

# STATE OF NEW YORK

8773

2025-2026 Regular Sessions

## IN ASSEMBLY

June 2, 2025

Introduced by M. of A. MAGNARELLI -- read once and referred to the  
Committee on Transportation

AN ACT to amend the vehicle and traffic law, in relation to procedures  
relating to warranties and sales incentives

The People of the State of New York, represented in Senate and Assem-  
bly, do enact as follows:

1 Section 1. Subdivision 1 of section 465 of the vehicle and traffic  
2 law, as amended by chapter 301 of the laws of 2024, is amended to read  
3 as follows:

4 1. Every franchisor, including its affiliates and subsidiaries shall  
5 properly fulfill any warranty agreement and/or franchisor's service  
6 contract and shall compensate each of its franchised motor vehicle deal-  
7 ers for warranty parts and labor, including but not limited to all  
8 warranty repairs, extended service contract repairs, extended warranty  
9 repairs, campaigns, service bulletins, policy repairs, component part  
10 warranties, factory compensated repairs, recalls, diagnostics, parts and  
11 other voluntary stop-sell repairs, and any other franchisor compensated  
12 repairs and shall compensate each of its franchised motor vehicle deal-  
13 ers for all warranty, recall, diagnostic labor operations and parts  
14 where applicable in amounts which reflect reasonable compensation for  
15 such work. For purposes of this section, reasonable compensation shall  
16 be the reasonable labor time allowances defined by the retail labor time  
17 guide reasonably utilized by a franchised motor vehicle dealer for non-  
18 warranty customer paid labor operations. Where such third party guide  
19 is unavailable, does not contain a particular repair or new vehicle, or  
20 a dealer is otherwise unable to utilize such guide, reasonable compen-  
21 sation shall be equal to the franchisor's time allowance for the repair  
22 multiplied by 1.5. Where there is no time allowance in either a third  
23 party guide, nor in any manufacturer guidance, reasonable compensation  
24 shall be the actual time taken to perform the repair as documented by  
25 the motor vehicle dealer. Such documentation shall not be unduly

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 burdensome and shall be consistent with existing methods for recording  
2 time within the motor vehicle dealers' warranty repair system. All  
3 warranty claims and/or claims under a franchisor's service contract made  
4 by franchised motor vehicle dealers shall be paid within thirty days  
5 following their approval. For diagnosis work, parts reimbursement, other  
6 than components, systems, fixtures, appliances, furnishings, accessories  
7 and features of a house coach that are designed, used and maintained  
8 primarily for nonvehicular residential purposes, and for labor  
9 reimbursement, reasonable compensation shall not be less than the price  
10 and rate charged by the franchised motor vehicle dealer for like  
11 services to non-warranty and/or non-service contract customers and shall  
12 be for the time recorded by the motor vehicle dealer to complete the  
13 repair operation including but not limited to post strategy-based diag-  
14 nosis, franchisor-mandated documentation of repairs beyond what is  
15 normally required, road testing, removal and re-installation of fleet-  
16 vehicle equipment to make warranty repairs, technical assistance diag-  
17 nostic procedures and other mitigating repair verification or completion  
18 procedures. For purposes of this section, the price and rate charged by  
19 the franchised motor vehicle dealer for parts may be established by  
20 submitting to the franchisor one hundred sequential nonwarranty custom-  
21 er-paid service repair orders or the number of sequential nonwarranty  
22 customer-paid service repair orders written within a ninety day period,  
23 whichever is less, covering repairs made no more than one hundred eighty  
24 days before the submission, and declaring the price and rate, including  
25 average markup for the franchised motor vehicle dealer as its reimburse-  
26 ment rate. The reimbursement rate so declared shall go into effect thir-  
27 ty days following the declaration and shall be presumed to be reason-  
28 able, however a franchisor may rebut such presumption by showing that  
29 such rate so established is unreasonable in light of the practices of  
30 all other franchised motor vehicle dealers in the vicinity offering the  
31 same line make. The franchised motor vehicle dealer shall not request a  
32 change in the reimbursement rate more often than once in each calendar  
33 year. In establishing the labor reimbursement rate and time allowance,  
34 the franchisor shall not require a franchised motor vehicle dealer to  
35 establish said rate or time by a methodology, or by requiring informa-  
36 tion, that is unduly burdensome or time consuming to provide, including,  
37 but not limited to, a transaction by transaction calculation. For the  
38 purposes of this section, the following parts or types of repairs shall  
39 be excluded from the parts and/or labor calculations and the  
40 franchisor's reimbursement requirements under this section: [~~(a)~~] parts  
41 sold at wholesale; [~~(b)~~] tires; [~~(c)~~] routine maintenance not covered  
42 under any retail customer warranty such as fluids, filters and belts not  
43 provided in the course of repairs; [~~(d)~~] vehicle reconditioning; and  
44 [~~(e)~~] batteries replaced as part of a routine maintenance operation. If  
45 the franchisor rejects the declaration or attempts to rebut the declara-  
46 tion because of an error in the dealer's submission, the franchisor  
47 shall identify with specificity the reason for rejection and identify  
48 the error or errors within the submission. In the event the franchisor  
49 rejects or rebuts the dealer's initial declaration, the dealer shall  
50 have the opportunity, within sixty days to resubmit the full and  
51 corrected declaration addressing the alleged error or errors identified  
52 by the franchisor. The franchisor shall respond within sixty days. The  
53 one hundred eighty day requirement for the repair orders shall be stayed  
54 from the date of initial submission. In any action or proceeding held  
55 pursuant to this subdivision, the franchisor shall have the burden of  
56 proving that the rate declared by the dealer was unreasonable as

1 described in this subdivision and that the proposed adjustment of the  
2 average percentage markup or rejection of the submission is reasonable  
3 pursuant to the provisions of this subdivision. A warranty claim timely  
4 made shall not be deemed invalid solely because unavailable parts cause  
5 additional use and mileage on the vehicle. If a motor vehicle franchi-  
6 sor, or its affiliates and subsidiaries, supplies, or causes to be  
7 supplied, a part or parts at no cost or at a reduced cost for use in  
8 performing warranty repairs, extended warranty repairs, campaigns,  
9 recalls, diagnostics, parts, voluntary stop-sell repairs or any other  
10 factory-compensated repair, the franchisor shall compensate the motor  
11 vehicle dealer in the same manner as the franchisor compensates the  
12 dealer under this section by paying the motor vehicle dealer an amount  
13 equal to the dealer's parts markup multiplied by the wholesale value of  
14 the part. The wholesale value of the part shall be the greater of: (a)  
15 the amount the dealer paid for the part or a substantially identical  
16 part; (b) the cost of the part in a current or prior established price  
17 schedule issued by the franchisor or issued by a third party that has  
18 previously supplied the part to the motor vehicle dealer; (c) the cost  
19 of a substantially identical part in a current or prior established  
20 price schedule issued by the franchisor or by a third party; or (d) the  
21 reasonable wholesale price for the part.

22 § 2. This act shall take effect immediately.