

HOUSE BILL REPORT

HB 2902

As Reported by House Committee On:
Commerce & Labor

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 initial registration of new motor vehicles in Washington state.

Sponsors: Representative Wood.

Brief History:

Committee Activity:

Commerce & Labor: 1/25/08, 1/29/08 [DPS].

Brief Summary of Substitute Bill

- Limits collection of the arbitration fee for the Lemon Law Arbitration Account to sales of motor vehicles that will be registered in Washington.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Chandler, Assistant Ranking Minority Member; Crouse, Green, Moeller and Williams.

Staff: Alison Hellberg (786-7152).

Background:

The Motor Vehicle Warranties Act, commonly referred to as 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. Vehicle dealers and lessors must also 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 at the time of the title application.

Summary of Substitute Bill:

The \$3 arbitration fee for the Lemon Law Arbitration Account collected by vehicle dealers and lessors is only collected if the new motor vehicle will be registered in the State of Washington.

Substitute Bill Compared to Original Bill:

Motor vehicle dealers are required to collect the \$3 arbitration fee on motor vehicles that will be registered in Washington rather than only on those that will be initially registered in Washington.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is further perfection of a good consumer protection law. The Office of the Attorney General has proven yet again to be invaluable to the committee's work and suggests one small amendment.

This is a technical fix to last year's law. There was confusion as to whether a person buying a car in Washington and registering in another state would be required to pay the arbitration fee. This bill simply clarifies the law.

(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.