



Testimony of the RV Industry Association before the Nebraska Senate Committee on Transportation and Telecommunications on LB 1121

Chair Moser, Vice-Chair Ballard, and members of the Committee, I am Michael Ochs, the Director of Government Affairs for the RV Industry Association. I thank you for the opportunity to appear before you today on its behalf in support of LB 1121, Senator Ballard's legislation to govern the relationship between manufacturers and dealers of recreation vehicles ("RVs").

The RV Industry Association is the national trade association which represents RV manufacturers and their component parts suppliers, who together build more than 98 percent of all RVs produced in the U.S. The Association is the unifying force for promoting safety and professionalism within the RV industry; and works with federal and state policymakers, as well as recognized national standards-setting bodies, to promote and protect the RV industry. Our members build RVs, such as motorhomes, truck campers, travel trailers, fifth-wheel trailers, folding camping trailers, and park model RVs.

According to an economic impact study done by John Dunham and Associates, the total annual economic output of the RV industry in Nebraska is \$647 million.

- Manufacturers and suppliers = \$217 million
- Sales and service = \$205 million
- Campgrounds and travel = \$225 million

There are approximately 300 RV industry-related businesses in the state, paying total taxes of \$42 million. RV-related businesses pay nearly \$180 million in wages and are responsible for nearly 3,500 jobs in Nebraska.

The RV industry operates on a one-dealer-to-many-manufacturers model with no true franchise relationship between parties using a manufacturer-dealer agreement, while the auto industry is one dealer to one manufacturer and is based on a true franchise model. Over the years, the RV industry worked with the automobile industry to establish exemptions from parts of the automobile franchise law simply because those provisions do not pertain to the RV industry or are handled differently among RV manufacturers and dealers. The result is we are approaching a patchwork of laws across the country that create confusion on which part of what provision applies to which industry, and under what circumstances.

To fix this problem and to address other structural problems in the law, the RV Industry Association is asking this Committee to support LB 1121, to place the manufacturer-dealer relationship for RVs in a separate section of law. This legislation is the product of negotiation between the RV Industry Association and RV dealers in Nebraska, both of whom strongly support its approval. Passage of this legislation will strengthen the viability of the RV industry in Nebraska to the state's benefit and that of consumers, manufacturers, and dealers alike.

Consumers will benefit from the better relationship between RV manufacturers and dealers since the legislation will improve cooperation between the two on warranty matters, pre-delivery inspection, and other issues. Consumers will also benefit from a more stable environment, knowing that the dealer who sold them an RV is likely to continue carrying those brands.

This bill would place the RV industry in a separate section from the auto industry, finally allowing these two industries to operate separately under law as they do in fact.

LB 1121 is designed to be fair, reciprocal, and reasonable to all stakeholders – and in the RV industry, that includes not only the dealer and the manufacturer, but also suppliers to manufacturers who provide a written warranty on their products directly to those who purchase and enjoy RVs. These suppliers must also treat dealers fairly under LB 1121 in warranty matters – a major difference from the automobile industry.

LB 1121 - An RV-specific manufacturer-dealer agreement law:

- Accommodates the RV industry's unique "one-dealer-with-many-manufacturers" business model that is not based on a franchise structure; and
- Works best for the RV industry and the state – the RV industry will not be out of compliance with any inapplicable automobile franchise provisions the law might contain.

Key Points for State Legislators

- An RV Specific Model law, on which LB 1121 is based, has been enacted in 20 States with no negative repercussions. Similar bills were also introduced last year in New Mexico and Indiana.
- RV-specific laws slightly different from the Model Law are enacted in another five States.
- Both RV manufacturers and RV dealers in the state are asking for this legislation and have agreed on the language to be included.
- The bill includes industry-approved definitions for all RV types for clarity.

Key Provisions for RV Dealers

- Warranty obligations would include original equipment manufacturers (OEMs) and suppliers of component parts and assemblies.
- Dealer-initiated termination of a manufacturer/dealer agreement – a common RV industry practice not often seen in the auto industry – is authorized by the bill.
- Multi-state dealers, like manufacturers, will benefit from consistent manufacturer-dealer laws across the states.

Key Provisions for RV Manufacturers and Suppliers

- Consistent laws around the country simplify business operations.
- A fair, reciprocal, reasonable law means dealer and manufacturer are treated equitably.
- Placing the RV industry in a separate section will avoid future conflict with auto franchise laws.

We urge all members of this Committee to vote "Yes" on this important legislation and advance LB 1121 to the full Senate.