

1 SENATE BILL 287

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Linda M. Trujillo

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10 AN ACT

11 RELATING TO TRADE PRACTICES; EXEMPTING FROM THE PROVISIONS OF
12 CHAPTER 57, ARTICLE 16 NMSA 1978 DEALERS, MANUFACTURERS AND
13 DISTRIBUTORS THAT MANUFACTURE OR SELL NEW RECREATIONAL
14 VEHICLES; ENACTING THE RECREATIONAL VEHICLE MANUFACTURER AND
15 DEALER ACT; REQUIRING A MANUFACTURER-DEALER AGREEMENT TO SELL A
16 NEW RECREATIONAL VEHICLE; PROVIDING REQUIREMENTS FOR
17 MANUFACTURER-DEALER AGREEMENTS; PROVIDING LIMITATIONS TO THE
18 TERMINATION, CANCELLATION OR NONRENEWAL OF A MANUFACTURER-
19 DEALER AGREEMENT AND REQUIRING WRITTEN NOTICE; REQUIRING NOTICE
20 FOR THE TRANSFER OF DEALER OWNERSHIP AND PROVIDING A PROCEDURE
21 FOR OBJECTION TO TRANSFER OF OWNERSHIP; PROVIDING WARRANTY
22 OBLIGATIONS ON THE WARRANTOR AND DEALER; PROVIDING INSPECTION
23 AND REJECTION PROCEDURES FOR DAMAGED RECREATIONAL VEHICLES;
24 REQUIRING ALTERNATIVE DISPUTE RESOLUTION PRIOR TO AN INJURED
25 PARTY BRINGING A CIVIL ACTION FOR A VIOLATION OF THE

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1 RECREATIONAL VEHICLE MANUFACTURER AND DEALER ACT; PROVIDING
2 PENALTIES; REPEALING A SECTION OF CHAPTER 57, ARTICLE 16 NMSA
3 1978 THAT APPLIES TO MANUFACTURERS AND DISTRIBUTORS OF
4 RECREATIONAL VEHICLES.

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

7 SECTION 1. Section 57-16-2 NMSA 1978 (being Laws 1973,
8 Chapter 6, Section 2) is amended to read:

9 "57-16-2. APPLICATION OF ACT.--

10 A. Except as provided in Subsection B of this
11 section, the provisions of [~~this act~~] Chapter 57, Article 16
12 NMSA 1978 shall apply to all persons, manufacturers,
13 representatives, distributors and dealers and to all written or
14 oral agreements between the manufacturer, distributor or
15 representative with a motor vehicle dealer, including [~~but not~~
16 ~~limited to~~] the franchise offering, the franchise agreement,
17 sales of goods, services or advertising, leases or mortgages of
18 real or personal property, promises to pay, security interest,
19 pledges, insurance contracts, advertising contracts,
20 construction or installation contracts, servicing contracts and
21 all other such agreements in which the manufacturer,
22 distributor or representative has any direct or indirect
23 interest.

24 B. The provisions of Chapter 57, Article 16 NMSA
25 1978 shall not apply to a dealer, manufacturer, component

1 manufacturer or distributor that manufactures or sells new
2 recreational vehicles."

3 SECTION 2. Section 57-16-3 NMSA 1978 (being Laws 1973,
4 Chapter 6, Section 3, as amended) is amended to read:

5 "57-16-3. DEFINITIONS.--As used in Chapter 57, Article 16
6 NMSA 1978:

7 A. "current price" means an amount equal to the
8 price listed in the manufacturer's or distributor's printed
9 price list in effect when the franchise is terminated, less
10 applicable trade and cash discounts;

11 B. "dealer cost" means an amount equal to the sum
12 of the original invoice price that the dealer paid for
13 inventory and the cost of the delivery of the inventory from
14 the manufacturer or distributor to the dealer, less applicable
15 discounts;

16 C. "designated family member" means a spouse,
17 child, grandchild, parent, brother or sister of a deceased or
18 incapacitated dealer who is entitled to inherit the dealer's
19 ownership interest in the dealership under the terms of a will
20 or the laws of intestate succession in this state. In the case
21 of an incapacitated dealer, the term means the person appointed
22 by a court as the legal representative of the dealer's
23 property. The term also includes the appointed and qualified
24 personal representative and the testamentary trustee of a
25 deceased dealer. However, the term shall be limited to mean

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1 only that individual designated by a dealer in a written
2 document filed with the manufacturer, distributor or
3 representative in the event that such a document has been
4 filed;

5 D. "distributor" means any person who distributes
6 or sells new or used motor vehicles to dealers and who is not a
7 manufacturer;

8 E. "do not drive order" means a notice advising a
9 motor vehicle dealer or an owner of a motor vehicle not to
10 drive the vehicle until the vehicle has been repaired because
11 the vehicle has a safety defect, fails to comply with a federal
12 motor vehicle safety standard or fails to comply with a federal
13 requirement;

14 F. "former franchisee":

15 (1) means a dealer that has entered into a
16 franchise agreement with a manufacturer and that has:

17 (a) entered into a termination agreement
18 or deferred termination agreement with the manufacturer related
19 to the franchise; or

20 (b) has had the franchise canceled,
21 terminated or otherwise ended; and

22 (2) includes the designated successor of the
23 former franchisee in the event the former franchisee is
24 deceased or disabled;

25 G. "franchise" means an oral or written arrangement

1 for a definite or indefinite period in which a manufacturer,
2 distributor or representative grants to a motor vehicle dealer
3 a license to use a trade name, service mark or related
4 characteristic and in which there is a community of interest in
5 the marketing of motor vehicles or services related to
6 marketing, service or repair of motor vehicles at wholesale,
7 retail, leasing or otherwise;

8 H. "fraud" includes, in addition to its normal
9 legal connotation, the following:

10 (1) a misrepresentation in any manner, whether
11 intentionally false or due to gross negligence, of a material
12 fact;

13 (2) a promise or representation not made
14 honestly and in good faith; and

15 (3) an intentional failure to disclose a
16 material fact;

17 I. "inventory" means new or unused motorcycles,
18 motor vehicles, motorcycle attachments and motorcycle and motor
19 vehicle repair parts that are provided by a manufacturer or
20 distributor to a dealer under a franchise agreement and that
21 are purchased within thirty-six months of the termination of
22 the franchise or are listed in the manufacturer's or
23 distributor's current sales manual or price list at the time
24 that the franchise is terminated;

25 J. "manufacturer" means any person who manufactures

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1 or assembles new motor vehicles either within or outside of
2 this state and may include a predecessor manufacturer or a
3 successor manufacturer;

4 K. "motorcycle" means any motor vehicle used on or
5 off a public highway that has an unladen weight of less than
6 one thousand five hundred pounds;

7 L. "motor vehicle" means every self-propelled
8 vehicle, having two or more wheels, by which a person or
9 property may be transported on a public highway [~~and includes~~
10 ~~recreational vehicles~~];

11 M. "motor vehicle dealer" or "dealer" means a
12 person who sells or solicits or advertises the sale of new or
13 used motor vehicles and is licensed as a dealer pursuant to the
14 Motor Vehicle Code. "Motor vehicle dealer" or "dealer" shall
15 not include:

16 (1) receivers, trustees, administrators,
17 executors, guardians or other persons appointed by or acting
18 under judgment, decree or order of any court;

19 (2) public officers while performing their
20 duties as such officers;

21 (3) persons making casual sales of their own
22 vehicles duly registered and licensed to them by the state; or

23 (4) finance companies, banks and other lending
24 institutions covering sales of repossessed vehicles;

25 N. "person" means every natural person,

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1 partnership, corporation, association, trust, estate or any
2 other legal entity;

3 O. "predecessor manufacturer" means a manufacturer
4 that is acquired, succeeded by or assumed by a successor
5 manufacturer;

6 P. "prospective purchaser" means a person who has a
7 bona fide written agreement to purchase a franchise;

8 Q. "recall claim" includes a claim for
9 reimbursement for the parts and labor required for a dealer to
10 repair a motor vehicle subject to a do not drive order or stop
11 sale order;

12 R. "recreational vehicle" means ~~[any motor vehicle~~
13 ~~with a camping body that either has its own motive power or is~~
14 ~~drawn by another vehicle]~~ a vehicle that is either self-
15 propelled or towed by a consumer-owned tow vehicle and that is
16 designed to provide temporary living quarters for recreational,
17 camping or travel use, and includes motor homes, travel
18 trailers, fifth wheel travel trailers, truck campers and
19 folding camping trailers;

20 S. "relevant market area" means an area of a size
21 specified in this subsection around an existing motor vehicle
22 dealer's place of business. The size of the area shall be the
23 greater of the area of responsibility specified in the dealer's
24 franchise or a circle with a center at the dealer's place of
25 business and a radius of:

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1 (1) seven miles, if the population of the
2 county in which the dealership is located is two hundred fifty
3 thousand or more;

4 (2) fifteen miles, if the population of the
5 county in which the dealership is located is less than two
6 hundred fifty thousand but is thirty-five thousand or more; or

7 (3) twenty miles in all other cases.

8 If the existing and proposed dealerships are in different
9 counties, the lesser of the applicable mileage limitations
10 shall be used. For purposes of this subsection, the population
11 of any area shall be determined in accordance with the most
12 recent decennial census or the most recent population update
13 from the national planning data corporation or other similar
14 recognized source, whichever is later;

15 T. "representative" means any person who is or acts
16 as an agent, employee or representative of a manufacturer or
17 distributor and who performs any duties in this state relating
18 to promoting the distribution or sale of new or used motor
19 vehicles or contacts dealers in this state on behalf of a
20 manufacturer or distributor;

21 U. "sale" includes:

22 (1) the issuance, transfer, agreement for
23 transfer, exchange, pledge, hypothecation or mortgage in any
24 form, whether by transfer in trust or otherwise, of any motor
25 vehicle or interest therein or of any franchise related

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1 thereto; and

2 (2) any option, subscription or other contract
3 or solicitation looking to a sale or offer or attempt to sell
4 in any form, whether spoken or written. A gift or delivery of
5 any motor vehicle or franchise with respect thereto with, or
6 as, a bonus on account of the sale of anything shall be deemed
7 a sale of such motor vehicle or franchise;

8 V. "stop sale order" means a notice prohibiting a
9 motor vehicle dealer from leasing or selling and delivering at
10 wholesale or retail a used motor vehicle in the inventory of
11 the dealer until the vehicle has been repaired because the
12 vehicle has a safety defect, fails to comply with a federal
13 motor vehicle safety standard or fails to comply with a federal
14 requirement;

15 W. "successor manufacturer" means a motor vehicle
16 manufacturer that, on or after January 1, 2010, acquires,
17 succeeds to or assumes any part of the business of a
18 predecessor manufacturer as the result of:

19 (1) a change in ownership, operation or
20 control of the predecessor manufacturer;

21 (2) the termination, suspension or cessation
22 of all or a part of the business operation of the predecessor
23 manufacturer;

24 (3) the discontinuance of the sale of a
25 product line; or

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1 (4) a change in the distribution system by the
2 predecessor manufacturer, whether through a change in
3 distributor or the predecessor manufacturer's decision to cease
4 conducting business through a distributor; and

5 X. "value of the used motor vehicle" means the
6 average trade-in value indicated in an independent third party
7 guide for a used motor vehicle of the same year, make and
8 model."

9 SECTION 3. ~~[NEW MATERIAL]~~ SHORT TITLE.--Sections 3
10 through 13 of this act may be cited as the "Recreational
11 Vehicle Manufacturer and Dealer Act".

12 SECTION 4. ~~[NEW MATERIAL]~~ DEFINITIONS.--As used in the
13 Recreational Vehicle Manufacturer and Dealer Act:

14 A. "area of sales responsibility" means the
15 geographical area agreed to by a dealer and a manufacturer in a
16 manufacturer-dealer agreement within which the dealer has the
17 exclusive right to display or sell the manufacturer's new
18 recreational vehicles of a particular line-make;

19 B. "coercion" means threatening to terminate,
20 cancel or not renew a manufacturer-dealer agreement without
21 good cause or threatening to withhold product lines or delay
22 product delivery as an inducement to amending the agreement;

23 C. "component manufacturer" means a person,
24 corporation or business entity that engages in the
25 manufacturing of components, accessories or parts used in

1 manufacturing recreational vehicles;

2 D. "dealer" means a person, corporation or business
3 entity licensed or required to be licensed to sell new
4 recreational vehicles under the Motor Vehicle Code;

5 E. "distributor" means a person, corporation or
6 business entity that purchases new recreational vehicles for
7 resale to dealers;

8 F. "factory campaign" means the effort of a
9 warrantor to contact recreational vehicle owners or dealers to
10 address an issue with a part or equipment;

11 G. "family member" means a spouse, child,
12 grandchild, parent, sibling, niece or nephew;

13 H. "line-make" means a specific series of
14 recreational vehicle products that:

15 (1) are targeted to a particular market
16 segment, as determined by decor, features, equipment, size,
17 weight and price range;

18 (2) have lengths and interior floor plans that
19 distinguish the recreational vehicles from other recreational
20 vehicles with substantially the same decor, features,
21 equipment, weight and price; and

22 (3) belong to a single, distinct
23 classification of recreational vehicle product type having a
24 substantial degree of commonality in the construction of the
25 chassis, frame and body;

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1 I. "manufacturer" means a person, corporation or
2 business entity that engages in the manufacturing of
3 recreational vehicles;

4 J. "manufacturer-dealer agreement" means a written
5 agreement or contract entered into between a manufacturer and a
6 dealer that fixes the rights and responsibilities of the
7 parties and pursuant to which the dealer sells new recreational
8 vehicles;

9 K. "model" means a subset of a line-make that
10 consists of a series of recreational vehicle products
11 identified by a common series trade name or trademark;

12 L. "proprietary part" means any part manufactured
13 by or for and sold exclusively by a manufacturer;

14 M. "recreational vehicle" means a vehicle that is
15 either self-propelled or towed by a consumer-owned tow vehicle
16 and that is designed to provide temporary living quarters for
17 recreational, camping or travel use, and includes motor homes,
18 travel trailers, fifth wheel travel trailers, truck campers and
19 folding camping trailers;

20 N. "transient customer" means a customer who is
21 temporarily traveling through a dealer's area of sales
22 responsibility; and

23 O. "warrantor" means a person, corporation or
24 business entity that gives a warranty in connection with a new
25 recreational vehicle or parts, accessories or components of a

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1 recreational vehicle, and excludes service contracts, insurance
2 or extended warranties sold for separate consideration by a
3 dealer or person not controlled by a manufacturer.

4 SECTION 5. [NEW MATERIAL] MANUFACTURER-DEALER AGREEMENT--
5 REQUIREMENTS--AREA OF SALES RESPONSIBILITY.--

6 A. A manufacturer or distributor shall not sell a
7 new recreational vehicle to or through a dealer without first
8 entering into a manufacturer-dealer agreement with the dealer.

9 B. A dealer shall not sell a new recreational
10 vehicle without first entering into a manufacturer-dealer
11 agreement with a manufacturer or distributor.

12 C. A manufacturer-dealer agreement shall state the
13 duration of the terms of the agreement and designate an area of
14 sales responsibility exclusively assigned to a dealer. For the
15 duration of the manufacturer-dealer agreement, the area of
16 sales responsibility shall not change, and the manufacturer or
17 distributor shall not contract with another dealer for sale of
18 the same model or line-make, as specified in the manufacturer-
19 dealer agreement, in the designated area of sales
20 responsibility, unless agreed to by written consent of all
21 parties to the agreement.

22 D. A manufacturer, distributor or dealer shall not
23 issue a policy or procedure that violates or substantially
24 alters a provision of the manufacturer-dealer agreement during
25 the duration of the agreement, unless agreed to by written

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1 consent of all parties to the agreement.

2 E. A manufacturer or distributor shall:

3 (1) distribute new recreational vehicles to
4 its dealers in a fair and equitable manner;

5 (2) if requested by a dealer, provide
6 information on its manner of distribution; and

7 (3) if requested by a dealer, provide a dealer
8 pursuant to a manufacturer-dealer agreement with adequate
9 technical data to perform proper service and repairs.

10 F. When taking on an additional recreational
11 vehicle of a particular line-make, a dealer shall notify in
12 writing a manufacturer or distributor with which the dealer has
13 a manufacturer-dealer agreement of the same line-make at least
14 thirty days prior to entering into a new manufacturer-dealer
15 agreement with the manufacturer or distributor of the
16 additional recreational vehicle.

17 SECTION 6. [NEW MATERIAL] TERMINATION, CANCELLATION AND
18 NONRENEWAL OF A MANUFACTURER-DEALER AGREEMENT--GOOD CAUSE--
19 NOTICE--REQUIRED REPURCHASE.--

20 A. A manufacturer or distributor, directly or
21 through an officer, agent or employee, shall terminate, cancel
22 or fail to renew a model, line-make or manufacturer-dealer
23 agreement only with good cause, and upon renewal, shall not
24 require additional inventory stocking requirements or increased
25 retail sales targets in excess of the market growth in the

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1 dealer's area of sales responsibility. For the purposes of
2 determining whether there is good cause for an action to
3 terminate, cancel or fail to renew a model, line-make or
4 manufacturer-dealer agreement, the following factors may be
5 considered:

6 (1) the extent of the affected dealer's
7 penetration in the relevant market area for the relevant model
8 or line-make;

9 (2) the nature and extent of the dealer's
10 investment in the dealer's business;

11 (3) the adequacy of the dealer's service
12 facilities, equipment, parts, supplies and personnel;

13 (4) the effect of the proposed action on the
14 relevant community;

15 (5) the extent and quality of the dealer's
16 service under recreational vehicle warranties;

17 (6) any failures by the dealer to follow
18 procedures or standards of operation pursuant to the
19 manufacturer-dealer agreement and the law; and

20 (7) a dealer's violation of the terms of the
21 manufacturer-dealer agreement or the Recreational Vehicle
22 Manufacturer and Dealer Act.

23 B. Except as otherwise provided in this section and
24 unless the reason for termination, cancellation or nonrenewal
25 of a model, line-make or manufacturer-dealer agreement is

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1 insolventy, bankruptcy or the occurrence of an assignment for
2 the benefit of creditors, a manufacturer or distributor shall
3 provide a dealer with at least one hundred twenty days of
4 written notice of termination, cancellation or nonrenewal of a
5 model, line-make or manufacturer-dealer agreement. The written
6 notice shall state all reasons for the proposed termination,
7 cancellation or nonrenewal.

8 C. If, within thirty days following receipt of a
9 notice pursuant to Subsection B of this section, the dealer
10 provides to the manufacturer or distributor a written notice of
11 intent to cure all stated deficiencies, the dealer shall have
12 one hundred twenty days following receipt of the notice to
13 rectify the deficiencies.

14 D. The notice period for a manufacturer's or
15 distributor's termination, cancellation or nonrenewal may be
16 reduced to thirty days if the grounds for termination,
17 cancellation or nonrenewal are due to:

18 (1) a dealer or one of the dealer's owners
19 being convicted of or entering a plea of nolo contendere to a
20 felony;

21 (2) a dealer abandoning or closing business
22 operations for at least ten consecutive business days, unless
23 the abandoning or closing is due to force majeure or a strike,
24 labor difficulty or other cause over which the dealer has no
25 control;

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1 (3) a misrepresentation by the dealer that
2 materially affects the business relationship;

3 (4) a material violation by the dealer of a
4 provision of the Recreational Vehicle Manufacturer and Dealer
5 Act that is not cured within thirty days after written notice;
6 or

7 (5) a suspension or revocation of the dealer's
8 license, or the refusal to renew the dealer's license, by the
9 taxation and revenue department.

10 E. A dealer may terminate, cancel or not renew a
11 model, line-make or manufacturer-dealer agreement with a
12 manufacturer or distributor with or without good cause at any
13 time by giving thirty days of written notice to the
14 manufacturer or distributor. If the termination, cancellation
15 or nonrenewal is for good cause, the dealer shall state all
16 reasons for the proposed termination, cancellation or
17 nonrenewal and has the burden of showing good cause. The
18 following factors may be considered for the purposes of
19 determining whether there is good cause:

20 (1) a manufacturer or distributor being
21 convicted of or entering a plea of nolo contendere to a felony;

22 (2) a manufacturer or distributor abandoning
23 or closing business operations for at least ten consecutive
24 business days, unless the closing is due to force majeure or a
25 strike, labor difficulty or other cause over which the

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1 manufacturer or distributor has no control;

2 (3) a misrepresentation by a manufacturer or
3 distributor that materially affects the business relationship;

4 (4) a material violation of a provision of the
5 Recreational Vehicle Manufacturer and Dealer Act that is not
6 cured within thirty days after written notice by the dealer to
7 the manufacturer or distributor;

8 (5) a declaration by the manufacturer or
9 distributor of bankruptcy or insolvency or the occurrence of
10 an assignment by the manufacturer or distributor for the
11 benefit of creditors or bankruptcy;

12 (6) a material violation by the manufacturer
13 or distributor of the manufacturer-dealer agreement that is
14 not cured within one hundred twenty days after written notice
15 is provided by the dealer to the manufacturer or distributor;
16 and

17 (7) coercion of the dealer by the manufacturer
18 or distributor.

19 SECTION 7. [NEW MATERIAL] REQUIRED REPURCHASE--
20 TERMINATION, CANCELLATION AND NONRENEWAL OF A MANUFACTURER-
21 DEALER AGREEMENT.--

22 A. If a manufacturer-dealer agreement is
23 terminated, canceled or not renewed by a dealer for good cause,
24 the manufacturer or distributor shall, at the election of the
25 dealer within forty-five days after the termination,

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1 cancellation or nonrenewal, repurchase:

2 (1) new, untitled recreational vehicles that
3 were sold to the dealer within the eighteen months prior to the
4 date of the notice of termination, cancellation or nonrenewal
5 that have not been used, except for demonstration purposes, and
6 that have not been altered or damaged, at one hundred percent
7 of the original invoice cost, including transportation, less
8 applicable rebates and discounts to the dealer. If a vehicle
9 repurchased is damaged, the amount paid to the dealer shall be
10 reduced by the cost to repair the damaged vehicle. Damage
11 prior to the original delivery to the dealer does not
12 disqualify repurchase pursuant to this subsection;

13 (2) undamaged accessories and proprietary
14 parts that were sold to the dealer for resale within the twelve
15 months prior to the termination, cancellation or nonrenewal if
16 accompanied by the original invoice, at one hundred five
17 percent of the original invoice cost; and

18 (3) properly functioning diagnostic equipment,
19 special tools, current signage and other equipment and
20 machinery that were sold to the dealer within the five years
21 prior to the termination, cancellation or nonrenewal at one
22 hundred percent of the original invoice cost plus the dealer's
23 freight, destination, delivery and distribution charges and
24 sales taxes, if any, if the diagnostic equipment, special
25 tools, current signage and other equipment can no longer

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1 be used in the normal course of the dealer's ongoing business.

2 B. If the manufacturer-dealer agreement is
3 terminated, canceled or not renewed by the manufacturer or
4 distributor without good cause, in violation of Subsection A of
5 this section, the manufacturer or distributor shall repurchase
6 vehicles, accessories and equipment in accordance with this
7 section.

8 C. A vehicle, accessory or equipment that is
9 repurchased pursuant to this section shall be paid for in full
10 before it is removed from dealer's premises, and upon payment,
11 must be immediately surrendered to the manufacturer or
12 distributor.

13 D. A dealer is not prohibited from selling the
14 remaining in-stock inventory of a particular model or line-make
15 after a dealer agreement has been terminated, canceled or not
16 renewed by the manufacturer, including recreational vehicles of
17 a model or line-make subject to the manufacturer-dealer
18 agreement that are not repurchased or required to be
19 repurchased by the manufacturer.

20 SECTION 8. [NEW MATERIAL] TRANSFER OF OWNERSHIP--FAMILY
21 SUCCESSION--OBJECTIONS--WRITTEN NOTICE.--

22 A. If a dealer desires to make a change in dealer
23 ownership by the sale of the business assets, stock transfer or
24 otherwise, the dealer shall provide written notice to a
25 manufacturer or distributor with which the dealer has an active

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1 manufacturer-dealer agreement at least ten business days before
2 the closing, including all supporting documentation as may be
3 reasonably required by the manufacturer or distributor to
4 determine if an objection to the sale may be made.

5 B. In the absence of a breach by a selling dealer
6 of a manufacturer-dealer agreement or the provisions of the
7 Recreational Vehicle Manufacturer and Dealer Act, a
8 manufacturer or distributor shall not object to a proposed
9 change in ownership unless the manufacturer or distributor has
10 previously terminated with good cause a manufacturer-dealer
11 agreement with the prospective owner or the prospective owner:

12 (1) has been convicted of a felony or any
13 crime of fraud, deceit or moral turpitude;

14 (2) lacks a license required by law;

15 (3) does not have an active line of credit
16 sufficient to purchase a manufacturer's or distributor's
17 product; or

18 (4) has undergone in the last ten years
19 bankruptcy, insolvency, a general assignment for the benefit of
20 creditors or the appointment of a receiver, trustee or
21 conservator to take possession of the prospective owner's
22 business or property.

23 C. If the manufacturer or distributor objects to a
24 proposed change of ownership, the manufacturer or distributor
25 shall provide written notice to the dealer stating the reasons

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1 pursuant to Subsection B of this section within seven business
2 days after receipt of the dealer's notification and
3 documentation. The manufacturer or distributor bears the
4 burden of proving its objection.

5 D. A manufacturer or distributor shall provide a
6 dealer an opportunity to designate in writing a family member
7 as a successor to the dealership in the event of the death,
8 incapacity or retirement of the dealer, and a manufacturer or
9 distributor shall honor the succession unless the manufacturer
10 or distributor provides to the dealer or the dealer's successor
11 written notice of its objections within ten business days after
12 receipt of the dealer's succession plan. A manufacturer or
13 distributor shall only object for the reasons listed pursuant
14 to Subsection B of this section or if the succession involves a
15 relocation of the dealer's business or an alteration of the
16 terms and conditions of the manufacturer-dealer agreement.

17 SECTION 9. [NEW MATERIAL] DEALER INSPECTION AND
18 REJECTION--DAMAGED RECREATIONAL VEHICLE--NEW RECREATIONAL
19 VEHICLE ODOMETER.--

20 A. If a new recreational vehicle is damaged prior
21 to transit to the dealer or is damaged in transit to the dealer
22 when the carrier or means of transportation has been selected
23 by the manufacturer or distributor, the dealer shall notify the
24 manufacturer or distributor of the damage within the time frame
25 specified in the manufacturer-dealer agreement and:

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1 (1) request from the manufacturer or
2 distributor authorization to replace the damaged components,
3 parts or accessories or otherwise correct the damage; or

4 (2) reject the damaged vehicle within the time
5 frame specified in the manufacturer-dealer agreement, which
6 shall not be less than two business days after physical
7 delivery of the recreational vehicle.

8 B. If a manufacturer or distributor refuses or
9 fails to authorize repair of the damage in accordance with the
10 provisions of Subsection A of this section within ten days
11 after receipt of notification or if a dealer rejects the
12 recreational vehicle because of damage, ownership of the new
13 recreational vehicle shall revert to the manufacturer or
14 distributor.

15 C. A dealer may reject a manufacturer's or
16 distributor's new recreational vehicle that has, at the time of
17 delivery to the dealer, an unreasonable amount of miles on its
18 odometer, as determined by the dealer. An unreasonable amount
19 of miles shall not be equal to an amount less than the distance
20 between the dealer and the manufacturer's factory or a
21 distributor's point of distribution, plus one hundred miles.
22 If a dealer rejects a new recreational vehicle pursuant to this
23 subsection, ownership of the recreational vehicle shall revert
24 to the manufacturer or distributor.

25 D. A dealer shall exercise due care in custody of a

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1 damaged or rejected recreational vehicle but shall have no
2 other obligations, financial or otherwise, with respect to that
3 recreational vehicle.

4 SECTION 10. [NEW MATERIAL] COERCION OF DEALER

5 PROHIBITED.--

6 A. A manufacturer or distributor shall not coerce
7 or attempt to coerce a dealer to:

8 (1) purchase a product that the dealer did not
9 order;

10 (2) enter into an agreement with the
11 manufacturer or distributor;

12 (3) take any illegal action or action that is
13 unfair or unreasonable to the dealer;

14 (4) enter into an agreement that requires the
15 dealer to submit its disputes to binding arbitration or
16 otherwise waive rights or responsibilities provided under the
17 Recreational Vehicle Manufacturer and Dealer Act; or

18 (5) forego exercising a right authorized by a
19 manufacturer-dealer agreement or any law governing the
20 relationship between the manufacturer or distributor and the
21 dealer.

22 B. A dealer bears the burden of proving unlawful
23 coercion pursuant to this section.

24 SECTION 11. [NEW MATERIAL] WARRANTY OBLIGATIONS.--

25 A. A warrantor shall:

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1 (1) specify in writing to its dealers any
2 obligations for preparation, delivery and warranty service on
3 its products;

4 (2) provide a dealer with the warrantor's
5 schedule of compensation to be paid and reasonable time
6 allowances for the diagnosis and performance of any work and
7 service. The schedule of compensation shall include reasonable
8 compensation for diagnostic work and warranty labor. If the
9 schedule of compensation does not include a particular repair,
10 the warrantor shall reimburse the dealer for warranty service
11 for the actual time expended unless the warrantor demonstrates
12 that the actual time was not reasonable, in which case the
13 warrantor shall pay a reasonable sum based on industry averages
14 for pay rate and time;

15 (3) compensate its dealers for warranty
16 service covered by the warranty in accordance with the provided
17 schedule and time allowances if the service is performed in a
18 timely and competent manner;

19 (4) compensate its dealers for authorized
20 repairs effected by the dealer of merchandise damaged in
21 manufacture or transit to the dealer if the carrier is
22 designated by the warrantor, factory branch, distributor or
23 distributor branch;

24 (5) compensate a dealer for warranty labor in
25 an amount not less than the lowest retail labor rate actually

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1 charged by the dealer in the ordinary course of business for
2 like nonwarranty labor; provided that the rate is reasonable;

3 (6) reimburse a dealer for any warranty part,
4 accessory or complete component at actual wholesale cost plus a
5 minimum thirty percent handling charge and any cost of freight
6 to return the part to the warrantor or, if a part is sent to
7 the dealer at no cost, reimburse the dealer in an amount equal
8 to thirty percent of the wholesale cost of the part from the
9 warrantor as a handling charge, with a maximum handling charge
10 for a part of three hundred dollars (\$300);

11 (7) conduct warranty audits of dealer records
12 on a reasonable basis;

13 (8) not deny dealer claims for warranty
14 compensation except for good cause, such as performance of
15 nonwarranty repairs, material noncompliance with the
16 warrantor's published policies and procedures, lack of material
17 documentation, fraud or misrepresentation;

18 (9) approve or disapprove of warranty claims
19 in writing within forty-five days after the date of submission
20 by a dealer;

21 (10) include, in written notices of factory
22 campaigns to recreational vehicle owners and dealers, the
23 expected date by which necessary parts and equipment, including
24 tires and chassis or chassis parts, will be available to
25 dealers to perform the factory campaign work. A warrantor may

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1 ship parts to a dealer to affect the factory campaign work,
2 and, if such parts are in excess of the dealer's requirements,
3 the dealer may return unused parts to the warrantor for credit
4 after completion of the factory campaign;

5 (11) not intentionally misrepresent to
6 purchasers of recreational vehicles that warranties with
7 respect to the manufacture, performance or design of the
8 vehicle are made by the dealer as warrantor or co-warrantor;

9 (12) not require its dealers to make
10 warranties to customers in any manner related to the
11 manufacture of the recreational vehicle; and

12 (13) perform its warranty obligations with
13 respect to its warranted products.

14 B. A dealer shall:

15 (1) submit warranty claims within forty-five
16 days after completing work;

17 (2) notify a warrantor as soon as is
18 reasonably possible, verbally or in writing, if the dealer is
19 unable or unwilling to perform material or repetitive warranty
20 repairs;

21 (3) perform pre-delivery inspection functions,
22 as specified by the warrantor, in a competent and timely
23 manner;

24 (4) perform warranty service work authorized
25 by the warrantor in a competent and timely manner on any

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1 transient customer's vehicle of the same line-make unless the
2 dealer determines that the customer is acting in a manner
3 detrimental to its business;

4 (5) track actual time spent performing
5 warranty work not governed by time allowances in the
6 warrantor's schedule of compensation;

7 (6) not claim an agency relationship with a
8 warrantor or manufacturer; and

9 (7) not misrepresent the terms of any
10 warranty.

11 C. Warranty claims not specifically disapproved by
12 a warrantor in writing within forty-five days after the date of
13 submission by a dealer shall be construed to be approved and
14 shall be paid within sixty days; provided that the dealer
15 submits the warranty claim in the manner and form prescribed by
16 the warrantor.

17 D. Notwithstanding the terms of any manufacturer-
18 dealer agreement, a warrantor shall indemnify, defend and hold
19 harmless its dealers against any losses or damages to the
20 extent such losses or damages are caused by the negligence or
21 willful misconduct of the warrantor, including a dealer that
22 fails to discover, disclose or remedy a defect in the design or
23 manufacture of the relevant recreational vehicle. A dealer
24 shall provide to the warrantor a copy of any suit in which
25 allegations are made pursuant to this subsection within ten

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1 days after receiving the suit. This subsection shall continue
2 to apply even after a recreational vehicle is titled.

3 E. Notwithstanding the terms of any manufacturer-
4 dealer agreement, a dealer shall indemnify, defend and hold
5 harmless its warrantor against any losses or damages to the
6 extent such losses or damages are caused by the negligence or
7 willful misconduct of the dealer. The warrantor shall provide
8 to the dealer a copy of any suit in which allegations are made
9 pursuant to this subsection within ten days after receiving the
10 suit. This subsection shall continue to apply even after a
11 recreational vehicle is titled.

12 F. Indemnification pursuant to Subsection D or E of
13 this section shall include court costs, reasonable attorney
14 fees and expert witness fees incurred by the dealer or
15 warrantor.

16 SECTION 12. [NEW MATERIAL] DISPUTE RESOLUTION--MEDIATION
17 REQUIRED BEFORE CIVIL ACTION--VENUE--RELIEF.--

18 A. A dealer, manufacturer, distributor or warrantor
19 injured by another party's violation of the Recreational
20 Vehicle Manufacturer and Dealer Act may bring a civil action to
21 recover actual damages. The court shall award attorney fees
22 and costs to the prevailing party. Venue for any civil action
23 authorized by this section shall be in the county in which the
24 dealership is located. In an action involving more than one
25 dealer, venue may be in any county in which a dealer that is

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1 party to the action is located.

2 B. Prior to bringing suit for an alleged violation
3 pursuant to this section, a party shall make a good faith
4 effort to mediate the dispute, including serving upon the
5 responding party a written demand for mediation, selecting a
6 mediator, scheduling a mediation and participating in the
7 mediation. This provision does not apply to a proceeding for
8 injunctive relief.

9 C. A written demand for mediation shall contain a
10 brief statement of the dispute and the relief sought by the
11 party filing the demand, and the written demand for mediation
12 shall be served upon the responding party via certified mail at
13 the address stated in the agreement between the parties or, if
14 the address is not contained in the agreement or the address is
15 no longer valid, the address on the responding party's license
16 filed with the state. In the event of a civil action between
17 two dealers, the demand shall be mailed to the address on the
18 dealer's license filed with the state.

19 D. Within thirty days after the date a demand for
20 mediation is served, the parties shall mutually select an
21 independent mediator and meet with the mediator for the purpose
22 of attempting to resolve the dispute. The mediator shall
23 select a location in New Mexico, and the mediator may extend
24 the date of the meeting for good cause shown by either party or
25 upon stipulation of both parties.

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1 E. If a responding party does not reply within
2 thirty days after the demand for mediation is served, the party
3 initiating the action may proceed to a civil action without
4 mediating.

5 F. The service of a demand for mediation pursuant
6 to this subsection stays the time for the filing of any
7 complaint, petition, protest or action pursuant to the
8 Recreational Vehicle Manufacturer and Dealer Act until
9 representatives of the involved parties complete a mediation
10 with a mutually selected mediator for the purpose of attempting
11 to resolve the dispute. If a complaint, petition, protest or
12 action is filed before the mediation, a court shall enter an
13 order suspending the proceeding or action until the meeting has
14 occurred and may, upon written stipulation of all parties to
15 the proceeding or action that the parties wish to continue to
16 mediate pursuant to this subsection, enter an order suspending
17 the proceeding or action for as long a period as the court
18 considers appropriate. The suspension order issued may be
19 revoked by the court.

20 G. The parties to a mediation pursuant to this
21 section shall bear their own costs for attorney fees and divide
22 equally the cost of the mediator.

23 H. In addition to the remedies provided by this
24 section and notwithstanding the existence of any additional
25 remedy at law, a dealer, manufacturer or distributor may apply

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1 to the relevant court for the grant, upon a hearing and for
2 cause shown, of a temporary or permanent injunction to restrain
3 a person from acting as a dealer, manufacturer or distributor
4 without being properly licensed or from violating the
5 provisions of the Recreational Vehicle Manufacturer and Dealer
6 Act. The injunction shall be issued without bond.

7 SECTION 13. [NEW MATERIAL] PENALTIES.--

8 A. If the taxation and revenue department finds
9 that a dealer, manufacturer or distributor has violated a
10 provision of the Recreational Vehicle Manufacturer and Dealer
11 Act, the department may suspend or revoke the license of the
12 dealer, manufacturer or distributor.

13 B. If the taxation and revenue department finds
14 that a person has violated a provision of the Recreational
15 Vehicle Manufacturer and Dealer Act, the department may assess
16 and collect an administrative penalty against the person in an
17 amount not to exceed one thousand dollars (\$1,000) for each
18 violation.

19 C. A person, dealer, manufacturer or distributor
20 aggrieved by a decision of the taxation and revenue department
21 made pursuant to the provisions of this section may appeal to
22 the administrative hearings office for a hearing. A person,
23 dealer, manufacturer or distributor that continues to be
24 aggrieved after the decision made by a hearing officer may
25 appeal that decision to a district court pursuant to the

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provisions of Section 39-3-1.1 NMSA 1978.

SECTION 14. REPEAL.--Section 57-16-6.2 NMSA 1978 (being Laws 1995, Chapter 19, Section 2, as amended) is repealed.

SECTION 15. EFFECTIVE DATE.--The effective date of the provisions of this act is January 1, 2026.