
SUBSTITUTE HOUSE BILL 1399

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Commerce & Labor (originally sponsored by Representatives Beck, Cantwell, Heavey, Sheldon, Forner, R. King, Casada, Roland, Moyer, Betrozoff and G. Fisher).

Read first time March 6, 1991.

1 AN ACT Relating to home electronic and appliance consumer
2 warranties; adding a new chapter to Title 19 RCW; providing an
3 effective date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that electronic
6 equipment manufacturers, as a matter of practice, warrant their
7 equipment against certain defects. The warranties may be honored by
8 retailers of the manufacturers' products as part of their contractual
9 obligation or by independent maintenance and service facilities. The
10 legislature also finds that consumers do not always receive prompt,
11 complete service that returns the product to its working condition at
12 the time of purchase because manufacturers cannot always supply the
13 necessary parts promptly or at a price that keeps the warranty service
14 within the retailer's cost of doing business. Because of these

1 problems, some of the service costs are transferred to customers
2 seeking service without warranties. The legislature further finds that
3 a strong competitive market requires manufacturers and sellers who
4 fully stand behind their products by complying with the spirit of the
5 warranty. The legislature declares that it is in the public interest
6 to establish certain elements as characteristic of express electronic
7 equipment warranties to protect the consumer from dilatory and unfair
8 practices and from manufacturers discontinuing the manufacture of
9 replacement parts within the time period that can be reasonably
10 anticipated as necessary to effect repairs.

11 NEW SECTION. **Sec. 2.** For the purposes of this chapter the
12 following definitions apply.

13 (1) "Buyer" or "retail buyer" means an individual who buys
14 electronic equipment from a person engaged in the business of
15 manufacturing, distributing, or selling such goods at retail.

16 (2) "Distributor" means a person that stands between the
17 manufacturer and the retail seller in purchases, consignments, or
18 contracts for sale of electronic equipment.

19 (3) "Independent repair or service facility" or "independent
20 service dealer" means a person or business, not an employee or
21 subsidiary of a manufacturer or distributor, that engages in the
22 business of servicing and repairing consumer goods.

23 (4) "Retailer," "seller," or "retail seller" means a person who
24 engages in the business of selling electronic goods to retail buyers.

25 (5) "Person" means an individual, partnership, corporation,
26 association, or other legal entity.

27 (6) "Home electronic equipment" means a television, radio, antenna
28 rotator, audio or video recorder or playback equipment, video camera,
29 video game, video monitor, computer equipment, telephone,

1 telecommunications equipment, electronic alarm system, electronic
2 appliance control system, or other kind of electronic product, if it is
3 normally used or sold for personal, family, or household purposes. The
4 term includes any electronic accessory that is normally used or sold
5 with a home electronic product for one of those purposes. The term
6 excludes any single product with a wholesale price to the retail seller
7 of less than fifty dollars.

8 (7) "Home appliance" means a refrigerator, freezer, range,
9 microwave or convection oven, washer, dryer, dishwasher, garbage
10 disposal, trash compactor, or room air conditioner normally used or
11 sold for personal, family, or household purposes. The term excludes
12 any single product with a wholesale price to the retail seller of less
13 than fifty dollars.

14 (8) "Parts" means individual components of assemblies or circuit
15 boards.

16 (9) "Literature" means service literature only.

17 NEW SECTION. **Sec. 3.** In addition to the requirements of RCW
18 62A.2-313 every warranty shall state that the warranty period shall be
19 extended for the number of days that the product has been out of the
20 buyer's hands for warranty repairs. If a defect exists within the
21 warranty period, the warranty shall not expire until the defect has
22 been fixed. The warranty period shall also be extended:

23 (1) If the warranty repairs have not been performed because there
24 were delays caused by circumstances beyond the control of the buyer, or

25 (2) If the repairs fail within ten days after they were completed.
26 If, after four repair attempts, the defect has not been fixed, the
27 buyer may return the product for a replacement or refund, subject to
28 the deduction of a reasonable charge for use. This time extension does
29 not affect the protections or remedies the buyer has under other laws.

1 NEW SECTION. **Sec. 4.** Every work order or repair invoice for
2 warranty repairs or service shall clearly and conspicuously incorporate
3 in ten point boldface type the following statement either on the face
4 or the reverse side of the work order or repair invoice, or on an
5 attachment to the work order or repair invoice:

6 A buyer of this product in this state has the right to have
7 this product serviced or repaired during the warranty period.
8 The warranty period is extended for the number of whole days
9 that the product has been out of the buyer's hands for warranty
10 repairs. If a defect exists within the warranty period, the
11 warranty period does not expire until the defect has been
12 fixed. The warranty period is also extended if the warranty
13 repairs have not been performed due to delays caused by
14 circumstances beyond the control of the buyer, or if the
15 warranty repairs did not remedy the defect and the buyer
16 notifies the manufacturer or seller of the failure of the
17 repairs within sixty days after they were completed. If,
18 after a reasonable number of attempts the defect has not been
19 fixed, the buyer may return the product for a replacement or a
20 refund, subject to the deduction of a reasonable charge for
21 use. This time extension does not affect the protections or
22 remedies the buyer had under other laws.

23 NEW SECTION. **Sec. 5.** If a manufacturer of home electronic
24 equipment and appliances sold in this state makes an express warranty
25 on such equipment or appliance, the manufacturer shall maintain
26 sufficient service and repair facilities in this state that are
27 reasonably close to all areas in which its electronic equipment and
28 appliances are sold, except for mail order businesses, or may designate

1 and authorize independent repair or service facilities in this state
2 that are reasonably close to all areas in which its electronic
3 appliances are sold, to carry out the terms of the warranties. As a
4 means of complying with this section, a manufacturer may enter into
5 warranty service contracts with independent service and repair
6 facilities.

7 NEW SECTION. **Sec. 6.** A manufacturer entering into an exclusive
8 warranty service contract with an independent service and repair
9 facility may include a fixed schedule of rates to be charged for
10 warranty service or warranty repair work. However, the rates fixed by
11 these contracts shall include actual and reasonable cost of service and
12 repair, plus costs for parts and shipping, and a reasonable profit.
13 The rates established between the manufacturer and the independent
14 service and repair facility shall not preclude a good faith discount
15 that is reasonably related to reduced credit and general overhead cost
16 factors arising from the manufacturer's payment of warranty charges
17 direct to the independent service and repair facility. The discount
18 may consider all extra services the manufacturer provides to the
19 independent authorized service dealer. The warranty service contracts
20 authorized by this section may not cover more than one year, and may be
21 renewed only by a separate, new contract or letter of agreement between
22 the manufacturer and the independent service and repair facility.

23 NEW SECTION. **Sec. 7.** Every manufacturer contracting with an
24 independent facility for maintenance and repair of electronic or
25 appliance products shall make service literature and replacement parts
26 available to effect repairs within thirty days of the request from the
27 service repair facility. If the manufacturer fails to supply the
28 necessary part or literature within thirty days of the service repair

1 facility's request, the manufacturer shall replace the nonworking
2 equipment or appliance with new equipment or appliance upon the owner's
3 request. Replacement parts and literature for products with a
4 wholesale price to retailers of not less than one hundred twenty-five
5 dollars and not more than one hundred seventy-five dollars and ninety-
6 nine cents, shall be available at the service dealer's wholesale cost
7 to all established independent service and repair facilities who
8 service the products, whether or not under contract to provide warranty
9 services, for three years after the date the product model or type was
10 last manufactured, regardless of whether the three-year period exceeds
11 the warranty period for the product. Replacement parts and literature
12 for products with a wholesale price to retailers of not less than one
13 hundred seventy-six dollars, shall be available, at the service
14 dealer's wholesale cost, to all established independent service and
15 repair facilities who service the products, whether or not under
16 contract to provide warranty services, for seven years after the date
17 the product model or type was last manufactured, regardless of whether
18 the seven-year period exceeds the warranty period for the product.

19 NEW SECTION. **Sec. 8.** Every manufacturer making express
20 warranties whose consumer goods are sold in this state shall be liable
21 as prescribed in this section to every authorized independent service
22 center that performs services or incurs obligations under the express
23 warranties that accompany the manufacturer's consumer goods. The
24 amount of the liability shall be an amount equal to the actual and
25 reasonable costs of the service and repair, including any cost for
26 parts and any reasonable cost of transporting the goods or parts, plus
27 a reasonable profit, which shall not preclude a good faith discount as
28 described in section 6 of this act. There is a rebuttable presumption
29 affecting the burden of producing evidence that the reasonable cost of

1 service or repair is an amount equal to that which is charged by the
2 independent serviceman for like services or repairs rendered to service
3 or repair customers who are not entitled to warranty protection. Any
4 waiver of the liability of a manufacturer shall be void and
5 unenforceable.

6 NEW SECTION. **Sec. 9.** A dispute initiated by either party arising
7 from nonrenewal or cancellation of a warranty service center contract
8 that cannot be resolved by the parties to the contract must be
9 presented to the American arbitration association or a dispute
10 resolution center operated under chapter 7.75 RCW for third-party
11 committee mediation. Contracts cannot be canceled or not renewed on
12 the basis of an allegation of nonperformance of contractual obligations
13 without a hearing by the committee. Only after a hearing and a showing
14 of a good faith attempt at resolution may a disputant file a legal
15 action. The statute of limitations controlling filing legal action to
16 resolve a contract dispute shall be tolled for a period of six months
17 or until the third-party mediator takes a final action, either
18 resolving the dispute or declaring it unresolvable, whichever come
19 first.

20 NEW SECTION. **Sec. 10.** Any protections or remedies in this
21 chapter do not preclude recovery under the consumer protection act,
22 chapter 19.86 RCW.

23 NEW SECTION. **Sec. 11.** If any provision of this act or its
24 application to any person or circumstance is held invalid, the
25 remainder of the act or the application of the provision to other
26 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act shall
2 constitute a new chapter in Title 19 RCW.

3 NEW SECTION. **Sec. 13.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of the
5 state government and its existing public institutions, and shall take
6 effect July 1, 1991.