

Honolulu, Hawaii

APR 02 2012

RE: H.B. No. 1543

S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1543 entitled:

"A BILL FOR AN ACT RELATING TO THE MOTOR VEHICLE INDUSTRY
LICENSING LAW,"

begs leave to report as follows:

The purpose and intent of this measure is to make clarifying amendments to the Motor Vehicle Industry Licensing Act.

Prior to the hearing on this measure, your Committee made available for public review a proposed S.D. 1 of this measure. The proposed S.D. 1 deleted the contents of this measure and inserted provisions that prohibit motor vehicle manufacturers or distributors from recovering or attempting to recover for increased warranty reimbursement from dealers.

Your Committee received testimony in support of the proposed S.D. 1 from the Tony Group. Your Committee received testimony in opposition to the proposed S.D. 1 from the Alliance of Automobile Manufacturers. Your Committee received comments on the proposed S.D. 1 from the Motor Vehicle Industry Licensing Board.

Your Committee finds that certain motor vehicle manufacturers may attempt to recover their warranty parts expenses from automobile dealers in the State. This measure attempts to address this situation by prohibiting motor vehicle manufacturers or distributors from recovering from an automobile dealer the cost for reimbursing a dealer for vehicle warranty repairs.



Your Committee has heard the concerns that this measure, as written, may be overly broad with unintended negative consequences for the State's automobile manufacturers and consumers. Your Committee further finds that section 437-56, Hawaii Revised Statutes, requires manufacturers to pay automobile dealers at least the same markup for parts as the markup charged by dealers to retail customers. Your Committee has also heard the concerns that manufacturers who recover their warranty parts expenses from the State's automobile dealers render section 437-56, Hawaii Revised Statutes, ineffective. Your Committee believes that a solution to this issue is needed, but acknowledges that further discussion on this measure is necessary.

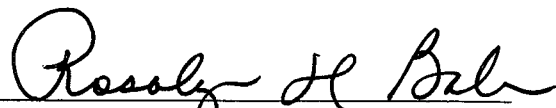
Interested stakeholders who appeared before your Committee have indicated a willingness to collaborate on this topic. Your Committee encourages these stakeholders to continue discussion on this measure so that a workable solution can be reached.

Accordingly, your Committee has amended this measure by

- (1) Adopting the proposed S.D. 1; and
- (2) Inserting an effective date of July 1, 2050, to allow for further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1543, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1543, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,


ROSALYN H. BAKER, Chair



Record of Votes
Committee on Commerce and Consumer Protection
CPN

*Only one measure per Record of Votes