



AG REQUEST LEGISLATION – 2009 SESSION

**SAFEGUARDING CONSUMERS: LEMON LAW**

**BACKGROUND:**

- The Washington State Motor Vehicle Warranties Act, commonly referred to as the “Lemon Law,” is designed to help new vehicle owners who have substantial continuing problems with warranty repairs. The law allows the owner to request an arbitration hearing through the Attorney General’s Office anytime within 2 ½ years from the vehicle’s original retail delivery date. To qualify, a car, truck, motorcycle or motor home generally must be new when purchased or leased in Washington.
- When the Lemon Law was passed in 1987, manufacturer warranties were much shorter than most current standard warranties and motorcycles were substantially less expensive.
- The statute uses the term “warranty period” in relation to eligibility requirements. This term has been a constant source of confusion for consumers and manufacturers, as it is unrelated to the “manufacturer’s written warranty period” referenced elsewhere in the statute.
- Lemon vehicles that are transferred to other states to be re-sold will never get a title brand in many states because no such notation was ever established in Washington. Title notations are critical to lenders and consumers.

**THE PROBLEM:**

Portions of Washington’s 21-year-old Lemon Law are stale. The statute needs updating to meet changing consumer expectations, substantially longer and more extensive warranties and other changes in the automotive industry. Technical fixes are also necessary for ease of implementation.

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The Attorney General’s Office has requested legislation to update RCW 19.18. These changes would expand the standards for consumer claims and potential remedies, provide greater clarity and consistency, enhance competition in contracting for arbitration services and reduce program costs by streamlining arbitration procedures.

**Specifically, the proposed changes would:**

- Replace the term “warranty period” with “eligibility period” and extend the eligibility period to three years or 36,000 miles.
- Revise the basis for Lemon claims by adding:
  1. Two or more life-threatening defects (serious safety defects); or
  2. Five or more nonconformities; or
  3. 12 or more cumulative number of attempts to diagnose or repair for any number of nonconformities.
- Extend the manufacturer’s mandatory arbitration period to 42 months.
- Extend protections to some smaller motorcycles, while also limiting coverage for models costing more than \$4,500.
- Increase prospects for competition in bidding to provide arbitration services.
- Reduce cost by eliminating vendor work and transferring vendor work to the program.
- Provide consumers with full refunds of sales and use taxes including tax credits for trade-ins.
- Update penalties available to the court for an unjustified manufacturer appeal.
- Require a manufacturer to title a reacquired vehicle with the Department of Licensing. The new title requirement will establish the appropriate title notations and a permanent record that will be observable by dealers, consumers, lenders, reporting companies and the national licensing database.
- Extend coverage to vehicles of armed forces personnel stationed in Washington without regard to the state where the purchase or lease occurred.