

SENATE BILL REPORT

SB 6194

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, FEBRUARY 7, 1992

**Brief Description:** Concerning automobile adjustment programs.

**SPONSORS:** Senators Rinehart and Patterson

**SENATE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass as amended.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McMullen, Moore, and Skratek.

**Staff:** Jonathan Seib (786-7427)

**Hearing Dates:** February 5, 1992; February 7, 1992

**BACKGROUND:**

Warranty "adjustment programs" refer to the practice of automobile manufacturers whereby they will perform certain repairs at no charge even after a car's original warranty period has expired. This typically occurs if dealers report a number of complaints about a particular car or part and the manufacturer determines the problem is due to faulty design or assembly.

There is concern, however, that manufacturers often fail to disclose the availability of these programs, leaving all but the most persistent consumer unaware of the needed repair or that the repair will be performed for free.

**SUMMARY:**

Within 90 days of the adoption of an adjustment program, manufacturers are to notify eligible consumers of the program's terms and conditions.

Manufacturers are to provide the purchasers of new motor vehicles, at the time of purchase, a notice outlining consumer rights and remedies.

Dealers are to disclose and post notices to consumers seeking repairs regarding the manufacturer's adjustment program if the dealer has received a service bulletin regarding such a program or otherwise has knowledge of it.

Manufacturers are to establish a toll-free telephone system to inform consumers of adjustment programs for which they may be eligible and to take requests for service bulletins.

Manufacturers who have established an adjustment program are to implement procedures to assure the reimbursement of

consumers covered under the program who incurred expenses for repairs prior to their knowledge of the program. A claim for reimbursement is to be made in writing within two years of the date of the consumer's repairs.

A violation of these provisions is declared an unfair or deceptive act for purposes of applying the Consumer Protection Act.

**SUMMARY OF PROPOSED COMMITTEE AMENDMENTS:**

Several technical and grammatical changes are made to the original bill.

Consumers who incur car repair expenses prior to their knowledge of an adjustment program and wish to be reimbursed under the program must submit a properly documented and complete claim within two years of the date of repairs. However, if a claim is submitted that is not properly documented or complete, the two-year period shall be extended for a reasonable length of time, not to exceed 60 days.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested February 4, 1991

**TESTIMONY FOR:**

This bill simply imposes disclosure and notice requirements on manufacturers after the decision to offer free repairs has been made. The availability of these adjustment programs should not be secret. The provisions of the bill reflect what is already being done by some manufacturers.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Senator Rinehart, prime sponsor; Lynn Hendrickson, Office of the Attorney General (pro); Heather Hamilton, Dept. of Licensing (pro); Steve Blankenship, Ford Motor Company (pro); Lee Ridgeway, General Motors Corp. (pro)