

Revised to reflect committee amendment AM395.

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 667 as amended by AM 395 would modify Nebraska's Motor Vehicle Industry Regulation Act §60-1438 as it relates to the compensation franchisors are to pay new motor vehicle dealers (franchisees) for diagnostic work and parts, performed during warranty repairs, as follows:

- 1) Compensation for work or service performed by qualified technicians during warranty repairs shall include a an "adequate" amount of time allowance for the work, instead of a "reasonable" amount of time for diagnostic work.
- 2) Franchisors cannot unreasonably deny written requests from franchisees for modifications made to the uniform time allowance for a specific warranty repair.
- 3) Franchisors cannot unreasonably deny a request submitted by a franchisee for an additional time allowance for diagnostic or repair work on a specific vehicle covered under warranty.
- 4) The request from the franchisee shall include information and documentation reasonably necessary to assess the merits of the request.
- 5) The bill specifies that the prevailing wage rates for labor compensation shall not be based on maintenance services compensation such as oil/filter changes, fluid changes, brakes, spark plugs, wiper blades, and tire replacement work.
- 6) If the franchisor denies a request, a franchisee may file a complaint with the Motor Vehicle Industry Licensing Board (MVILB), then the manufacturer will have the burden of proof to show the denial was made pursuant to the Motor Vehicle Industry Regulation Act.
- 7) If the MVILB determines the denial was made in violation of the act, then the franchisor will be subject to enforcement procedures.
- 8) Compensation for parts should be based on the dealer's cost plus markup, while excluding maintenance services such as oil/filter changes, fluid changes, brakes, spark plugs, wiper blades, and tire replacement work from the calculation of average percentage markup.
- 9) When a franchisor provides parts at no cost for warranty work, they must compensate the dealer based on the dealer's cost plus markup, multiplied by the fair wholesale value of such part.
- 10) For the purposes of determining the fair wholesale value of a warranty part, the bill specifies it to be the greatest value of either:
  - a) The amount the dealer paid for the part;
  - b) The cost of the part at the time it was furnished in a price schedule of the franchisor; or
  - c) The cost of a substantially identical part at the time it was furnished in a price schedule of the franchisor.

- 11) Allows a manufacturer or distributor to request up to 100 additional repair orders (different from those provided under 2(b) of Nebraska §60-1438) from a dealer of the manufacturer or distributor to be used in the determination whether the dealer's average percentage markup rate, retail labor rate, or both are materially different than those rates a dealer has declared. These requested repair orders must be:
  - a) From a 90 day period within the most recent previous 12 month period as selected by the manufacturer or distributor; and
  - b) From repair orders selected by the dealer.
- 12) The manufacturer or distributor shall not make the same 100 additional repair orders request within 12 months after a prior request.
- 13) If the manufacturer or distributor determines that a dealer's rate charged to customers for nonwarranty work is less than the rates currently being paid by the manufacturer or distributor to the dealer for warranty work, they may adjust the rate paid to the dealer accordingly. This adjustment must be done within 30 days of receipt of the requested additional repair orders for the rebuttal of the new vehicle dealer's labor rate and/or the average percentage markup rate.
- 14) A dealer and a manufacturer, or a dealer and a distributor are allowed to reach a mutually acceptable retail labor rate or average percentage markup rate at any time.

The Nebraska Motor Vehicle Licensing Board (MVILB) has indicated there would be no fiscal impact to their board.

There is no basis to disagree with the MVILB's assessment of no fiscal impact.

State Agency OR Political Subdivision Name: <sup>(2)</sup> Motor Vehicle Industry Licensing Board

Prepared by: <sup>(3)</sup> Joshua Eickmeier

Date Prepared: <sup>(4)</sup> 4/11/25

Phone: <sup>(5)</sup> 402-471-2148

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

No Fiscal Impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				