



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 Senate Bill 225, Recreational Vehicles

DATE: October 24, 2023

Chairman Tomczyk and members of the Senate Committee on Transportation and Local Government:

Thank you for holding this hearing on 2023 Senate Bill 225, 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.

SB 225 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. SB 225 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.

SB 225 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 SB 225, these changes have been mutually agreed-to by the manufacturers and the dealers.

MORE

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 SB 225 creates a new crime or revises a penalty for an existing crime, and that because of this a report on SB 225 may be requested from the Joint Review Committee on Criminal Penalties. At this time we have not discussed SB 225 with the co-chairs of the Joint Review Committee; instead we wanted to first have this hearing today, in order to determine if changes to SB 225 and its penalty provision might be indicated.

You all of course know that SB 225 has a companion bill in the State Assembly, AB 230. AB 230 was given a public hearing on May 18, 2023. The Assembly hearing resulted in input from the Wisconsin Department of Transportation (DOT) and in discussions between DOT and the bill's backers at the Wisconsin Recreational Vehicle Dealers Alliance (WRVDA) and the Recreational Vehicle Industry Association (RVIA). The fruit of those discussions is in an author amendment to the bills.

AA 1 to AB 230 is identical to SA 1 to SB 225. The amendment makes some changes to what was introduced. Some of the changes were in response to DOT comments.

Briefly, the amendment would make some definitions addressed in the bill, consistent across chapters of the statutes. The amendment would make minor changes to some terms and details in the bill. It would make more consistent terms and definitions including "fifth-wheel" vehicles, "recreational" vehicles, and the placement and use of the phrase "truck camper."

In addition the amendment corrects a couple of word omissions, creates a new section title in statute at the request of the DOT, and establishes an effective date for the bill.

I know there will be advocates for the Wisconsin Recreational Vehicle Dealers Alliance (WRVDA) and the Recreational Vehicle Industry Association (RVIA) speaking today. I know they will be able to walk you through any questions you have about the terms of the trade that are used in this bill, as well as the specific changes made by the amendment and the reasons for each of them.

I thank you for your consideration of SB 225 and ask for your support of this bill.



PATRICK TESTIN

STATE SENATOR

DATE: October 24, 2023

RE: **Testimony on Senate Bill 225**

TO: The Senate Committee on Transportation and Local Government

FROM: Senator Patrick Testin

Thank you Chairman Tomczyk and members of the Transportation and Local Government Committee for accepting my testimony on behalf of Senate Bill 225 (SB 225).

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

Rep. Krug's office and my office, along with the stakeholders of this legislation worked with the Department of Transportation to address some of their concerns, and that is covered in the amendment that we have offered. Some of 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 ownership transfer 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.

I hope you can join me in supporting SB 225.



Wisconsin Department of Transportation
Office of the Secretary
4822 Madison Yards Way, S903
Madison, WI 53705

Governor Tony Evers
Secretary Craig Thompson
wisconsindot.gov
Telephone: (608) 266-1114
FAX: (608) 266-9912
Email: sec.exec@dot.wi.gov

Testimony of WisDOT Assistant Deputy Secretary Joel Nilsestuen Before
the Senate Committee on Transportation on Senate Bill 225
October 24, 2023

Thank you, Chairman Tomczyk and committee members for the opportunity to provide testimony on Senate Bill 225.

This bill provides additional regulation of Recreational Vehicle (RV) dealers, manufacturers, and distributors and expands the definition of recreational vehicle for purposes of vehicle registration and equipment requirements.

Current law defines Recreational Vehicle for purposes of vehicle registration, vehicle equipment standards and certain other vehicle regulation. This bill modifies and expands the definition of Recreational Vehicle. Among the changes, Recreational Vehicle is specifically expanded to include a Camping Trailer, which is defined 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.'

Under current law, businesses that sell Camping Trailers are not required to be licensed and regulated by DMV. Under the proposal, both manufacturers and dealers of Camping Trailers would be subject to RV licensing requirements. DMV estimates this would require an additional 327 Wisconsin businesses would need to be licensed under this proposal.

For every dealer that would be selling these camping trailers and would be licensed under the new bill, DMV Dealer and Agent Investigators would need to conduct an initial inspection of the facility. Typically, each initial inspection can take about two hours. If all 327 dealers identified would need initial inspections this would equate to 654 hours of work. Regulation would also involve a periodic inspection as well, once every two years, resulting in an additional 327 hours of work. Any other regulation of these dealers would be as a result of complaints submitted to the department.

Correspondence would need to be drafted and sent to these dealers advising them if they are selling camping trailers, they would be required to update their license. Approximately 245 hours of processing time would be required if all 327 dealers identified were licensed by DMV.

The bill also modifies the definition of Recreational Vehicle to include Truck Camper. However, truck campers are not towed, they are loaded onto the top of a motor truck. The motor truck (pickup truck) they are loaded onto will already be subject to title and licensing. Under the proposal, both the pickup truck and the Truck Camper would need to be titled, registered, and display license plates. DMV does not consider Truck

Campers to fit within the definition of Recreational Vehicle or vehicle and has not included this provision in our fiscal estimate.

DMV and Wisconsin State Patrol have been engaged in ongoing discussions with the bill author and the Wisconsin RV Dealers Alliance regarding provisions of the bill and are making progress in drafting potential improvements.

Changes under consideration:

- Removing slide-in Truck Campers from the RV definition
- Adding a delayed effective date for implementation
- Creating an RV Manufacturer and Distributor license
- Increasing bond amounts to \$50,000
- Reviewing changes proposed to the Fifth Wheel Recreational Vehicle definition
- Creating Hearings and Appeals process for RV Dealers similar to current law for Motor Vehicle Dealers

Thank you for your time and consideration today and we stand ready to answer any questions committee members may have.



Testimony of the RV Industry Association before the Senate Committee on Transportation and Local Government on SB 225

Chairman Tomczyk, Vice-Chair Cowles 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 SB225, 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 SB225, 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, as well the amendment we have worked out with the Department of Transportation and the DMV. 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.

SB225 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 SB225 in warranty matters – a major difference from the automobile industry.

SB225 - 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 SB225 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 SB225 to the full Senate.



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

Testimony on Behalf of the RV Dealers in Wisconsin

Good afternoon, Chair Tomczyk and other esteemed members of the Senate Transportation Committee. Thank you for hearing my testimony today in support of SB 225. 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 RVs. 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.

SB 225 would fix this issue and give RV dealers the protection 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 SB 225 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 we ask that you please support SB 225.

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

Angie Diedrich
Executive Director
angie@housingalliance.us