

SENATE BILL REPORT

HB 2135

As Reported By Senate Committee On:
Consumer Protection & Housing, March 27, 2007

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: Passed House: 3/10/07, 97-0.

Committee Activity: Consumer Protection & Housing: 3/16/07, 3/27/07 [DPA].

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: Do pass as amended.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Haugen, Jacobsen, Kilmer and McCaslin.

Staff: Vanessa Firnhaber-Baker (786-7471)

Background: The Motor Vehicle Warranty 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": (1) a vehicle with a serious safety defect that the manufacturer has unsuccessfully attempted to repair at least two times; (2) a vehicle with some other substantial defect that the manufacturer has unsuccessfully attempted to diagnose or repair at least four times; or (3) 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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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.

EFFECT OF CHANGES MADE BY RECOMMENDED AMENDMENT(S) AS PASSED COMMITTEE (Consumer Protection & Housing): Out-of-state purchasers are not required to pay the \$3 lemon law arbitration fee.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Residents of border communities may buy their vehicles in Washington, but get them registered at another state. This law extends Washington's lemon law protections to them.

Persons Testifying: PRO: Scott Hazlegrove, Washington State Auto Dealers Association.