



# **Rhode Island Automobile Dealers Association**

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March 25, 2025

Rep. Joseph J. Solomon, Jr.  
Chair, House Committee on Corporations

RE: House Bill No. 5590 – AN ACT RELATING TO MOTOR AND OTHER VEHICLES – REGULATION OF  
BUSINESS PRACTICES AMONG MOTOR VEHICLES MANUFACTURES, DISTRIBUTORS, AND DEALERS

Dear Chair Solomon,

I am here to testify today on behalf of the Rhode Island Automobile Dealers Association (RIADA) and to express our strong support for H-5590, which would update Rhode Island's motor vehicle law to extend certain protocols to a motor vehicle manufacturers' distributors and factory branches, as well as provide needed updates to the law's warranty labor reimbursement policies.

Rhode Island's new car and truck dealers support more than 3,200 direct jobs, another 2,600 indirect and induced jobs, and we help generate more than \$250M in annual sales tax for Rhode Island. The vast majority of our dealerships are owned and run by local Rhode islanders, who are giving back to their communities and employing hard-working Rhode Island residents.

The proposed legislation is aimed at helping to protect consumers and local businesses, preserve and strengthen local employees' jobs, and close any loopholes that could undermine the legislature's original intent under the current statute. It will also provide local dealers with the same business environment and discretion that dealers in other states now have to protect them and their employees from unfair practices that are negatively impacting their talented auto technicians.

Auto manufacturers use their franchised dealers' investments in their communities, facilities, tools, and staff to distribute, sell, and service their vehicles. This allows a much lower capital investment by the manufacturer than would otherwise be possible. In addition, local dealers, their technicians, services advisers, clerks, and sales teams help ensure more of the manufacturers' autos and products are sold, increase brand loyalty through top notch service and customer care, while also ensuring greater sales tax revenues for the state.

As most know, new vehicles are sold with a manufacturer's warranty to help protect consumers from unplanned, expensive repairs when their vehicle is still in its initial years of operation. Depending on the coverage - those warranties can be anywhere from 3-5 years or 36,000-60,000 miles, with some manufacturers now even offering 10 year or 100,000-mile warranties. Dealers are required by their dealer agreements to perform repairs under these warranties regardless of where the vehicles are purchased.

***"SERVING RHODE ISLAND'S NEW CAR AND TRUCK DEALERS"***

Unfortunately, many manufacturers have designed various ways to avoid fair payment for this work, including the development of artificially low time allowances used to determine the number of labor hours needed for warranty repair reimbursements. Not only does this mean non-warranty customers may have to subsidize the cheaper reimbursements, but it is also deterring technicians from wanting to do the warranty work. Many technicians no longer want to do the warranty repairs because they know if the job takes longer than what the manufacturer has prescribed, both the technician and the dealer will be working at a loss.

At a time when the industry is struggling to find good, new, committed technicians to meet demand, this unfair practice from manufacturers cannot continue to go on. Rhode Island dealers want their technicians to be excited to work on their brands and vehicles, and eager to address the warranty work that needs to be completed. Simply put – if a warranty job takes a technician X hours to fix, the technician and dealership should be reimbursed by the manufacturer for those hours, just as a non-warranty customer would pay them for their time spent on the repair.

This legislation provides an avenue for dealers and manufacturers to handle discrepancies between the actual labor time it takes a service technician to complete a warranty repair compared to the manufacturer's suggested time allowance. If needed, it would allow the dealer to use a third-party time guide they use for non-warranty work purposes to estimate the time needed for the repair. This practice follows similar efforts that have already been adopted in several other states, including Wisconsin, Minnesota, Illinois, and New York, to address the issue.

Our dealers make substantial investments in their service facilities, diagnostic and service equipment, their tools, and service technician training to ensure they can handle the warranty work that comes through their door. In return – they depend on receiving reasonable compensation from the manufacturer for warranty repairs to cover this investment and their technician's work. This legislation would make certain that manufacturers are compensating their dealers and their technicians for warranty repairs in amounts similar to what they receive for non-warranty repairs.

In short, this legislation makes the process for determining the amount dealerships are entitled to be paid under the law clearer, helps avoid unnecessary disputes or litigation, and most importantly – it will ensure that local auto technicians are reimbursed at the levels they deserve.

We thank you for your time and encourage members of the committee to approve this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Ted Kresse". The signature is written in a cursive, flowing style.

Ted Kresse  
Executive Vice President  
Rhode Island Automobile Dealers Association

CC: Members of the House Committee on Corporations