# 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 Assembly, do enact as follows:**

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

1. Every franchisor**, including its affiliates and subsidiaries** shall properly fulfill any warranty agreement and/or franchisor's service contract **and shall compensate each of its franchised motor vehicle dealers for warranty parts and labor**, including but not limited to all warranty repairs, extended **service contract repairs, extended** warranty repairs, **campaigns, service bulletins, policy repairs, component part warranties,** factory compensated repairs, recalls, diagnostics, parts and other voluntary stop-sell repairs, **and any other franchisor compensated repairs** and shall compensate each of its franchised motor vehicle dealers for all warranty, recall, diagnostic labor operations and parts where applicable in amounts which reflect reasonable compensation for such work. For purposes of this section, reasonable compensation shall be the reasonable labor time allowances defined by the retail labor time guide reasonably utilized by a franchised motor vehicle dealer for non-warranty customer paid labor operations. **Where such third party guide is unavailable, does not contain a particular repair or new vehicle, or a dealer is otherwise unable to utilize such guide, reasonable compensation shall be equal to the franchisor's time allowance for the repair multiplied by 1.5. Where there is no time allowance in either a third party guide, nor in any manufacturer guidance, reasonable compensation shall be the actual time taken to perform the repair as documented by 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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**burdensome and shall be consistent with existing methods for recording time within the motor vehicle dealers' warranty repair system.** All warranty claims and/or claims under a franchisor's service contract made by franchised motor vehicle dealers shall be paid within thirty days following their approval. For diagnosis work, parts reimbursement, other than components, systems, fixtures, appliances, furnishings, accessories and features of a house coach that are designed, used and maintained primarily for nonvehicular residential purposes, and for labor reimbursement, reasonable compensation shall not be less than the price and rate charged by the franchised motor vehicle dealer for like services to non-warranty and/or non-service contract customers **and shall be for the time recorded by the motor vehicle dealer to complete the repair operation including but not limited to post strategy-based diagnosis, franchisor-mandated documentation of repairs beyond what is normally required, road testing, removal and re-installation of fleet-vehicle equipment to make warranty repairs, technical assistance diagnostic procedures and other mitigating repair verification or completion procedures**. For purposes of this section, the price and rate charged by the franchised motor vehicle dealer for parts may be established by submitting to the franchisor one hundred sequential nonwarranty customer-paid service repair orders or the number of sequential nonwarranty customer-paid service repair orders written within a ninety day period, whichever is less, covering repairs made no more than one hundred eighty days before the submission, and declaring the price and rate, including average markup for the franchised motor vehicle dealer as its reimbursement rate. The reimbursement rate so declared shall go into effect thirty days following the declaration and shall be presumed to be reasonable, however a franchisor may rebut such presumption by showing that such rate so established is unreasonable in light of the practices of all other franchised motor vehicle dealers in the vicinity offering the same line make. The franchised motor vehicle dealer shall not request a change in the reimbursement rate more often than once in each calendar year. In establishing the labor reimbursement rate **and time allowance**, the franchisor shall not require a franchised motor vehicle dealer to establish said rate **or time** by a methodology, or by requiring information, that is unduly burdensome or time consuming to provide, including, but not limited to, a transaction by transaction calculation. For the purposes of this section, the following parts or types of repairs shall be excluded from the parts and/or labor calculations and the franchisor's reimbursement requirements under this section: [~~(a)~~] parts sold at wholesale; [~~(b)~~] tires; [~~(c)~~] routine maintenance not covered under any retail customer warranty such as fluids, filters and belts not provided in the course of repairs; [~~(d)~~] vehicle reconditioning; and [~~(e)~~] batteries replaced as part of a routine maintenance operation. If the franchisor rejects the declaration or attempts to rebut the declaration because of an error in the dealer's submission, the franchisor shall identify with specificity the reason for rejection and identify the error or errors within the submission. In the event the franchisor rejects or rebuts the dealer's initial declaration, the dealer shall have the opportunity, within sixty days to resubmit the full and corrected declaration addressing the alleged error or errors identified by the franchisor. The franchisor shall respond within sixty days. The one hundred eighty day requirement for the repair orders shall be stayed from the date of initial submission. In any action or proceeding held pursuant to this subdivision, the franchisor shall have the burden of proving that the rate declared by the dealer was unreasonable as

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

§ 2. This act shall take effect immediately.