

# SENATE BILL REPORT

## SHB 2902

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As Reported By Senate Committee On:  
Consumer Protection & Housing, February 26, 2008

**Title:** An act relating to the collection of the arbitration fee on sales or leases of new motor vehicles.

**Brief Description:** Conditioning the collection of the lemon law arbitration fee upon registration of new motor vehicles in Washington state.

**Sponsors:** House Committee on Commerce & Labor (originally sponsored by Representative Wood).

**Brief History:** Passed House: 2/12/08, 97-0.

**Committee Activity:** Consumer Protection & Housing: 2/22/08, 2/26/08 [DP].

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### SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

**Majority Report:** Do pass.

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

**Staff:** Vanessa Firnhaber-Baker (786-7471)

**Background:** The Motor Vehicles Warranties Act, commonly referred to as the Lemon Law, establishes rights and responsibilities for consumers and auto manufacturers when new or nearly new vehicles are defective. If a vehicle is a "lemon" under the law, the vehicle's manufacturer must either replace or repurchase the vehicle, whichever remedy the consumer chooses.

If a vehicle manufacturer refuses to meet a consumer's demand for repair or replacement, the consumer must request arbitration through the Attorney General's Office (AGO). The AGO's lemon law arbitration program is funded by the Lemon Law Arbitration Account (Account).

Upon the purchase or lease of a new vehicle, auto dealers and lessors must collect a \$3 fee from the buyer for the Account. The dealer or lessor then forwards that fee to the Department of Licensing at the time of the title application.

**Summary of Bill:** Vehicle dealers and lessors are not required to collect the \$3 arbitration fee if the new motor vehicle will be registered outside of the State of Washington.

**Appropriation:** None.

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*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.*

**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 on Substitute Bill:** PRO: This is a technical correction bill. Last year, this committee was concerned that out of state residents shouldn't have to pay the \$3 arbitration fee if they do not use Washington's lemon law arbitration program. The amendment adopted to deal with that concern created an ambiguity as to whether dealers had to collect this fee if the vehicle was not being registered in Washington.

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