

As Introduced

**136th General Assembly
Regular Session
2025-2026**

S. B. No. 458

Senator Gavarone

To enact section 1547.85 of the Revised Code 1
regarding watercraft dealers and warranty 2
service repair work. 3

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 1547.85 of the Revised Code be 4
enacted to read as follows: 5

Sec. 1547.85. (A) As used in this section: 6

(1) "Dealer agreement" means any agreement or other 7
mechanism that allows a watercraft dealer to sell a 8
manufacturer's product. 9

(2) "Manufacturer" means a person who manufactures or 10
assembles watercraft. 11

(3) "Watercraft" has the same meaning as in section 12
1546.01 of the Revised Code and includes a trailer used to 13
transport watercraft and a motor used to power watercraft. 14

(4) "Watercraft dealer" means a person that is a 15
watercraft dealer under section 1546.01 of the Revised Code to 16
which both of the following apply: 17

(a) The person has been issued a registration certificate 18
under section 1547.543 of the Revised Code. 19

(b) The person has a written or verbal dealer agreement 20
with a manufacturer that allows the watercraft dealer to buy and 21
resell the manufacturer's product or any other means of 22
authorizing a watercraft dealer to buy and sell the product. 23

(B) Each manufacturer with a dealer agreement shall 24
fulfill warranty and recall obligations of diagnosing, 25
repairing, and servicing watercraft, including all parts and 26
components manufactured for installation in any watercraft. 27

(C) Each manufacturer with a dealer agreement shall 28
compensate each of its watercraft dealers for labor and parts 29
used to fulfill warranty and recall obligations of diagnostic, 30
repair, and servicing at rates not less than the rates charged 31
by the watercraft dealer to its retail customers for warranty- 32
like diagnosis, labor, and parts for nonwarranty work. A 33
watercraft dealer may establish rates of compensation for labor 34
performed and parts used by the watercraft dealer for purposes 35
of this section if all of the following apply: 36

(1) The watercraft dealer submits to the manufacturer 37
either of the following: 38

(a) Ten nonwarranty service repair orders for warranty- 39
like repairs that have been paid by a customer and closed by the 40
time of submission; 41

(b) All service repair orders for warranty-like repairs 42
that have been paid by a customer and closed by the time of 43
submission, for a period of ninety consecutive days. 44

A watercraft dealer either may submit a set of repair 45
orders for purposes of calculating both its retail labor rate 46
and its retail parts markup percentage or may submit separate 47
sets of repair orders for purposes of calculating its retail 48

labor rate and its retail parts markup percentage separately. 49
The repair orders submitted under division (C) (1) (a) or (b) of 50
this section must be from a period occurring not more than one 51
hundred eighty days before the submission. 52

(2) The watercraft dealer calculates its retail labor rate 53
by determining the watercraft dealer's total labor sales from 54
the service repair orders submitted under division (C) (1) of 55
this section and dividing that amount by the total number of 56
labor hours that generated those sales. 57

(3) The watercraft dealer calculates its retail parts 58
markup percentage by determining the watercraft dealer's total 59
parts sales from the service repair orders submitted under 60
division (C) (1) of this section and dividing that amount by the 61
watercraft dealer's total cost for the purchase of those parts, 62
subtracting one from that amount, and then multiplying the 63
amount by one hundred. 64

If a manufacturer with a dealer agreement determines from 65
any set of repair orders submitted under this section that the 66
retail labor rate or parts markup percentage calculated under 67
division (C) (2) or (3) of this section is substantially higher 68
or lower than the rate currently on record with the manufacturer 69
with respect to the applicable dealer agreement for labor or 70
parts, the manufacturer with a dealer agreement may request 71
additional documentation for a period of either ninety days 72
prior to or ninety days subsequent to the time period for which 73
the repair orders were submitted for purposes of an alteration. 74

(4) The watercraft dealer provides notice of its retail 75
labor rate and retail parts markup percentage calculated in 76
accordance with this section to the manufacturer with which it 77
has a dealer agreement. 78

(D) When calculating the compensation that must be 79
provided to a watercraft dealer for labor and parts used to 80
fulfill warranty and recall obligations under this section, all 81
of the following apply: 82

(1) The manufacturer with a dealer agreement shall use 83
time allowances for the diagnosis and performance of the 84
warranty and recall work and service that are reasonable and 85
adequate for the work or services to be performed by a qualified 86
technician. 87

(2) The manufacturer with a dealer agreement shall include 88
in the calculation all reasonable and necessary tasks that are 89
incidental to warranty repairs, if submitted by the watercraft 90
dealer on an itemized statement, including all of the following: 91

(a) Assisting a customer with unhooking or hooking the 92
watercraft to a watercraft trailer or towing vehicle; 93

(b) Removing, installing, or uncovering a protective 94
cover, or accessing an interior compartment to facilitate 95
inspection or repair; 96

(c) Assisting a customer with retrieving the customer's 97
watercraft from the dealership after the watercraft dealer 98
completes the repair; 99

(d) Handling administrative or documentation tasks, 100
including paperwork. 101

(3) A manufacturer with a dealer agreement shall include 102
in the calculation the reasonable costs the watercraft dealer 103
incurs in conducting an on-water performance evaluation to 104
verify the effectiveness of a repair or to properly perform a 105
diagnosis, including compensation for all of the following: 106

<u>(a) Labor at a rate calculated in accordance with this</u>	107
<u>section;</u>	108
<u>(b) Fuel or oil required for the test;</u>	109
<u>(c) Reasonable transportation costs to and from the</u>	110
<u>testing location.</u>	111
<u>(4) The manufacturer with a dealer agreement shall use any</u>	112
<u>retail labor rate and any retail parts markup percentage</u>	113
<u>established in accordance with this section in calculating the</u>	114
<u>compensation.</u>	115
<u>(5) If the manufacturer with a dealer agreement provided a</u>	116
<u>part or component to the watercraft dealer at no cost to use in</u>	117
<u>performing repairs under a recall, campaign service action, or</u>	118
<u>warranty repair, the manufacturer shall provide to the</u>	119
<u>watercraft dealer an amount equal to the retail parts markup for</u>	120
<u>that part or component, which shall be calculated by multiplying</u>	121
<u>the watercraft dealer cost for the part or component as listed</u>	122
<u>in the manufacturer's price schedule by the retail parts markup</u>	123
<u>percentage established in division (C) (3) of this section.</u>	124
<u>(6) A manufacturer with a dealer agreement shall not</u>	125
<u>assess penalties, surcharges, or similar costs to a watercraft</u>	126
<u>dealer, transfer or shift any costs to a watercraft dealer,</u>	127
<u>limit allocation of watercraft or parts to a watercraft dealer,</u>	128
<u>or otherwise take retaliatory action against a watercraft dealer</u>	129
<u>based on any watercraft dealer's exercise of its rights under</u>	130
<u>this section. It is the burden of the watercraft dealer to prove</u>	131
<u>any claims under division (D) (6) of this section by a</u>	132
<u>preponderance of the evidence. Nothing in this section prohibits</u>	133
<u>a manufacturer with a dealer agreement from increasing the price</u>	134
<u>of a vehicle or part in the normal course of business.</u>	135

(E) A manufacturer with a dealer agreement shall not 136
require a watercraft dealer to establish a retail labor rate or 137
retail parts markup percentage using any method that is unduly 138
burdensome or time consuming, or require the use of information 139
that is unduly burdensome or time consuming to obtain, including 140
part-by-part or transaction-by-transaction calculations or 141
utilization of the watercraft dealer's financial statement. 142
Further, no manufacturer with a dealer agreement shall 143
unilaterally calculate a retail labor rate or retail parts 144
markup percentage for a watercraft dealer. 145