

HOUSE BILL 123

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

Al Park

AN ACT

RELATING TO TRADE PRACTICES; AMENDING SECTIONS OF CHAPTER 57,
ARTICLE 16 NMSA 1978 TO PROVIDE FOR COMPENSATION FOR PARTS
UNDER WARRANTY CLAIMS; PROVIDING A TIME PERIOD FOR AN AUDIT OF
A WARRANTY CLAIM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 57-16-7 NMSA 1978 (being Laws 1973,
Chapter 6, Section 7, as amended) is amended to read:

"57-16-7. WARRANTY CLAIMS--PAYMENT.--

A. Every manufacturer, distributor or
representative shall properly fulfill any warranty agreement
and adequately and fairly compensate each of its motor vehicle
dealers for labor, parts and other expenses incurred by the
dealer to perform the required warranty repairs. All
compensation for labor shall be the same as the dealer would

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underscored material = new
[bracketed material] = delete

underscored material = new
[bracketed material] = delete

1 have made to and collected from an individual retail customer
2 for the same repairs if performed in the normal course of
3 business not covered by a warranty. Compensation for parts
4 shall be [~~in an amount not less than the manufacturer's~~
5 ~~warranty reimbursement rate for parts or~~] the amount received
6 by the motor vehicle dealer from retail customers for parts
7 used in non-warranty work of like kind. All claims made by
8 motor vehicle dealers pursuant to provisions of this section
9 and Section 57-16-6 NMSA 1978 shall be paid within thirty days
10 following their approval. All claims shall be either approved
11 or disapproved within thirty days after their receipt, and when
12 any claim is disapproved, the motor vehicle dealer who submits
13 it shall be notified in writing of its disapproval within that
14 period, and each notice shall state the specific grounds upon
15 which the disapproval is based. Any special handling of claims
16 required by the manufacturer, distributor or representative not
17 uniformly required of all dealers of that make may be enforced
18 only after thirty days' notice in writing and upon good and
19 sufficient reason. A manufacturer or distributor may audit a
20 warranty claim only during the [~~twelve-month~~] six-month period
21 immediately following payment or credit issued for the claim;
22 however, this limitation shall not apply if there is a
23 reasonable suspicion of fraud.

24 B. The provisions of this section shall not apply
25 to recreational travel trailers or to parts of systems,

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underscoring material = new
~~[bracketed material] = delete~~

1 fixtures, appliances, furnishings, accessories and features of
2 motor homes."

3 SECTION 2. Section 57-16-7.1 NMSA 1978 (being Laws 1997,
4 Chapter 14, Section 2) is amended to read:

5 "57-16-7.1. SALES AND SERVICE INCENTIVES--AUDIT.--A
6 manufacturer or distributor may audit a claim for sales and
7 service incentives only during the [~~twenty-four month~~] six-
8 month period immediately following payment or credit issued for
9 the claim; however, this limitation shall not apply if there is
10 a reasonable suspicion of fraud."