

**House Bill 1515**  
**Testimony of Steve J Zaun, General Manager**  
**Puklich Chevrolet and Puklich Chevrolet GMC**

Mr. Chairman and members of the committee. My name is Steve Zaun, and I am appearing in support of House Bill 1515 on behalf of Puklich Chevrolet in Bismarck and Puklich Chevrolet GMC in Valley City.

Currently, ND law requires the manufacturers to pay us our free-market hourly labor rate and parts mark-up. This is the same exact rate that we charge our non-warranty customers to repair their vehicles. Over the last several years, we have seen the manufacturers employ several tactics to sidestep the law that was passed in 2013. They have figured out a couple of loopholes in that law. Specifically, they discount the number of warranty labor hours and either pay us less or don't pay us at all for the parts we use for their warranty work.

Over the last 3-5 years we have seen manufacturers decrease the labor hours allowed by 30-40% for the same repair on the same vehicle. How can this be? This is not reasonable. I believe they are simply trying to cut costs at the dealers' expense. They claim they perform an accurate time study by going through all of the steps necessary to perform any given repair. However, I have seen first-hand that the way they perform their study really isn't the same as the repairs we perform in the real world.

I participated in a GM Warranty Time Guide demonstration in August of 2024 at GM's plant in Detroit, MI. We watched GM conduct the actual repair to develop their time guide. I openly admit, I was impressed with the process GM used to develop their warranty times. One thing that was very apparent to me during this demonstration is that the repairs were done on brand new or newer vehicles that have never been on the road for more than a couple of hundred miles and don't have rust and wear and tear. However, this really isn't an accurate representation of real-world repairs. Imagine replacing parts underneath a vehicle that is a couple of years old and has spent 20K plus miles on a scoria road or driven on roads kept safe by salt and other chemicals. These vehicles absolutely take more time for our technicians to repair.

Certainly, some vehicles come to us in great shape, while others have been full of mud, rust, and other aging and use challenges. The third-party time guides that are widely used by dealers across the nation account for this and the "real world" challenges I previously mentioned. We know that sometimes we will beat the time allowed and in other cases we will go well over the time allowed. We are only asking for a fair time for all repairs. The manufacturer should not be providing us less time than we use for every other paying customer. We have the same overhead, same cost of technicians, same investments in facilities, whether we are working for paying customers or doing the manufacturers' warranty work.

In addition, the manufacturers will reduce the cost of a particular part needed for a warranty repair, typically a large recall, by as much as 60% or more, thereby reducing the amount of the mark-up they are required to pay us for. They accomplish this by changing the part number needed for the recall which allows them to create a "new" artificial price for this part. This is just another clever way to circumvent the law. A couple of years ago, we had a major hitch recall on Silverado pick-ups. Magically, our cost for the part dropped from over \$268.07 to about \$42.19 overnight. We still had the same hitch at a cost of \$268.07 hitch for sale to the public - but the exact same hitch with a different part number's cost dropped to \$42.19 for the recall warranty part.

Please understand that warranty reimbursement rates are dictated by the manufacturer and are non-negotiable. **We have no ability to require the manufacturers to pay us fairly.**

As previous testimony stated, our technicians are highly trained, skilled people who invest heavily in ensuring the vehicles we all drive are safe and reliable. I will close my testimony with the most concerning thought of all. Just this last summer we had two technicians quit working for us because, as they said, even though they loved working for Puklich Chevrolet, they were tired of fighting GM to get paid a fair time for their talent and the investment they make in their tools and their trade. Many, many dealers will tell you that losing technicians is a very real threat. If we do not close the loopholes in our current law and require these out-of-state manufacturers to pay our technicians fairly, there will come a time when we will not have enough skilled technicians to properly repair vehicles....and this problem is just over the horizon.

Thank you for your consideration of this very important legislation.

Steve J Zaun