

HOUSE BILL REPORT

HB 2135

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to expanding lemon law coverage to out-of-state consumers.

Brief Description: Expanding lemon law coverage to out-of-state consumers.

Sponsors: Representatives Wood, Condotta and Ormsby.

Brief History:

Committee Activity:

Commerce & Labor: 2/23/07, 2/26/07 [DP].

Brief Summary of Bill

- Applies the Lemon Law to motor vehicles purchased or leased in Washington regardless of where the motor vehicle is initially registered.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Green, Moeller and Williams.

Staff: Sarah Beznoska (786-7109).

Background:

The Motor Vehicle Warranties Act, commonly called the Lemon Law, establishes rights and responsibilities for consumers and manufacturers when new or nearly new vehicles are defective.

The statute establishes three definitions of a lemon:

- a vehicle with a serious safety defect that the manufacturer has unsuccessfully attempted to repair at least two times;
- a vehicle with some other substantial defect that the manufacturer has unsuccessfully attempted to diagnose or repair at least four times; or

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- a vehicle that has been out of service for 30 cumulative calendar days with at least 15 of those days occurring during the warranty period.

If a vehicle meets one of these definitions, the manufacturer must either replace or repurchase the vehicle, whichever remedy the consumer chooses.

The Lemon Law applies to vehicles that the consumer: (1) purchased or leased in Washington; and (2) initially registered in Washington.

Vehicle dealers and lessors must collect a \$3 fee for the Lemon Law Arbitration Account from each consumer upon the purchase or lease of a new vehicle. The dealer or lessor then forwards that fee to the Department of Licensing (DOL) at the time of the title application.

Summary of Bill:

The Lemon Law applies to vehicles purchased or leased in Washington regardless of what state the vehicle is initially registered in.

The \$3 Lemon Law arbitration fee that is collected by vehicle dealers and lessors at the time of sale or lease must be forwarded to the DOL within 45 days of receiving the fee when the purchaser or lessee is from out-of-state.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This is a consumer protection bill. Washington had one of the first lemon laws and one of the best lemon laws. However, it only applies if cars are both purchased and licensed in Washington. This bill lets out-of-state consumers take advantage of the protections under Washington's law.

There are competitive disadvantages for auto dealers in border communities. This bill will help these dealers.

(Opposed) None.

Persons Testifying: Representative Wood, prime sponsor; and Scott Hazlegrove, Washington State Auto Dealers Association.

Persons Signed In To Testify But Not Testifying: None.