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## DIGEST

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Carmody

HB No. 261

**Abstract:** Provides relative to the sale and distribution of motor vehicles.

Present law provides for unauthorized acts pursuant to present law regarding the sale and distribution of motor vehicles.

Present law provides that it is an unauthorized act for any person or other licensee to modify a franchise during the term of the agreement or upon its renewal if the modification substantially and adversely affects the franchisee's rights, obligations, investment, or return on investment without giving 60 days written notice of the proposed modification to the licensee and Motor Vehicle Commission. Such notice is not required if the modification is required by law, court order, or the commission.

Proposed law requires that the 60-day written notice to the licensee and commission must delineate the reasons relied on to justify the proposed modification.

Present law provides that warranty and sales incentive audits of dealer records may be conducted by the manufacturer, distributor, distributor branch, or factory branch.

Present law further provides that any audit for sales incentives, service incentives, rebates, or other forms of incentive compensation shall only be for the 12-month period immediately following the date of the close of the promotion, event, program, or activity.

Proposed law changes present law by providing that the 12-month period shall begin following the date of payment to the dealer.

Proposed law provides that when a manufacturer or distributor disapproves a claim, a charge-back may not be applied to a claim related to parts installed on a repaired vehicle, unless the claim was intentionally false or fraudulent.

Proposed law provides that it shall be deemed an unfair act pursuant to present law to audit a dealer more frequently than once every 12 months.

Proposed law provides no claim may be rejected as late if it has been submitted within 90 days of the date the repair order was written.

(Amends R.S. 32:1261(6)(a) and 1262(B)(1); Adds R.S. 32:1262 (B)(5)-(7))