STAND. COM. REP. NO. 3128

Honolulu, Hawaii

APR 0 2 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.

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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

The Senate Twenty-Sixth Legislature State of Hawai'i

Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referra		Date:		
HB 1543	CPN			3-28-	12
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)					
TANIGUCHI, Brian T. (VC)					
GALUTERIA, Brickwood					V
GREEN, M.D., Josh		✓ ,			
NISHIHARA, Clarence K.					
SOLOMON, Malama	<u> </u>				
SLOM, Sam					
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TOTAL		4	0	0	3
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

^{*}Only one measure per Record of Votes