

## CHAPTER 51

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**REVENUE - ACTIVITIES REGULATION**


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SENATE BILL 23-078

BY SENATOR(S) Fields and Van Winkle, Buckner, Gardner, Ginal, Kirkmeyer, Kolker, Liston, Lundeen, Priola, Rodriguez;  
also REPRESENTATIVE(S) Jodeh and Lynch, Bird, Boesenecker, Daugherty, Duran, Lieder, Lindsay, Lindstedt, Marshall,  
Mauro, Sharbini, Titone, Valdez, Weinberg, Woodrow, McCluskie.

**AN ACT****CONCERNING WARRANTY REIMBURSEMENTS MADE BY A MOTOR VEHICLE MANUFACTURER TO MOTOR VEHICLE DEALERS.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, 44-20-141.5, **amend** (2), (6)(a)(I) introductory portion, (6)(a)(I)(A), and (6)(a)(II) as follows:

**44-20-141.5. Fulfillment and compensation for warranty and recall obligations - definitions.** (2) At a motor vehicle dealer's request, a manufacturer shall timely compensate the motor vehicle dealer at the retail labor rate and the retail parts markup percentage in accordance with ~~subsection (3)~~ of this section for all labor performed and parts used by the motor vehicle dealer for covered repairs performed in accordance with the warranty obligation. ~~if the retail labor rate and retail parts markup percentage are reasonably consistent with the requirements of this section that concern the retail labor rate and parts markup percentage.~~

(6) (a) (I) If the submitted calculation of the retail labor rate or retail parts markup percentage is ~~DEEMED~~ materially inaccurate, ~~or is substantially different than the rate of or percentage of other similarly situated same line-make dealers within the state,~~ a manufacturer may contest the motor vehicle dealer's submitted calculations of the retail labor rate or retail parts markup percentage by delivering a notice to the motor vehicle dealer within forty-five days after receiving the submission in accordance with subsection (3) of this section from the motor vehicle dealer. To comply with this subsection (6), the notice must:

(A) Include an explanation of the reasons ~~that~~ WHY the manufacturer believes the calculation is ~~subject to contest~~ MATERIALLY INACCURATE;

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*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

(II) Upon the discovery of new relevant information by the manufacturer, the manufacturer may modify the ~~grounds~~ REASONS for contesting the retail labor rate or retail parts markup percentage after delivering the notice to the motor vehicle dealer under this subsection (6), but the modification does not change the timing requirements in this section.

**SECTION 2.** In Colorado Revised Statutes, 44-20-439.5, **amend** (2), (6)(a)(I) introductory portion, (6)(a)(I)(A), and (6)(a)(II) as follows:

**44-20-439.5. Fulfillment and compensation for warranty and recall obligations - definitions.** (2) At a powersports vehicle dealer's request, a manufacturer shall timely compensate the powersports vehicle dealer at the retail labor rate and the retail parts markup percentage in accordance with ~~subsection (3)~~ of this section for all labor performed and parts used by the powersports vehicle dealer for covered repairs performed in accordance with the warranty obligation. ~~if the retail labor rate and retail parts markup percentage are reasonable and consistent with the requirements of this section that concern the retail labor rate and parts markup percentage.~~

(6) (a) (I) If the submitted calculation of the retail labor rate or retail parts markup percentage is ~~DEEMED~~ materially inaccurate, ~~or is substantially different than the rate of or percentage of other similarly situated same line-make dealers within the state,~~ a manufacturer may contest the powersports vehicle dealer's submitted calculations of the retail labor rate or retail parts markup percentage by delivering a notice to the powersports vehicle dealer within forty-five days after receiving the submission in accordance with subsection (3) of this section from the powersports vehicle dealer. To comply with this subsection (6), the notice must:

(A) Include an explanation of the reasons ~~that~~ WHY the manufacturer believes the calculation is ~~subject to contest~~ MATERIALLY INACCURATE;

(II) Upon the discovery of new relevant information by the manufacturer, the manufacturer may modify the ~~grounds~~ REASONS for contesting the retail labor rate or retail parts markup percentage after delivering the notice to the powersports vehicle dealer under this subsection (6), but the modification does not change the timing requirements in this section.

**SECTION 3. Act subject to petition - effective date - applicability.** (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to warranty repairs made on or after the applicable effective date of this act.

Approved: April 3, 2023