

**Submitted Electronically**

**Written Testimony in Opposition Unless Amended  
By  
Patricia M. Hanz, Vice-President of Regulatory Affairs  
Truck and Engine Manufacturers Association**

**H 8213/S 2347**

**House Corporations Committee**

**March 25, 2026**

Dear Chair Solomon, First Vice Chair O'Brien, Second Vice Chair Caldwell and Honorable Members of the House Corporations Committee:

The Truck and Engine Manufacturers Association (EMA) is a not-for-profit trade association that represents worldwide manufacturers of internal combustion engines and on-highway medium- and heavy-duty trucks, buses, and specialty vehicles. EMA member companies design and produce vehicles and equipment with a gross vehicle weight rating (GVWR) of greater than 10,000 pounds. Those vehicles and equipment are highly customized to perform a wide variety of commercial functions, including but not limited to interstate trucking, regional freight shipping, intracity pickup and delivery, parcel delivery, refuse hauling, construction, emergency services and public transportation.

For the reasons detailed below, EMA and its member companies are strongly opposed to H8213/S2347 and urge the legislature to carefully consider the implications of the bill and the impact it will have on the commercial vehicle industry in Rhode Island. Applying this legislation to the MHD sector will lead to unintended consequences, including increased operational costs for Rhode Island fleets and a disruption of the specialized service ecosystem that keeps commercial vehicles on the road.

**Overview**

H8213 / S2347 should not apply to medium- and heavy-duty (MHD) commercial vehicles and off-road equipment because MHD vehicles are not simply big cars and the industry and service systems work very differently than the passenger car industry. MHD commercial vehicles and off-road equipment have key differences that affect the warranty and repair processes. Therefore, they should not be included in legislation informed by passenger vehicle warranty and repair processes. In short, this legislation applied to MHD vehicles is a solution in search of a problem. While 80% of dealer work happens under warranty in the passenger vehicle industry, only about 20% (including recall work) happens under warranty for MHD commercial vehicles.

MHD commercial vehicles are custom-built, in multiple stages, with components provided by many different manufacturers. This non-integrated market means that warranties are set, and training and service are provided, by multiple different manufacturers on the same vehicle. As a business-to-business industry, MHD commercial vehicles are not sold to household consumers. Instead, MHD commercial vehicle manufacturers are working to meet the specific and often highly customized needs of another business entity. Most products are sold to sophisticated customers and some come with service agreements. Unlike passenger vehicles, owners of MHD commercial vehicles (and their employees) are trained and certified to work on the products. The service agreements are negotiated directly with the purchasers to meet the needs of their particular fleet.

If passed, this bill would undermine the contractual relationships between franchisors and franchisees and remove business decision-making authority from private companies, increase costs for customers in the state, and set Rhode Island apart from the rest of the country in a negative way.

### **Reimbursement Claim Timeline**

Section 31-5.1-6 (a) would provide dealers with at least 180 days to submit claims for reimbursement while requiring that manufacturers pay claims within 30 days. Allowing 180 days for dealer submission without a reciprocal extension for manufacturer payment creates a severe administrative and cash-flow imbalance. If the dealer is granted half of a year to compile and submit claims, the manufacturer must be granted a commensurate window to audit and process those claims.

*Recommendation:* The proposed change to 180 days should not be adopted and should be struck from the bill. Maintain current industry-standard timelines defined by existing dealer agreements. Alternatively, legislature should allow claims to be submitted on timelines defined by dealer agreements instead of imposing, or provide manufacturers with up to 180 days to pay claims after approval.

### **Expanding Retail Reimbursement Rates to Other Types of Services**

Section 31-5.1-6 (a) would significantly expand the covered reimbursement programs, and would require maintenance plans, extended warranty, other types of service contracts used by manufacturers to be paid at retail rate.

This change would effectively override contractual agreements formed between dealers and manufacturers, increasing costs for customers for certain maintenance and service contracts which have labor rates that are negotiated and agreed to between the manufacturers and dealers. Unlike warranty work, service and maintenance plans are voluntary, negotiated contracts. By forcing retail rates into these agreements, the state is interfering with companies' freedom to contract.

While many state legislatures have enacted "Retail Reimbursement" statutes which mandate specific labor rate calculations for warranty repairs, these statutes generally do not apply to preventative maintenance agreements or other types of service agreements that are entered into

between dealers and manufacturers. For example, state laws in California<sup>1</sup>, Florida<sup>2</sup>, Georgia<sup>3</sup>, Illinois<sup>4</sup>, Tennessee<sup>5</sup>, Virginia<sup>6</sup>, and several other states specifically exclude service contracts (e.g. preventative maintenance contracts) from warranty labor rate calculations.

It is not clear why the State would need to mandate certain labor rates for work that have been negotiated and adopted by manufacturers and dealers. Adopting this language would only serve to increase costs for Rhode Island fleets and consumers. To keep their businesses profitable, trucking fleets and government entities demand that commercial and heavy-duty vehicles are serviced and repaired as efficiently as possible. This language would severely impact the ability to provide service and maintenance agreements in Rhode Island.

*Recommendation:* At minimum, language regarding maintenance plans and service contracts should be struck from the bill.

### **Compensation Calculations**

Section 31-5.1-6 (c) would amend the existing law to require that compensation for warranty and service contract labor is equal to non-warranty labor multiplied by the time guide for non-warranty labor or actual time if no time guide exists (and not less than time charged to retail customers for the same or similar work).

Time Guides were developed for mass market products and passenger vehicles. In the passenger car industry, this legislation merely standardizes what is already common practice. This is not the case for MHD commercial vehicles, where third-party Time Guides that consider the nuances of each custom-built vehicle are not available. Third-party Time Guides are neither applicable nor appropriate for this sector. MHD commercial vehicles are custom-built products in a non-integrated industry.

MHD commercial vehicle manufacturers publish standard repair times and have a process for dealers to appeal those times. Data supports that the appeal process is effective. MHD commercial vehicle manufacturers also deal with warranty claim exceptions on a case-by-case basis. This is the necessary approach because of the customized, non-integrated nature of each vehicle. Any available third-party time guides do not account for the level of customization.

Service agreements and fleet service arrangements already ensure that the compensation is fair and dependent on the specifics of an individual product. Arrangements are based on service information provided by the dealers and are adjusted for technicians based on specific product configurations and service feedback. Manufacturers consistently reassess the time and cost of

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<sup>1</sup> Cal. Veh. Code §3065(a)

<sup>2</sup> Fla. Stat. § 320.696 (1)(a)

<sup>3</sup> Ga. Code Ann. § 10-1-641(a)(1)(A)-(B)

<sup>4</sup> 815 ILL. COMP. STAT. 710/6(a)

<sup>5</sup> Tenn. Code Ann. § 55-17-121(a)-(b)

<sup>6</sup> Va. Code §46.2-1571(A)(1)

product repairs and adjust accordingly. Each MHD commercial vehicle manufacturer interacts with a dealer council representing all the manufacturers' dealers, which can raise concerns on behalf of those dealers. The dealer council can address these types of concerns without regulatory interference.

*Recommendation:* Exempt vehicles with a GVWR of over 10,000 pounds from the "third-party time guide" requirement. Instead, allow the use of manufacturer-published Standard Repair Times (SRTs) provided there is a transparent, documented process for dealers to request "actual time" for unique or complex repairs.

## **Conclusion**

If passed in its current form, this bill will drive up the cost of trucks, engines, and essential services for Rhode Island's small businesses and municipalities. We urge the Committee to adopt the recommendations above or, more simply, exempt medium- and heavy-duty vehicles and off-road equipment from the scope of this bill.

Thank you for considering our opposition to this bill. If you should have any additional questions please do not hesitate to reach out to me at [phanz@emamail.org](mailto:phanz@emamail.org).

cc: Representative Serpa; Senator Britto