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**Commerce & Labor Committee**

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**HB 2902**

**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 Summary of Bill**

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

**Hearing Date:** 1/25/08

**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
- 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 Bill:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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 initially registered in the State of Washington.

**Rules Authority:** The bill does not address the rule-making powers of an agency.

**Appropriation:** None.

**Fiscal Note:** Available.

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