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Fla. law: Automakers can't force dealer upgrades

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A bill awaiting the Florida governor's signature would limit how far manufacturers can go to force auto dealers to upgrade their stores.

The state's already dealer-friendly franchise laws also would be bolstered in areas such as warranty payouts, incentives, exports and fraud.

The legislation "turns the tables and prevents manufacturers from using their 800-pound gorilla status against dealers," said Alex Kurkin, a Miami lawyer who helped draft the bill.

The measure also would require automakers to pay retail customer rates for warranty labor and parts.

Manufacturers would be prohibited from auditing warranty claims from dealers that demand retail payment or taking other punitive measures against retailers — tactics some automakers are accused of.

Florida dealers have complained that some manufacturers bully dealers into building showrooms. Dealers also have complained about unfair warranty payout procedures.

The bill "prevents coercive actions," Kurkin said. "Dealers who had asked for retail warranty payouts got audited. Then they get pushed into the new facility *du jour* because the factory hired a new VP of marketing."

Both houses of Florida's Legislature unanimously passed the bill last week. Gov. Charlie Crist is expected to sign the legislation. If unsigned for 15 days, the bill becomes law automatically. Only a veto can prevent passage.

The bill says carmakers cannot:

- Terminate a dealer's franchise or change or cut vehicle allocations for failure to upgrade a facility, within certain limits.
- Withhold incentives for facility renovation from dealers who already comply with program standards.
- Deny Florida dealers incentives offered elsewhere in the country.
- Punish dealers who sell vehicles that are later exported — without proof the dealer knew the vehicle was to be exported.
- Revoke a dealer's franchise for fraudulent action unless the dealer principal had full knowledge of the fraud.

Manufacturer-backed lobbying organizations mounted a last-ditch effort to get Crist to veto the bill. The Alliance of Automobile Manufacturers — representing the Detroit 3, Toyota and five other automakers — has created FairAutoRepairs.com, a lobbying group to oppose the bill. The group has aired radio commercials promising more expensive repair bills, should the bill be signed. Consumers are urged to demand that Crist veto the legislation.

"This is an issue that should be handled internally between dealers and manufacturers, not through legislation," says alliance spokesman Charles Territo. "This legislation would be bad for manufacturers, consumers and, ultimately, could hurt dealers, if manufacturers are forced to increase the cost of vehicles as a result."

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