

# SENATE BILL REPORT

## SB 5629

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As Reported By Senate Committee On:  
Labor, Commerce & Trade, March 1, 1995  
Ways & Means, March 6, 1995

**Title:** An act relating to new motor vehicle warranties.

**Brief Description:** Updating new motor vehicle warranty provisions.

**Sponsors:** Senators Pelz, Fraser, Rinehart and McCaslin; by request of Attorney General.

**Brief History:**

**Committee Activity:** Labor, Commerce & Trade: 2/13/95, 3/1/95 [DPS].  
Ways & Means: 3/3/95, 3/6/95 [DPS (LAB)].

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### SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

**Majority Report:** That Substitute Senate Bill No. 5629 be substituted therefor, and the substitute bill do pass.

Signed by Senators Pelz, Chair; Heavey, Vice Chair; Deccio, Franklin, Fraser, Hale, Palmer and Wojahn.

**Staff:** Erika Lim (786-7488)

**Background:** The Motor Vehicle Warranty Act, also known as the Lemon Law, establishes the rights and responsibilities of consumers, dealers, and manufacturers of new motor vehicles. Original owners and some subsequent owners are protected by the act. If a consumer has a defective new motor vehicle, that person writes to the manufacturer requesting repair. The manufacturer has a certain amount of time to try to fix the problem. If the problem cannot be fixed, the manufacturer must replace or buy back the motor vehicle. If the vehicle is bought back, the consumer is entitled to a refund of the purchase price, collateral charges such as sales tax or unused registration fees, and incidental costs, less a reasonable offset for use. A manufacturer may resell certain motor vehicles that it had to buy back.

The act also allows a consumer to request arbitration. An arbitration board may award the same remedies as those available to a consumer whose car was bought back by the manufacturer, as well as attorney fees. An arbitration board's decision may be appealed to superior court.

**Summary of Substitute Bill:** A number of refinements is added to the Motor Vehicle Warranty Act. More motorcycles are covered by the provisions of the act. The definition of "fleet vehicles," which is not covered by the act, is clarified. Definitions of the "purchase price" of purchased and leased cars are revised, and include trade-in allowances but do not include manufacturers rebates. Manufacturers' and dealers'/lessors' duties to provide warranty information to consumers are clarified.

Consumers are entitled to "incidental costs" of repair if a manufacturer replaces a vehicle. The amount of offset is revised.

There are new disclosure requirements for a manufacturer who resells a vehicle it buys back from a consumer.

The procedure by which documents and records may be obtained in anticipation of arbitration is changed. When a manufacturer is notified of a request for arbitration, it must identify the issues and affirmative defenses to the consumer and the arbitration board. Circumstances under which the board may award attorney fees to a consumer are clarified. A new section is added establishing the obligations of both the consumer and the manufacturer when complying with the board's decision. Noncompliance by a consumer in response to a manufacturer's offer of compliance is a rejection of the award.

The arbitration fee paid by consumers of new motor vehicles is changed from \$5 to \$3.

The department is authorized to provide the vehicle title history to a current owner who is pursuing rights under the act.

There is a standard severability clause.

**Substitute Bill Compared to Original Bill:** The current surplus in the new motor vehicle arbitration fund may be used only for arbitration. The original bill would have permitted the surplus funds to be used for fair practice and consumer protection activities related to motor vehicle issues.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** Washington's Lemon Law is the national model. Over the years, its provisions have been fine-tuned, and this bill further refines the law. Car problems are the complaints most often received by the Attorney General's Office.

**Testimony Against:** The money in the new motor vehicle arbitration was collected for arbitration and should be used for only that purpose.

**Testified:** Christine Gregoire, Attorney General (pro); Jim Boldt.

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5629 as recommended by Committee on Labor, Commerce & Trade be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Fraser, Gaspard, Hargrove, McDonald, Pelz, Sheldon, Snyder, Spanel, Sutherland, Winsley and Wojahn.

**Staff:** Steve Jones (786-7440)

**Testimony For:** The bill fine tunes the lemon law, and is supported by the Attorney General's office.

**Testimony Against:** Since the number of consumer complaints about motorcycles is very low compared to automobiles, it is inappropriate to expand the lemon law's application to motorcycles. For purposes of calculating the value of used motorcycles, the bill increases the assumed useful life of motorcycles from 25,000 to 50,000 miles. This change is unjustified because the actual useful life is closer to 20,000 miles.

**Testified:** Lynn Hendrickson, Assistant Attorney General (pro); Tamara Warnke, Motorcycle Industry Council (con).