



SCOTT KRUG

STATE REPRESENTATIVE • 72nd ASSEMBLY DISTRICT

(608) 266-0215
FAX: (608) 282-3672
District: (715) 459-2267
Toll-Free: (888) 529-0072

P.O. Box 8952
Madison, WI 53708-8952
Rep.Krug@legis.wi.gov

TO: Assembly Committee on Consumer Protection

FROM: Rep. Scott Krug

RE: 2023 Assembly Bill 230, Recreational Vehicles

DATE: May 18, 2023

Chairman Callahan and members of the Assembly Committee on Consumer Protection:

Thank you for holding this hearing on 2023 Assembly Bill 230, which would make changes to existing law on the topics of the licensure of dealers selling recreational vehicles (RVs) and the relationship of those dealers to the manufacturers of RVs. The bill would also refine some definitions in the law that touch upon registration (licensure) of RVs.

AB 230 is the result of work by the Wisconsin Recreational Vehicle Dealers Alliance (WRVDA) and the Recreational Vehicle Industry Association (RVIA) whose members manufacture RVs. These two groups have contributed to the discussion on the bill and have agreed on its contents. AB 230 is thus an effort endorsed by RV dealers and RV manufacturers to improve and clarify Wisconsin's laws on the relationship between manufacturers and dealers.

The bill makes eight separate adjustments to what state law says about things such requiring a formal agreement between a manufacturer and a dealer, allowing a dealer to designate a family member as the successor to a business, and addressing other concerns about the renewal (or non-renewal) of the relationship between a manufacturer and a dealer. These changes are intended to clarify requirements and allow both dealers and manufacturers to have predictable expectations. These changes have been mutually agreed-to by the manufacturers and the dealers.

AB 230 also contains adjustments to the definition of RVs in law, and modifies some of the registration and licensure provisions in state statutes. As with the other changes in AB 230, these changes have been mutually agreed-to by the manufacturers and the dealers.

AB 230 modifies and expands the definition of "recreational vehicle" for purposes of regulating

MORE

and registering RVs in Wisconsin. Among the changes, AB 230 expands the statutory definition of “recreational vehicle” to include camping trailers to define a “truck camper” as “a portable unit that is constructed to provide temporary living quarters for recreational, camping, or travel use and that consists of a roof, floor, and sides and that is designed to be loaded onto and unloaded from the back of a pickup truck.”

The bill also states that vehicles meeting the expanded definition (as truck campers) may not be operated on a highway unless registered with DOT and must meet certain equipment requirements, including requirements related to brakes, safety glass, and coupling.

Finally, you will see in the LRB Summary that AB 230 creates a new crime or revises a penalty for an existing crime, and that because of this a report on AB 230 may be requested from the Joint Review Committee on Criminal Penalties. This part of the bill begins with Section At this time we have not discussed AB 230 with the co-chairs of the Joint Review Committee; instead we wanted to first have this hearing today, in order to determine if any changes to AB 230 might be indicated.

I thank you for your consideration of AB 230 and ask for your support of this bill.



PATRICK TESTIN

STATE SENATOR

DATE: May 18th, 2023

RE: **Testimony on 2023 Assembly Bill 230**

TO: The Assembly Committee on Consumer Protection

FROM: Senator Patrick Testin

Thank you Chairman Callahan and members of the committee for accepting my written testimony on Assembly Bill 230 (AB 230).

We have heard from RV dealerships that the relationship between dealers and manufacturers does not always feel like a balanced one. This bill seeks to restore a balance to the relationship. It is the result of a compromise that was agreed to by the manufacturers and the dealers.

The key elements of the bill are:

1. A requirement for written manufacturer/dealer agreements.
2. At least 120-day written notice of manufacturer cancellation/non-renewal of agreements with a dealer right to cure.
3. Protection of transfer of ownership or family succession of a dealership.
4. Reasonable compensation for warranty work performed by the dealer, which will benefit consumers throughout the state.

Based on known data and scientific economic modeling, the economic impact of the RV industry in Wisconsin in 2021 was almost \$3 billion. They are responsible for over 16,000 jobs and \$253 million in taxes paid to the state. Clearly, Wisconsin benefits from RV business, and the passage of this proposal will benefit the RV businesses in Wisconsin. It will also benefit consumers, since there will be better cooperation on warranty matters, and they will have the comfort of knowing the dealer who sold them an RV will continue to carry the brand.

Thank you for reading my testimony and I hope you can join me in supporting AB 230.

CURRENT LAW

Wisconsin Statute Chapter 340.01(48r) includes a definition of a “recreational vehicle”. It is a vehicle that is designed to be towed upon a highway by a motor vehicle, that is equipped and used, or intended to be used, primarily for temporary or recreational human habitation, that has walls of rigid construction, and that does not exceed 45 feet in length.”

Using this current definition, Wisconsin recognizes three versions of recreational vehicles:

1) Travel Trailers



2) Park Models



3) Fifth Wheels



DEALER IMPACTS

Current RV dealers, selling new vehicles, would need to have a dealer agreement between each RV dealer and the manufacturer or distributor of the new RVs the dealer sells. This would need to be filed with the Department.

Any dealers that are currently selling camping trailers, that are not licensed as an RV dealer, would need to be licensed by the Department, with a dealer agreement on file if selling new camping trailers.

Dealers are required to have an ownership document to buy or sell a used vehicle. New vehicles come with a Manufacturer's Certificate of Origin (MCO). If a dealer buys or sells a used vehicle that is under 3000 pounds, a title would be required to document ownership, despite the fact that a title and registration is not required at that weight class. If the vehicle had not been titled before, and an MCO was not available, a bonded title would be required. The bonded title is a surety bond, equal to the current value of the vehicle, to ensure that the rightful vehicle owner does not suffer a financial loss if the title applicant is seeking to obtain the title fraudulently.

Additionally, any dealer that sells more than 49 vehicles in a calendar year is subject to mandatory electronic dealer processing in Wisconsin.

CONSUMER IMPACTS

Any consumer that currently owns a camping trailer (over 3000 pounds) would be required to plate the camping trailer as a recreational vehicle.

If a consumer traded in a used camping trailer to an RV dealership, an ownership document would be required. If the vehicle had not previously been plated due to its weight, a title or MCO may not be available. Thus, a bonded title would need to be secured prior to selling to a dealership.

POTENTIAL REVENUE TO THE DEPARTMENT

For each Recreational Vehicle Dealer application processed, DOT/DMV would receive \$258.00

- \$100.00 RV dealer licensing fees (2-year license)
- \$150.00 providing RV dealer with (2) dealer plates
- \$8.00 RV dealer representative license



Testimony of the RV Industry Association before the Assembly Committee on Consumer Protection on AB 230

Chairman Callahan, Vice-Chair Johnson 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 AB 230, the bipartisan and bicameral legislation to govern the relationship between manufacturers and dealers of towable RV products.

The RV Industry Association is the national trade association which represents recreation vehicle (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 towable RVs – travel trailers, fifth-wheel trailers, folding camping trailers, and park model RVs.

Over the years, the RV industry worked with the automobile industry to establish exemptions from parts of the automobile franchise law – which is a good law – simply because those provisions do not pertain to the RV industry or are handled differently among RV manufacturers and dealers. The result is that 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 AB 230, to place the manufacturer-dealer relationship for towable RVs in a separate chapter of law. This legislation is the product of negotiation between the RV Industry Association and the Wisconsin RV Dealers Alliance, both of whom strongly support its approval. Passage of this legislation will strengthen the viability of the towable RV industry in Wisconsin to the state's benefit and that of consumers, manufacturers, and dealers alike.

Consumers will benefit from this 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 will continue carrying those brands.

The RV industry operates on a one-dealer-to-many manufacturers model with no true franchise relationship between parties in a manufacturer-dealer agreement, while the auto industry is one dealer to one manufacturer and is based on a true franchise model. This bill would place the RV industry in a separate chapter from the auto industry, finally allowing these two industries to operate separately under law as they do in fact.

AB 230 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 AB 230 in warranty matters – a major difference from the automobile industry.

AB 230 - 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.
- 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 AB 230 is based, has been enacted in 18 States with no negative repercussions. Two similar bills were also introduced earlier this year, in Maryland and in New York.
- 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 towable 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 towable RV industry in a separate chapter will avoid future conflict with auto franchise laws.

We urge all members of this Committee to vote "Yes" on this important legislation and advance AB 230 to the full Assembly.



CAMPERS INN OF RICHFIELD

3284 STATE HWY 145

RICHFIELD, WI 53076

262-674-1577

WWW.CAMPERSINN.COM

Thank you, Chairman Callahan, and committee members for holding this hearing on AB 230.

I'm Gary Roskopf with Campers Inn of Richfield. Before being recently acquired by Campers Inn I successfully managed our family RV business for over 35 years. I have worked in almost all the departments and capacities of running an RV dealership. I have been in the RV business since 1980.

The reason I am here to testify today in support of AB 230 is because under Wisconsin law, there has never been any product line protections for towable RV dealers. Dealers spend a great deal of money investing in their branding through advertising and promotions. Their brand becomes their identity, and it is critical that it is protected.

I would like to showcase 2 examples that we encountered:

- 1) In Feb. of 1994(just when the selling season is about to begin) the Skyline corporation of Indiana which at the time was the second largest RV manufacturer in the US had just hired a new marketing manager and he wanted to grow some brands faster than the current pace. A somewhat larger in-market competitor promised the Skyline market manager that if they pulled the brands from us then they would be able to grow the brands fast. Skyline pulled the brands within 2 days of the promise from the competitor which left us scrambling to find a new manufacturer and now we did not have any new inventory for the upcoming selling season.
- 2) It happened again in March of 2014 when Keystone RV, which at the time was a very large & growing RV manufacturer, decided to pull their brands from us and this time they were given to a nationwide RV retailer that had just entered our market.

In both examples we were able to work through these situations, but we incurred higher than expected expenses as we needed to now spend more on advertising to "re-brand" the dealership. In addition, we had a loss of revenue because we were caught short of new inventory to sell going into the season.

In addition, this bill sets out reasonable parameters for manufacturer reimbursement on warranty parts and a reasonable time frame to pay dealers for warranty work. These regulations will ensure that RV dealers will want to provide warranty service to consumers.

The good thing about AB 230 is that the RV dealers and manufacturers have all agreed that this framework is needed and that each side of the industry is in full support.

We would greatly appreciate your support of AB 230 to get this into Wisconsin law so that everyone in the industry will be on a level playing field.

Thank you for listening to my testimony and if you have any questions, I would be happy to answer them.



**TO BE AN ADVOCATE FOR MEMBERS,
FACILITATING RELATIONSHIPS WHICH EDUCATE,
SUPPORT AND PROMOTE THE INDUSTRY.**

May 18, 2023

Testimony on Behalf of the RV Dealers in Wisconsin

Good morning, Chair Callahan and members of the Assembly Consumer Protection Committee. Thank you for hearing my testimony today in support of AB 230. My name is Angie Diedrich, and I am the Executive Director for the WI Recreational Vehicle Dealer's Alliance.

This organization was formed in 2016 specifically for the purpose of adding protections for RV dealers in Wisconsin that sell towable RV's. Unlike motorized RV's that have protections under motor vehicle statues, the towable RV industry currently has no state law that regulates the relationship between dealers and manufacturers.

AB 230 would fix this issue and give RV dealers the protections they need to effectively run their business.

The WI RV Dealers Alliance and RV Industry Association (RVIA), the national RV manufacturers association, have spent years working on getting this bill to a place where both sides of the industry could agree on the parameters for this legislation, with the ultimate goal of benefiting the consumer.

According to the 2022 Economic Impact Analysis, the RV industry in Wisconsin has a \$3 billion economic impact on the state. RV Sales and Service is nearly 1/3 of that at \$979 million.

Today you will hear testimony from RV dealers throughout Wisconsin that details the importance of AB 230 to the industry. Some of the important details of the bill include:

- A requirement for written manufacturer/dealer agreement
- At least 120-day written notice of manufacturer cancellation/non-renewal of agreement with a dealer plus a right to cure
- Protection for transfer of ownership or family succession of a dealership
- Reasonable compensation for warranty work performed by the dealer
- A 30% minimum handling charge for warranty parts to make the dealer whole during the warranty work process
- Warranty work claims paid within 60 days by manufacturer

This legislation is long overdue and will only be a benefit to the consumer in the outcome.

Thank you for your time and please support AB 230.

A handwritten signature in black ink that reads 'Angie Diedrich' in a cursive script.

Angie Diedrich
Executive Director

Thank you, Chairman Callahan, and committee members for holding this hearing on AB 230.

My name is Dave Arndt. I'm with Ignition Dealer Services representing Kunes RV & several smaller dealers in Wisconsin. I've been involved in the RV industry for about 9 years as a Finance Director for Camping World as well as Kunes RV in addition to being an agent responsible for all aspects of protection products for RV buyers in Wisconsin, Minnesota, Illinois, Iowa & Michigan.

I am here today to support AB 230. We commit our families, employees, advertising and support to the manufacturers and are only asking for a few protections in return as we currently have none. As an example, the general public may not recognize Kunes RV Stoughton but know the Jayco dealer in Madison. The general public can take you straight to the Ford dealer in Delavan but wouldn't know where to start if you wanted to go to Kunes Auto. Traditionally we recognize dealerships by the brand they carry, then city they're located in and finally who owns the dealership. BMW in Madison is Zimbrick.

We're asking for reasonable parameters for manufacturer reimbursement on warranty parts and a reasonable time frame to pay dealers for warranty work. These regulations will ensure that RV dealers will want to provide warranty service to consumers.

We have the support of both the dealers and manufacturers that a change must be made to ensure fair and long lasting relationships between the two. Wisconsin residents who put their trust in us as dealers do so knowing we're backing the brand on both the sales and service side of things. AB230 is a giant step to making sure that happens.

I myself have recently made a purchase with the knowledge that a local dealer would be servicing my vehicle. One year after my purchase the dealer is no longer there after a disagreement with the manufacturer leaving me to travel to northern Illinois to get warranty as well as general service done.

Your support of AB 230 to get this into Wisconsin law is greatly appreciated by our dealers, manufacturers and of course...the consumers.

Thank you for hearing us on this matter and reach out to me if you have any questions.

Dave Arndt

608-235-8800

Thank you, Chairman Callahan, and committee members for holding this hearing on AB 230.

I'm Mick Ferkey, recently retired from Greenway RV in Wisconsin Rapids. I have been in the RV industry for 46 years, and owner of a single-location, family run dealership for the past 36 years. I have been very involved in the RV industry serving as a state delegate, board member, and committee chairman for RVDA. I was recently inducted into the RV Hall of Fame.

The reason I am here to testify today in support of AB 230 is because under Wisconsin law, there has never been any product line protections for towable RV dealers. We started the WI RV Dealers Alliance back in 2016 strictly to rectify that. Industry members on both sides of the business have been working for years to come to a framework for this legislation that everyone could agree to. Dealers spend a great deal of money investing in their branding through advertising and promotions. Their brand becomes their identity, and it is critical that it is protected.

In 2012 a manufacturer did not like the fact that we took on a new line. They tried various tactics to bully us into dropping that new line. They took away all of our discounts thereby making us uncompetitive with other dealers. Eventually they pulled two lines from our dealership because our sales had dropped. Yet they had forced the drop in sales by making us unable to compete. We had sold these lines for about 15 years.

In January of this year, I passed my dealership down to my oldest son. I had to ensure each manufacturer that I deal with would be willing to allow my son to continue selling their lines. In order for my son to continue to run a successful dealership, it is imperative he is able to continue to sell and service the same lines that we have had for many years.

Some of the highlights of this bill include:

- A requirement for written manufacturer/dealer agreements
- At least 120-day written notice of manufacturer cancellation/non-renewal of agreement with a dealer right to cure
- Protection of transfer of ownership or family succession of a dealership
- Reasonable compensation for warranty work performed by the dealer
- A 30% minimum handling charge for warranty parts
- Warranty work claims paid within 60 days by manufacturer

The good thing about AB 230 is that the RV dealers and manufacturers have all agreed that this framework is needed and that each side of the industry is in full support.

We would greatly appreciate your support of AB 230 to get this into Wisconsin law so that everyone in the industry will be on a level playing field.

Thank you for listening to my testimony and if you have any questions, I would be happy to answer them.