

STATE OF NEW YORK

8360

2025-2026 Regular Sessions

IN SENATE

June 5, 2025

Introduced by Sen. COONEY -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

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 Assembly, 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.

LBD13159-01-5

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.