



OFFICE OF THE GOVERNOR

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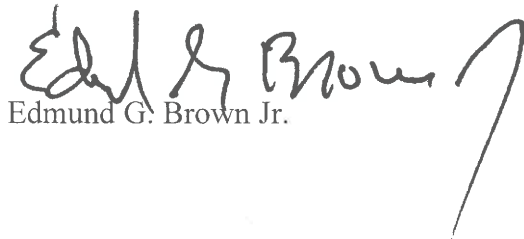
To the Members of the California State Assembly:

I am returning Assembly Bill 2107 without my signature.

This bill modifies the statutory framework governing the relationship between new car dealers and manufacturers, including establishing a complex formula to determine the rate manufacturers will reimburse dealers for warranty and recall repairs.

Under current law, manufacturers are required to reimburse dealers for warranty and recall repairs at a "reasonable" rate negotiated between the two parties. This framework appears to be working reasonably well and I see no reason to adopt the rather complicated formula authorized in this bill--with perhaps unintended consequences.

Sincerely,



Edmund G. Brown Jr.