

## HB 1515 – Warranty Reimbursement

Members of the Committee.

My name is Renard Bergstrom, and I am the owner of Ford, Chrysler Dodge Jeep Ram (CDJR), Toyota, and General Motors (GM) franchises in Devils Lake, North Dakota. We are a family business that has been serving our community for over 100 years, and I have been actively involved in it for 34 of those years, continuing a legacy of dedication to our community and the automotive industry. I'm here to address the significant challenges dealerships face in training and retaining highly skilled service technicians. Passing this bill is crucial to ensuring fairness and sustainability in our industry.

Training service technicians to work on today's vehicles is a costly and time-consuming process. Manufacturers require technicians to complete extensive training programs to become certified to work on their vehicles. For technicians aiming to achieve master certification, this often involves weeks, if not months, of travel to out-of-state training facilities, and many years of practical experience in our shop. These trips incur substantial travel expenses for the dealership, including transportation, lodging, and meals. Additionally, when technicians attend virtual training or travel for off-site programs, we experience a major cost due to both the expenses associated with the training and also a loss of production as they are unable to contribute to the daily operations of the service department.

Adding to the challenge, manufacturer training programs are in high demand, and the training centers nearest to us—primarily located in Minneapolis, are often booked months or even years in advance. This lack of availability frequently forces technicians to travel to major metropolitan areas on the coasts which significantly increases both the time and cost of training. The extended travel time further reduces the technician's ability to contribute to the service departments, amplifying the impact on technician pay and dealership operations.

Currently, warranty work is a key income loss for technicians because manufacturers refuse to pay them fairly. This inequity further complicates our ability to recruit and retain high-quality professionals. Many technicians entering the field are deterred by the reality that a large part of their potential income depends on warranty work, which is most often underpaid. This creates a vicious cycle where it becomes increasingly difficult to attract the next generation of skilled workers to the industry. Our North Dakota motoring public needs qualified technicians to keep these advanced vehicles on the roads. Two of our neighboring states, Montana and Minnesota, have recently passed third party-time guide legislation like this bill will do. If this legislation is not passed we will continue to be at a distinct competitive disadvantage to those neighboring states, specifically with regard to the recruiting and retention of technicians.

These challenges illustrate the broader issue of fairness in how manufacturers treat technicians. These are the same technicians that the manufacturers require to attend and complete their many education and training programs.

The manufacturers will tell you that these technicians are not their employees, and that is true. However, the manufacturers exercise a tremendous amount of control over these technicians with respect to mandated training requirements, the specific way in which they want the technician to repair the vehicle, the time they allow to conduct the repair, the customer satisfaction index (CSI) requirements they place on technicians, and the manufacturers' certification requirements are some examples of this control. That control aspect is similar for dealerships. The manufacturers dictate facility requirements, tool requirements, and the training that our team members must attend. The dealerships have no choice in these matters, and the costs associated with them are the dealers.

The manufacturers will not pay the technicians a fair amount for warranty work. Instead, they expect the dealers to make up the pay difference between their warranty work and our non-warranty customer pay rates. This simply isn't reasonable or fair.

**We are not asking for special treatment; we are simply asking for manufacturers to recognize the value of the skilled labor and significant investments required to support their brands and our North Dakota residents.**

Moreover, while manufacturers may oppose increasing the time technicians are paid for these repairs, it is ultimately in their long-term interest to do so. Attracting skilled technicians to work on their products is critical to their future success. Without fair compensation for warranty work, manufacturers risk alienating the very professionals they rely on to maintain and repair their vehicles, undermining their ability to deliver quality service to customers and eroding trust in their brands over time.

I respectfully ask this committee to consider the critical role technicians and dealerships play in supporting our state's critical transportation infrastructure and pass this bill. Doing so will ensure that technicians are fairly compensated for warranty work, making it easier to recruit and retain the skilled professionals needed to maintain North Dakotans' motor vehicles.

Thank you for your time and consideration.

Renard Bergstrom