dealer with the manufacturer's calculation of the prevailing retail labor
29 rate and prevailing retail parts markup of the dealer and any additional applicable
30 information. If a manufacturer contests the material accuracy of the prevailing retail
31 labor rate or prevailing retail parts markup based on a dealer's submission of
32 inaccurate or nonqualifying repair orders, **section 10** authorizes the dealer to
33 correct any inaccuracy with an updated submission of accurate or qualifying repair
34 orders and update the prevailing retail labor rate or prevailing retail parts markup
35 calculation based on the replacement repair orders, as applicable. Such a
36 submission by a dealer will not be considered a modification for the purposes of
37 **section 9** and will be deemed submitted as of the date of the updated submission.

38 **Section 11** of this bill authorizes a dealer to file a protest with the Director of
39 the Department of Motor Vehicles if the dealer does not agree with the
40 manufacturer's calculations of the prevailing retail labor rate and prevailing retail
41 parts markup. If the Director receives such a protest, the Director is required to hold
42 a hearing to decide the prevailing retail labor rate or prevailing retail parts markup
43 of the dealer, as applicable. **Sections 18-21** of this bill make conforming changes to
44 apply existing provisions of law relating to conducting discovery and hearings held
45 by the Director relating to certain other actions between a dealer and a
46 manufacturer to the protests provided for in **section 11**.

47 **Section 12** provides that if a manufacturer furnishes or causes to be furnished
48 parts to a dealer at no cost for purposes of performing warranty work or a recall
49 service or repair, the manufacturer may compensate the dealer for a reasonable
50 handling fee instead of the dealer's prevailing retail parts markup. **Section 12**
51 further provides that if a manufacturer furnishes parts to a dealer at a reduced cost
52 for purposes of performing warranty work or a recall service or repair, the
53 manufacturer is required to compensate the dealer for the dealer's costs for the parts
54 plus an amount that is equal to the dealer's prevailing retail parts markup multiplied
55 by the cost of the parts in the current or previously established price schedule of the
56 manufacturer, whichever is greater.

57 **Section 13** of this bill prohibits a manufacturer from requiring, influencing or
58 attempting to influence a dealer to implement or change the price for which the
59 dealer sells parts or provides labor for any retail repair by taking certain action.

60 **Section 14** of this bill prohibits a manufacturer from taking or threatening to
61 take adverse action against a dealer on the sole basis that the dealer has requested
62 compensation for warranty work or a recall service or repair at the dealer's
63 prevailing retail labor rate and prevailing retail parts markup by taking certain
64 actions.

65 **Section 15** of this bill prohibits, with certain exceptions, a manufacturer from
66 recovering or attempting to recover any portion of its costs for compensating a
67 dealer for warranty work or a recall service or repair.



68 **Section 16** of this bill authorizes a dealer to file a protest with the Director of
69 the Department if the manufacturer does not compensate a dealer for warranty work
70 or a recall service or repair that is based on the dealer's prevailing retail labor rate
71 and prevailing retail parts markup. **Sections 18-21** make conforming changes to
72 apply existing provisions of law relating to conducting discovery and holding
73 hearings held by the Director relating to certain other actions between a dealer and
74 a manufacturer to the protests provided for in **section 16**.

75 **Sections 2-7** of this bill, respectively, define the terms "parts," "qualifying
76 repair," "qualifying repair order," "repair order," "warranty agreement" and
77 "warranty work."

78 **Section 17** of this bill makes a conforming change to indicate the proper
79 placement of **sections 2-16** in the Nevada Revised Statutes.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 482 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 16, inclusive, of this
3 act.

4 **Sec. 2.** *"Parts" means the original parts, accessories,*
5 *components or systems of a vehicle listed in the manufacturer's*
6 *parts catalog.*

7 **Sec. 3.** *"Qualifying repair" means a repair to a vehicle like*
8 *that which would have come within the manufacturer's new motor*
9 *vehicle warranty but for the vehicle having exceeded the time or*
10 *mileage limit of the warranty. The term does not include:*

11 1. *Any routine maintenance, including, without limitation,*
12 *replacement of fluids, filters, batteries, bulbs, belts, nuts, bolts or*
13 *fasteners;*

14 2. *The replacement of or work on tires and wheels, including,*
15 *without limitation, vehicle alignment and tire or wheel rotation;*

16 3. *A repair for which a volume discount has been negotiated*
17 *with a governmental agency;*

18 4. *A repair that is the subject of a manufacturer special event,*
19 *promotion or service campaign or a repair that is otherwise*
20 *subject to a manufacturer discount;*

21 5. *A repair of a vehicle that is owned by the dealer or an*
22 *employee of the dealer;*

23 6. *The installation of an accessory on a motor vehicle;*

24 7. *A repair performed in a body shop;*

25 8. *Any safety or vehicle emission inspection that is otherwise*
26 *required by law;*

27 9. *The reconditioning of a vehicle;*

28 10. *Any repair using a part sold at wholesale;*

29 11. *A goodwill repair or replacement that is approved and*
30 *reimbursed by the manufacturer; or*



1 *12. A repair that is performed on a line or make of vehicles*
2 *for which the dealer is not franchised by the manufacturer.*

3 *Sec. 4. "Qualifying repair order" means a repair order that*
4 *encompasses, in whole or in part, one or more qualifying repair.*

5 *Sec. 5. "Repair order" means an invoice for one or more*
6 *repairs to a vehicle that is paid by a retail customer and closed as*
7 *of the time of submission where the invoice includes:*

8 *1. The cost of each part and its sale price; and*

9 *2. The labor hours allocated to each job and the sale price of*
10 *the labor.*

11 *Sec. 6. "Warranty agreement" means a manufacturer's new*
12 *motor vehicle warranty or certified pre-owned warranty.*

13 *Sec. 7. "Warranty work" means work performed by a dealer*
14 *pursuant to a warranty agreement, including, without limitation,*
15 *reasonable and necessary diagnostic time and safety recall service*
16 *or repairs in accordance with federal laws and regulations.*

17 *Sec. 8. 1. It is an unfair act or practice for a manufacturer*
18 *to:*

19 *(a) Fail to compensate a dealer fairly for labor and parts for*
20 *warranty work or any recall service or repair performed by a*
21 *dealer; or*

22 *(b) Violate any provision of sections 9 to 15, inclusive, of this*
23 *act.*

24 *2. For purposes of subsection 1, it shall be deemed that a*
25 *dealer has been fairly compensated by a manufacturer for*
26 *warranty work if the manufacturer compensates the dealer for:*

27 *(a) Labor for warranty work at the dealer's prevailing retail*
28 *labor rate as established pursuant to sections 9 and 10 of this act.*

29 *(b) Parts used in warranty work in an amount that is equal to*
30 *the dealer's cost for the parts pursuant to section 12 of this act,*
31 *multiplied by the prevailing retail parts markup as determined*
32 *pursuant to sections 9 and 10 of this act.*

33 *Sec. 9. 1. Except as otherwise provided in this section and*
34 *section 10 of this act, the prevailing retail labor rate and*
35 *prevailing retail parts markup of a dealer must be established or*
36 *modified, at the request of the dealer, by submitting in writing to*
37 *the manufacturer such rate and markup, as calculated by the*
38 *dealer and:*

39 *(a) All consecutive qualifying repair orders that include 100*
40 *sequential qualifying repair orders; or*

41 *(b) All qualifying repair orders closed during any period of 90*
42 *consecutive days,*

43 *↳ whichever produces the smallest number of qualifying repair*
44 *orders.*



1 2. All qualifying repair orders submitted pursuant to
2 subsection 1 must be dated not more than 180 days before the date
3 on which the qualifying repair orders are submitted to the
4 manufacturer.

5 3. Based on the qualifying repair orders submitted pursuant
6 to this section:

7 (a) The prevailing retail labor rate is calculated by dividing the
8 total amount charged for labor for qualifying repairs by the total
9 number of hours charged for labor for qualifying repairs.

10 (b) The prevailing retail parts markup is calculated by:

11 (1) Dividing the total charges for parts for qualifying
12 repairs by the total cost to the dealer to purchase the parts for such
13 qualifying repairs;

14 (2) Subtracting 1 from the amount determined pursuant to
15 subparagraph (1); and

16 (3) Multiplying the amount determined pursuant to
17 subparagraph (2) by 100 in order to produce a percentage.

18 4. In calculating the prevailing retail labor rate or prevailing
19 retail parts markup pursuant to this section, the dealer shall
20 exclude any labor or part that is not for a qualifying repair.

21 5. Except as provided in subsection 4 of section 10 of this act,
22 a dealer shall not submit a request to establish or modify the
23 prevailing retail labor rate, prevailing retail parts markup, or both,
24 pursuant to this section more than once in a 12-month period.

25 **Sec. 10.** 1. Not later than 30 days after receiving the
26 qualifying repair orders from a dealer pursuant to section 9 of this
27 act, the manufacturer may contest the dealer's submitted
28 prevailing retail labor rate or prevailing retail parts markup as
29 materially inaccurate or unreasonable as compared to the rates of
30 other similarly situated new motor vehicle dealers of the same line
31 and make of vehicles by providing the dealer with the
32 manufacturer's calculation of the prevailing retail labor rate,
33 prevailing retail parts markup or additional information, as
34 applicable, based on the qualifying repair orders submitted to the
35 manufacturer by the dealer, including, without limitation, a copy
36 of all calculations made by the manufacturer and any other
37 evidence substantiating the manufacturer's calculation and
38 contest.

39 2. If a manufacturer contests the material accuracy or
40 reasonableness of the prevailing retail labor rate or prevailing
41 retail parts markup pursuant to subsection 1, the manufacturer
42 shall not thereafter add to, expand, supplement or otherwise
43 modify any evidence of its contest of the dealer's prevailing retail
44 labor rate or prevailing retail parts markup against the dealer.
45 Evidence provided by a manufacturer in response to a dealer's



1 updated submission of new or revised information shall not be
2 deemed an expansion, supplement or modification of evidence
3 pursuant to this section.

4 3. If a dealer agrees with the manufacturer's calculation of
5 the prevailing retail labor rate or prevailing retail parts markup,
6 as applicable, it shall be deemed that the prevailing retail labor
7 rate or prevailing retail parts markup are those of the dealer,
8 effective on the 31st day after the date on which the dealer agrees
9 to the manufacturer's calculation.

10 4. If a manufacturer contests the material accuracy of the
11 prevailing retail labor rate or prevailing retail parts markup
12 pursuant to subsection 1 based on a dealer's submission of
13 inaccurate or nonqualifying repair orders, the dealer may correct
14 any inaccuracy with an updated submission of accurate or
15 qualifying repair orders and update the prevailing retail labor rate
16 or prevailing retail parts markup calculation based on the
17 replacement repair orders, as applicable. Any updated submission
18 made by a dealer pursuant to this subsection shall not be
19 considered as a modification submitted pursuant to subsection 5 of
20 section 9 of this act. The date an updated submission is made
21 pursuant to this subsection shall replace the date of the dealer's
22 original submission for purposes of subsection 5 of section 9 of
23 this act.

24 5. If a manufacturer does not contest the material accuracy
25 or reasonableness of the prevailing retail labor rate or prevailing
26 retail parts markup pursuant to subsection 1 within 30 days, the
27 prevailing retail labor rate or prevailing retail parts markup of the
28 dealer becomes effective on the date that is 61 days after the dealer
29 submitted the prevailing retail labor rate or prevailing retail parts
30 markup to the manufacturer.

31 **Sec. 11. 1.** A dealer may file a protest with the Director of
32 the Department pursuant to NRS 482.36361 if the dealer does not
33 agree with the manufacturer's calculations of the prevailing retail
34 labor rate or prevailing retail parts markup submitted to the dealer
35 pursuant to section 10 of this act.

36 2. If the Director receives a protest from a dealer pursuant to
37 subsection 1:

38 (a) The Director shall hold a hearing to decide whether the
39 prevailing retail labor rate or prevailing retail parts markup is
40 the rate or markup, as applicable, determined by the dealer or the
41 manufacturer; and

42 (b) Except as otherwise provided in this section, the provisions
43 of NRS 482.36361 to 482.36368, inclusive, apply.

44 3. In any hearing on a protest filed pursuant to this section,
45 the manufacturer shall have the burden to show that the



1 *prevailing retail labor rate or prevailing retail parts markup of the*
2 *dealer, as calculated by the manufacturer, is accurate or*
3 *reasonable and that the dealer's calculation is inaccurate or*
4 *unreasonable.*

5 *4. If the Director finds that the manufacturer did not have a*
6 *substantial basis for contesting the prevailing retail labor rate or*
7 *prevailing retail parts markup of the dealer, as applicable:*

8 *(a) The prevailing retail labor rate or prevailing retail parts*
9 *markup of the dealer shall become retroactively effective to the*
10 *date that is 60 days following the date on which the manufacturer*
11 *received the prevailing retail labor rate or prevailing retail parts*
12 *markup of the dealer pursuant to section 9 or 10 of this act, as*
13 *applicable.*

14 *(b) The Director shall order the manufacturer to pay to the*
15 *dealer the difference between the amount that the dealer has*
16 *received from the manufacturer for warranty work and the*
17 *amount that the dealer should have received from the*
18 *manufacturer for warranty work if the manufacturer had*
19 *compensated the dealer using the prevailing retail labor rate or*
20 *prevailing retail parts markup of the dealer.*

21 **Sec. 12. 1.** *If a manufacturer furnishes or causes to be*
22 *furnished parts to a dealer at no cost for purposes of performing*
23 *warranty work or a recall service or repair, the manufacturer may*
24 *compensate the dealer for a reasonable handling fee instead of the*
25 *dealer's prevailing retail parts markup.*

26 *2. If a manufacturer furnishes or causes to be furnished*
27 *parts to a dealer at a reduced cost for purposes of performing*
28 *warranty work or a recall service or repair, the manufacturer shall*
29 *compensate the dealer for the dealer's costs for the parts plus an*
30 *amount that is equal to the dealer's prevailing retail parts markup*
31 *multiplied by the cost of the parts in the current or previously*
32 *established price schedule of the manufacturer, whichever is*
33 *greater.*

34 **Sec. 13.** *A manufacturer shall not require, influence or*
35 *attempt to influence a dealer to implement or change the price for*
36 *which the dealer sells parts or provides labor for any retail repair,*
37 *including, without limitation, by:*

38 *1. Substituting any sample of qualifying repair orders for the*
39 *one submitted by the dealer to the manufacturer pursuant to*
40 *section 9 or 10 of this act to determine the prevailing retail labor*
41 *rate or prevailing retail parts markup of the dealer; or*

42 *2. Imposing an unduly burdensome or time-consuming*
43 *method on a dealer for purposes of compensating the dealer for*
44 *warranty work, including, without limitation, requiring the dealer*
45 *to provide part-to-part or transaction-by-transaction calculations.*



1 **Sec. 14.** *A manufacturer shall not take or threaten to take*
2 *adverse action against a dealer on the sole basis that the dealer*
3 *has requested compensation for warranty work or a recall service*
4 *or repair at the prevailing retail labor rate and prevailing retail*
5 *parts markup of the dealer, including, without limitation, by:*

6 1. *Establishing, implementing, enforcing or applying any*
7 *policy, standard, rule, program or incentive relating to*
8 *compensation of a dealer for warranty work in a way that is not*
9 *fair or applicable to all of the manufacturer's dealers in this State;*
10 *and*

11 2. *Implementing or continuing to implement a policy,*
12 *procedure or program for any of its dealers which does not comply*
13 *with sections 9 to 15, inclusive, of this act.*

14 **Sec. 15.** 1. *Except as otherwise provided in subsection 2, a*
15 *manufacturer shall not recover or attempt to recover any portion*
16 *of its costs for compensating a dealer for warranty work or a recall*
17 *service or repair.*

18 2. *This section does not prohibit a manufacturer from*
19 *increasing the price of any vehicle in the normal course of*
20 *business.*

21 **Sec. 16.** 1. *A dealer may file a protest with the Director of*
22 *the Department pursuant to NRS 482.36361 if the manufacturer*
23 *does not compensate the dealer for warranty work or a recall*
24 *service or repair in an amount that is based on the prevailing*
25 *retail labor rate or prevailing retail parts markup.*

26 2. *If the Director receives a protest from a dealer pursuant to*
27 *subsection 1:*

28 (a) *The Director shall decide whether the manufacturer*
29 *compensated the dealer for warranty work in an amount that is*
30 *based on the prevailing retail labor rate or prevailing retail parts*
31 *markup submitted to the dealer pursuant to section 9 or 10 of this*
32 *act; and*

33 (b) *Except as otherwise provided in this section, the provisions*
34 *of NRS 482.36361 to 482.36368, inclusive, apply.*

35 3. *In any hearing on a protest filed pursuant to this section,*
36 *the manufacturer shall have the burden to show that the*
37 *manufacturer compensated the dealer for warranty work based on*
38 *the prevailing retail labor rate or prevailing retail parts markup of*
39 *the dealer.*

40 4. *If the Director finds that the manufacturer did not*
41 *compensate the dealer for warranty work based on the prevailing*
42 *retail labor rate or prevailing retail parts markup of the dealer as*
43 *established pursuant to sections 9 and 10 of this act, the Director*
44 *shall order the manufacturer to pay to the dealer the difference*
45 *between the amount that the dealer has received from the*



1 *manufacturer for warranty work and the amount that the dealer*
2 *should have received from the manufacturer for warranty work if*
3 *the manufacturer had compensated the dealer using the prevailing*
4 *retail labor rate or prevailing retail parts markup of the dealer.*

5 **Sec. 17.** NRS 482.36311 is hereby amended to read as
6 follows:

7 482.36311 As used in NRS 482.36311 to 482.36425, inclusive,
8 *and sections 2 to 16, inclusive, of this act*, unless the context
9 otherwise requires, the words and terms defined in NRS 482.36318
10 to 482.36348, inclusive, *and sections 2 to 7, inclusive, of this act*
11 have the meanings ascribed to them in those sections.

12 **Sec. 18.** NRS 482.363575 is hereby amended to read as
13 follows:

14 482.363575 The Director shall adopt regulations for the
15 conduct of discovery preliminary to each hearing required pursuant
16 to NRS 482.36352, 482.36354 or 482.36357 ~~§~~ *or section 11 or 16*
17 *of this act*. The practice so established must conform insofar as
18 practicable to the practice established for use in the district courts
19 pursuant to N.R.C.P. 26 to 37, inclusive.

20 **Sec. 19.** NRS 482.36361 is hereby amended to read as
21 follows:

22 482.36361 1. If the Director receives a written protest from a
23 dealer pursuant to NRS 482.36352, 482.36354 or 482.36357 ~~§~~ *or*
24 *section 11 or 16 of this act*, the Director shall give notice as
25 follows:

26 (a) To the manufacturer or distributor, that the protest has been
27 filed and that the manufacturer or distributor may not take the
28 intended action which has given rise to the protest until the Director
29 has made his or her findings and issued an order permitting the
30 manufacturer or distributor to do so; and

31 (b) To any other dealer who has requested such a notice or who
32 may be adversely affected by the intended action, that the protest
33 has been filed.

34 2. A manufacturer or distributor who receives a notice pursuant
35 to this section shall not proceed with the action which has given rise
36 to the protest until the Director notifies the manufacturer or
37 distributor that the Director has made a decision authorizing the
38 manufacturer or distributor to proceed with that action.

39 3. Upon completion of discovery by the parties, the Director
40 shall schedule a hearing upon the protest, to be held within 60 days
41 thereafter.

42 4. If two or more protests are filed concerning a particular
43 intended action, the Director may consolidate the hearings on the
44 protests.



1 **Sec. 20.** NRS 482.36366 is hereby amended to read as
2 follows:

3 482.36366 1. Each witness, other than an officer or employee
4 of the State or of a political subdivision of the State or an expert
5 witness, who appears by order of the Director in a hearing pursuant
6 to NRS 482.36311 to 482.36425, inclusive, *or section 11 or 16 of*
7 *this act*, is entitled to receive for attending the hearing the same fees
8 allowed by law to witnesses in civil cases. Except as otherwise
9 provided in subsection 2, the amount must be paid by the party at
10 whose request the witness is ordered to appear.

11 2. The Director may assess other costs against the parties as the
12 Director deems appropriate. After any hearing on a protest filed
13 pursuant to NRS 482.36352, 482.36354 or 482.36357 *or section*
14 *11 or 16 of this act*, if the Director determines that the manufacturer
15 or distributor has failed to establish that there is good cause to
16 terminate, refuse to continue, modify or replace a franchise, or to
17 establish an additional dealership or relocate an existing dealership,
18 the Director shall award to the dealer attorney's fees and costs.

19 3. For the purposes of this section, "costs" includes:

20 (a) Except as otherwise provided in paragraph (b), any
21 applicable cost set forth in NRS 18.005; and

22 (b) The actual amount of any fees paid by a dealer to an expert
23 witness in connection with the hearing.

24 **Sec. 21.** NRS 482.36368 is hereby amended to read as
25 follows:

26 482.36368 1. The decision of the Director concerning a
27 protest filed pursuant to NRS 482.36352, 482.36354 or 482.36357
28 *or section 11 or 16 of this act*, is a final decision in a contested
29 case for the purpose of judicial review.

30 2. The decision is not subject to rehearing or reconsideration
31 by the Director after it is received by the parties.

32 3. When the written decision of the Director is delivered to the
33 parties, copies of the decision, including the findings of fact as well
34 as the determination of the issues, must be delivered to all persons
35 who have requested notice of such decisions.

36 **Sec. 22.** NRS 482.36385 is hereby amended to read as
37 follows:

38 482.36385 It is an unfair act or practice for any manufacturer,
39 distributor or factory branch, directly or through any representative,
40 to:

41 1. Compete with a dealer. A manufacturer or distributor shall
42 not be deemed to be competing when operating a previously
43 existing dealership temporarily for a reasonable period, or in a bona
44 fide retail operation which is for sale to any qualified person at a fair
45 and reasonable price, or in a bona fide relationship in which a



1 person has made a significant investment subject to loss in the
2 dealership and can reasonably expect to acquire full ownership of
3 the dealership on reasonable terms and conditions.

4 2. Discriminate unfairly among its dealers, or fail without good
5 cause to comply with franchise agreements, with respect to warranty
6 reimbursement or authority granted to its dealers to make warranty
7 adjustments with retail customers.

8 3. Fail to compensate a dealer fairly for the work and services
9 which the dealer is required to perform in connection with the
10 delivery and preparation obligations under any franchise . ~~[, or fail
11 to compensate a dealer fairly for labor, parts and other expenses
12 incurred by the dealer under the manufacturer's warranty
13 agreements or any recall service or repairs.]~~ The manufacturer shall
14 set forth in writing the respective obligations of a dealer and the
15 manufacturer in the preparation of a vehicle for delivery, and as
16 between them a dealer's liability for a defective product is limited to
17 the obligation so set forth. Fair compensation includes diagnosis and
18 reasonable administrative and clerical costs. ~~[The dealer's
19 compensation for parts and labor to satisfy a warranty or a recall
20 service or repair must not be less than the amount of money charged
21 to its various retail customers for parts and labor that are not
22 covered by a warranty. If parts are supplied by the manufacturer,
23 including exchanged parts and assembled components, the dealer is
24 entitled with respect to each part to an amount not less than the
25 dealer's normal retail markup for the part.]~~ This subsection does not
26 apply to compensation for any part, system, fixture, appliance,
27 furnishing, accessory or feature of a motor home or recreational
28 vehicle that is designed, used and maintained primarily for
29 nonvehicular, residential purposes.

30 4. Fail to:

31 (a) Pay all claims made by dealers for compensation for delivery
32 and preparation work ~~[,] and~~ transportation claims ~~[, special
33 campaigns and work to satisfy warranties and recall service or
34 repairs]~~ within 30 days after approval, or fail to approve or
35 disapprove such claims within 30 days after receipt;

36 (b) Disapprove any claim without notice to the dealer in writing
37 of the grounds for disapproval; or

38 (c) Accept an amended claim for labor and parts if the amended
39 claim is submitted not later than 60 days after the date on which the
40 manufacturer or distributor notifies the dealer that the claim has
41 been disapproved and the disapproval was based on the dealer's
42 failure to comply with a specific requirement for processing the
43 claim, including, without limitation, a clerical error or other
44 administrative technicality that does not relate to the legitimacy of
45 the claim.



1 ↪ Failure to approve or disapprove or to pay within the specified
2 time limits in an individual case does not constitute a violation of
3 this section if the failure is because of reasons beyond the control of
4 the manufacturer, distributor or factory branch.

5 5. Sell a new vehicle to a person who is not licensed as a new
6 vehicle dealer under the provisions of this chapter.

7 6. Use false, deceptive or misleading advertising or engage in
8 deceptive acts in connection with the manufacturer's or distributor's
9 business.

10 7. Perform an audit to confirm a claim for compensation
11 pursuant to NRS 482.363574, warranty repair, sales incentive or
12 rebate more than 9 months after the date on which the claim was
13 made. An audit of a dealer's records pursuant to this subsection may
14 be conducted by the manufacturer or distributor on a reasonable
15 basis, and a dealer's claim for warranty or sales incentive
16 compensation or compensation pursuant to NRS 482.363574 must
17 not be denied except for good cause, including, without limitation,
18 performance of nonwarranty repairs, lack of material
19 documentation, fraud or misrepresentation. A dealer's failure to
20 comply with the specific requirements of the manufacturer or
21 distributor for processing the claim does not constitute grounds for
22 the denial of the claim or the reduction of the amount of
23 compensation to the dealer if reasonable documentation or other
24 evidence has been presented to substantiate the claim. The
25 manufacturer or distributor shall not deny a claim or reduce the
26 amount of compensation to the dealer for warranty repairs to resolve
27 a condition discovered by the dealer during the course of a separate
28 repair.

29 8. Prohibit or prevent a dealer from appealing the results of an
30 audit to confirm a warranty repair, sales incentive, claim for
31 compensation made pursuant to NRS 482.363574 or rebate, or to
32 require that such an appeal be conducted at a location other than the
33 dealer's place of business.

34 **Sec. 23.** 1. This section becomes effective upon passage and
35 approval.

36 2. Sections 1 to 22, inclusive, of this act become effective:

37 (a) Upon passage and approval for the purpose of adopting any
38 regulations and performing any other administrative tasks that are
39 necessary to carry out the provisions of this act; and

40 (b) On January 1, 2024, for all other purposes.

