

January 30, 2019

The Honorable Mike Petersen, Chairperson
Senate Committee on Transportation
Statehouse, Room 345-S
Topeka, Kansas 66612

Dear Senator Petersen:

SUBJECT: Fiscal Note for SB 39 by Senate Committee on Transportation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 39 is respectfully submitted to your committee.

SB 39 would amend the Vehicle Dealers and Manufacturers Licensing Act. The bill would require a manufacturer or distributor to specify in writing to each of its dealers operating in Kansas the dealer's obligations for preparation, delivery, and warranty services related to its products. The bill includes obligations for manufacturers, distributors, and dealers related to warranty services, recall obligations, compensation schedules, and establishing an average dealer markup or labor rate for completing certain services. The bill includes procedures if the manufacturer or distributor and the dealer cannot agree on the average dealer markup or labor rate. The bill would allow the dealer to file a complaint with the Director of Vehicles at the Department of Revenue that would decide the average dealer markup or labor rate by an administrative hearing. A dealer could not request a change in the average dealer markup or labor rate more than once in any one-year period. Compensation to the dealer for warranty parts and labor could not be less than the rates charged by the dealer for like parts and services for retail customers.

The Department of Revenue indicates SB 39 would have no fiscal effect on state revenue or expenditures.

At the time the fiscal note was prepared, the Division of the Budget had not received fiscal note response from the Office of the Attorney General. If fiscal note information is received that materially alters the stated fiscal effect of SB 39, then a revised fiscal note will be prepared.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Willie Prescott, Office of the Attorney General