

1 H.180

2 Introduced by Representatives Helm of Fair Haven, Brennan of Colchester,  
3 Canfield of Fair Haven, Juskiewicz of Cambridge, and Savage  
4 of Swanton

5 Referred to Committee on

6 Date:

7 Subject: Commerce and trade; supplier and manufacturer; warranty obligations

8 Statement of purpose of bill as introduced: This bill proposes to establish  
9 standards for warranty service and related obligations of motorboat and  
10 personal watercraft dealers.

11 An act relating to warranty obligations for motorboat and personal  
12 watercraft dealers

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. 9 V.S.A. chapter 106 is added to read:

15 CHAPTER 106. MOTORBOAT AND PERSONAL WATERCRAFT

16 DEALERS; WARRANTY OBLIGATIONS

17 § 4051. DEFINITIONS

18 As used in this chapter:

19 (1) "Dealer" means a person primarily engaged in the business of retail  
20 sales of inventory.

1           (2) “Dealer agreement” means a written or oral agreement between a  
2           dealer and a supplier by which the supplier gives the dealer the right to sell or  
3           distribute inventory, goods, or services, or to use a trade name, trademark,  
4           service mark, logotype, or advertising or other commercial symbol.

5           (3) “Inventory” means motorboats and personal watercraft.

6           (4) “Motorboat” means any vessel propelled by machinery, whether or  
7           not the machinery is the principal source of propulsion, but does not include a  
8           vessel that has a valid marine document issued by the Bureau of Customs of  
9           the U.S. government or any federal agency successor thereto.

10           (5) “Personal watercraft” means a Class A vessel that uses an inboard  
11           engine powering a water jet pump as its primary source of motive power and  
12           that is designed to be operated by a person or persons sitting, standing, or  
13           kneeling on, or being towed behind the vessel rather than in the conventional  
14           manner of sitting or standing inside the vessel.

15           (6) “Supplier” means a wholesaler, manufacturer, or distributor of  
16           inventory that enters into a dealer agreement with a dealer.

17           (7) “Vessel” means every description of watercraft, other than a  
18           seaplane on the water or a racing shell or rowing scull, occupied exclusively by  
19           persons over 12 years of age, used or capable of being used as a means of  
20           transportation on water.

1     § 4052. WARRANTY SERVICE OBLIGATIONS

2           (a) A supplier shall:

3                 (1) specify in writing a dealer's reasonable obligation to perform  
4                 warranty service on the supplier's inventory;

5                 (2) provide the dealer a schedule of reasonable compensation for  
6                 warranty service, including amounts for diagnostic work, parts, labor, and the  
7                 time allowance for the performance of warranty service; and

8                 (3) compensate the dealer pursuant to the schedule of compensation for  
9                 the warranty service the supplier requires it to perform.

10                (b) Time allowances for the diagnosis and performance of warranty service  
11                shall be reasonable and adequate for the service performed by a dealer that is  
12                equipped to complete the requirements of the warranty service.

13                (c) The hourly rate paid to a dealer shall not be less than the rate the dealer  
14                charges to customers for nonwarranty service.

15                (d) A supplier shall compensate a dealer for parts used to fulfill warranty  
16                and recall obligations at a rate not less than the price the dealer actually paid  
17                the supplier for the parts plus 20 percent, plus freight and handling if charged  
18                by the supplier.

19                (e) The wholesale price on which a dealer's markup reimbursement is  
20                based for any parts used in a recall or campaign shall not be less than the

1 highest wholesale price listed in the supplier's wholesale price catalogue  
2 within six months prior to the start of the recall or campaign.

3 (f)(1) Whenever a supplier and a dealer enter into an agreement providing  
4 consumer warranties, the supplier shall pay a warranty claim made for  
5 warranty parts and service within 30 days after its receipt and approval.

6 (2) The supplier shall approve or disapprove a warranty claim within  
7 30 days after its receipt.

8 (3) If a claim is not specifically disapproved in writing within 30 days  
9 after its receipt, it is deemed to be approved and the supplier shall pay the  
10 dealer within 30 days after receipt.

11 (g) A supplier violates this section if it:

12 (1) fails to perform its warranty obligations;

13 (2) fails to include in written notices of factory recalls to owners of  
14 inventory and to dealers the expected date by which necessary parts and  
15 equipment will be available to dealers for the correction of such defects; or

16 (3) fails to compensate a dealer for repairs required by a recall.

17 (h) A supplier shall not:

18 (1) impose an unreasonable requirement in the process a dealer must  
19 follow to file a warranty claim; or

20 (2) impose a surcharge or fee to recover the additional costs the supplier  
21 incurs from complying with the provisions of this section.

1       Sec. 2. APPLICABILITY TO EXISTING DEALER AGREEMENTS

2           Notwithstanding 1 V.S.A. § 214, for a dealer agreement, as defined in  
3           9 V.S.A. § 4071, that is in effect on or before July 1, 2017, the provisions of  
4           this act shall apply on July 1, 2017.

5       Sec. 3. EFFECTIVE DATE

6           This act shall take effect on July 1, 2017.