HLS 11RS-630 **ORIGINAL**

Regular Session, 2011

HOUSE BILL NO. 133

BY REPRESENTATIVE ANDERS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FARMING/EQUIPMENT: Provides relative to warranty claims submitted to a supplier by a retailer

AN ACT

To enact Part I-B of Chapter 2 of Title 51 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 51:501, relative to warranty claims; to require claims to be approved or disapproved within thirty days; to require payment of approved claims within thirty days; to require notice of disapproval and the grounds for the disapproval; to provide for claims not disapproved within thirty days; to provide for claims submitted after the termination of a contract; to provide for compensation for work performed by a dealer; to provide for excluded expenses; to provide for compensation for parts; to provide for a supplier's right to adjust for errors; to authorize a dealer to accept a manufacturer's reimbursement terms; to define "dealer"; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Part I-B of Chapter 2 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S. 51:501, is hereby enacted to read as follows:

PART I-B. WARRANTY CLAIMS ON FARM, INDUSTRIAL, AND LAWN AND GARDEN EQUIPMENT

§501. Warranty claims submitted to a supplier by a dealer

A. Warranty claims submitted to a supplier by a dealer for payment under a warranty agreement shall either be approved or disapproved within thirty days of receipt by the supplier. All claims for payment shall be paid within thirty days of

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their approval. When any such claim is disapproved, the supplier shall notify the dealer within thirty days stating the specific grounds upon which the disapproval is based. If a claim is not specifically disapproved within thirty days of receipt, it shall be deemed approved and payment by the supplier shall be made within thirty days.

B. If after termination of a contract, the dealer submits a claim to the supplier for warranty work performed prior to the effective date of the termination, the supplier shall accept or reject the claim within thirty days of receipt.

C. Warranty work performed by the dealer shall be compensated in accordance with the reasonable and customary amount of time required to complete the work, expressed in hours and fractions thereof, multiplied by the dealer's established customer hourly retail labor rate, which shall have previously been made known to the supplier.

D. Expenses expressly excluded under the supplier's warranty to the customer shall not be included nor required to be paid on requests for compensation from the dealer for warranty work performed.

E. All parts used by the dealer in performing warranty work shall be paid to the dealer in the amount equal to the dealer's net price for parts used, plus a minimum of fifteen percent. The percentage additive shall reimburse the dealer for reasonable costs of doing business in performing warranty service on the supplier's behalf, including but not limited to freight and handling costs incurred.

F. The supplier shall have the right to adjust for errors discovered during audit and, if necessary, to adjust claims paid in error.

G. The dealer shall have the right to accept the manufacturer's reimbursement terms and conditions in lieu of the provisions of this Section.

H. For the purposes of this Section, "dealer" shall mean any farm equipment dealer, heavy industrial equipment dealer, construction equipment dealer, material handling equipment dealer, utility equipment dealer, engines equipment dealer, lawn and garden equipment dealer, or retail equipment distributor dealer.

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Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Anders HB No. 133

Abstract: Requires a warranty claim submitted to a supplier by a dealer for payment under a warranty agreement to either be approved or disapproved within 30 days of receipt by the supplier. Requires all claims for payment to be paid within 30 days of their approval.

Proposed law requires warranty claims submitted to a supplier by a dealer for payment under a warranty agreement to either be approved or disapproved within 30 days of receipt by the supplier.

Proposed law requires all claims for payment to be paid within 30 days of their approval.

Proposed law requires the supplier, when any claim is disapproved, to notify the dealer within 30 days stating the specific grounds upon which the disapproval is based.

Proposed law provides that if a claim is not specifically disapproved within 30 days of receipt, it shall be deemed approved and payment by the supplier shall be made within 30 days.

Proposed law provides that if after termination of a contract, the dealer submits a claim to the supplier for warranty work performed prior to the effective date of the termination, the supplier shall accept or reject the claim within 30 days of receipt.

Proposed law provides that warranty work performed by the dealer shall be compensated in accordance with the reasonable and customary amount of time required to complete the work, expressed in hours and fractions thereof, multiplied by the dealer's established customer hourly retail labor rate, which shall have previously been made known to the supplier.

Proposed law provides that expenses expressly excluded under the supplier's warranty to the customer shall not be included nor required to be paid on requests for compensation from the dealer for warranty work performed.

Proposed law requires all parts used by the dealer in performing warranty work to be paid to the dealer in the amount equal to the dealer's net price for parts used, plus a minimum of 15%. The percentage additive is to reimburse the dealer for reasonable costs of doing business in performing warranty service on the supplier's behalf, including but not limited to freight and handling costs incurred.

Proposed law provides that the supplier has the right to adjust for errors discovered during audit and, if necessary, to adjust claims paid in error.

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Proposed law provides that the dealer shall have the right to accept the manufacturer's reimbursement terms and conditions in lieu of the provisions of proposed law.

Proposed law provides that, for the purposes of proposed law, "dealer" shall mean any farm equipment dealer, heavy industrial equipment dealer, construction equipment dealer, material handling equipment dealer, utility equipment dealer, engines equipment dealer, lawn and garden equipment dealer, or retail equipment distributor dealer.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 51:501)

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