

was brought to my attention was that the same issue arose concerning the same language in the State of Maine and one of the big three, in effect, did just exactly that. They took advantage of that language to up the prices, not only of their automobiles but also of their parts to the dealers in the State of Maine to make up for the warranty reimbursement that the court, in effect, said they needed to make to their dealers. So this is the reason for the legislation.

SENATOR HORGAN: And this language, so what we have is a situation, I really, in just trying to understand what we're doing, you have a situation where we're trying to get at warranty reimbursement through LB 106, to ensure that car dealers are getting a fair reimbursement when they do warranty work that's covered by the manufacturer. That's correct?

SENATOR BYARS: That actually is not one of six we passed. We passed fair warranty reimbursement last year.

SENATOR HORGAN: Right.

SENATOR BYARS: But what we did not do last year in the legislation was impose any type of penalties.

SENATOR HORGAN: Right, thank you.

SENATOR BYARS: So, in 106 we've imposed penalties.

SENATOR HORGAN: Okay. So now we're allowing the...the board to impose penalties on manufacturers if they do not provide warranty, full warranty reimbursement to our car dealers.

SENATOR BYARS: That's correct.

SENATOR HORGAN: And in this language here...was this...who was this fla...can you tell me who...who put this language in?

SENATOR BYARS: This was brought to us by the manufacturers.

SENATOR HORGAN: Okay, and the purpose of this language is to say if they adjust prices on either their cars or their parts, that they can...they can do that and it cannot be considered retaliation for other actions taken by the board?

SENATOR BYARS: That's correct.