

SENATE BILL REPORT

SB 5123

AS REPORTED BY COMMITTEE ON LAW & JUSTICE, FEBRUARY 19, 1993

Brief Description: Concerning automobile adjustment programs.

SPONSORS: Senators A. Smith and Rinehart

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 5123 be substituted therefor, and the substitute bill do pass.

Signed by Senators A. Smith, Chairman; Quigley, Vice Chairman; Hargrove, McCaslin, Niemi, Rinehart, and Spanel.

Staff: Alan Caplan (786-7465)

Hearing Dates: February 6, 1993; February 19, 1993

BACKGROUND:

An automobile warranty "adjustment program" is a program pursuant to which a manufacturer agrees to repair, at no cost to the consumer, malfunctions that occur after the expiration of a car's written warranty. Typically adopted when many customers experience the same problem, an adjustment program allows a manufacturer to avoid the cost of responding to complaints on a case-by-case basis.

Concerns have been raised that manufacturers often fail to inform customers of the existence of adjustment programs. As a result, only the most persistent customers become aware that repairs are needed and that repairs may be obtained free of charge. Consumer interests therefore have recommended that vehicle manufacturers and dealers be required to disclose the existence of warranty adjustment programs.

SUMMARY:

Disclosure obligations are imposed on automobile manufacturers and dealers who adopt warranty adjustment programs.

Within 90 days of the adoption of an adjustment program, a manufacturer must notify eligible customers of program terms and conditions.

Manufacturers must provide original purchasers of new motor vehicles with written notices describing consumer rights and remedies relating to adjustment programs.

Dealers are required to disclose adjustment programs and service bulletins.

Manufacturers must establish toll-free telephone systems to disseminate information about ongoing adjustment programs.

Manufacturers must implement procedures to reimburse consumers for repair costs incurred before they become aware of adjustment programs.

EFFECT OF PROPOSED SUBSTITUTE:

The definition of "adjustment program" is expanded. The bill no longer applies to motorcycles. Dealers' obligation to post signs is modified.

Appropriation: none

Revenue: none

Fiscal Note: available

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

TESTIMONY FOR:

This bill will protect purchasers of motor vehicles.

TESTIMONY AGAINST:

Obligation of dealer to post signs is unduly burdensome.

TESTIFIED: Doug Walsh, Attorney General's Office; Jim Boldt, Washington Auto Dealers