

Commerce & Labor Committee

HB 1289

Brief Description: *Calculating the repurchase price of a nonconforming motor vehicle.*

Sponsors: *Representatives Sump, Rockefeller and Mielke.*

Brief Summary of Bill

- *Creates an alternate method for calculating the reasonable offset for consumer use when an arbitration board awards repurchase or replacement of a nonconforming motor vehicle.*

Hearing Date: *2/13/01*

Staff: *Sydney Forrester (786-7120).*

Background:

When enacting the current law on motor vehicle warranties, the Legislature intended to induce manufacturers to do two things: 1) improve quality control at production; and 2) provide better warranty service for vehicles sold in Washington. The law is structured to promote cooperation and communication between manufacturers and new motor vehicle dealers, with the expectation this will increase the likelihood vehicles will be repaired within a reasonable number of attempts.

The law provides a comprehensive blend of private and public remedies, including repair, repurchase or replacement of nonconforming vehicles. Repurchase and replacement are available when the vehicle is not repaired after a reasonable number of attempts, as defined in the law. A consumer may request replacement or repurchase by writing directly to the manufacturer. If the manufacturer does not comply with the consumer's request, the consumer may request arbitration.

The arbitration board either accepts or rejects the dispute for arbitration based on certain prerequisites and eligibility criteria. If the arbitration board accepts the dispute, it may award the consumer replacement or repurchase if it finds the nonconforming vehicle

cannot be repaired within a reasonable number of attempts.

In both cases of replacement or repurchase (consumer request and arbitration award), a reasonable offset for the consumer's use is computed. This amount either is deducted from the manufacturer's repurchase price or charged to the consumer for a replacement vehicle. The offset for use computation uses the number of miles the vehicle traveled directly attributable to use by the consumer, times the purchase price, divided by 120,000. The mileage factor includes the miles the consumer drives the vehicle during the period when repairs are attempted, and does not account for whether or not the vehicle has a defect, a serious safety defect or a condition that substantially impairs the use, value or safety of the new motor vehicle.

Summary of Bill:

This bill creates a new method for calculating the reasonable offset for use when a manufacturer replaces or repurchases a nonconforming motor vehicle under an arbitration award. The method used for computing the offset for use is determined by whether replacement or repurchase occurs after a consumer's written request, or after an arbitration board award.

If an arbitration board orders replacement or repurchase of a nonconforming vehicle after a reasonable number of repair attempts, the number of miles used in the offset for use computation includes only those miles up to the time the consumer reported the nonconformity.

This bill preserves the existing method of computing offset for use when a manufacturer replaces or repurchases a nonconforming vehicle upon the consumer's request, and after a reasonable number of repair attempts.

Rules Authority: *The bill does not contain provisions addressing the rule-making powers of an agency.*

Appropriation: *None.*

Fiscal Note: *Not Requested.*

Effective Date: *Ninety days after adjournment of session in which bill is passed.*