

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 5 - 0 - 0

Yeas: Burdick, George, Girod, Rosenbaum, Bonamici

Nays: 0

Exc.: 0

Prepared By: Lori Brocker, Administrator

Meeting Dates: 2/26, 4/2, 4/9, 4/16, 4/21, 4/23, 4/28

WHAT THE MEASURE DOES: Extends time period available for consumer remedy for vehicle that does not conform to manufacturer's warranty. Grants manufacturer, manufacturer's agent or authorized dealer at least three attempts to repair or correct nonconformity during the earlier of the two-year period after delivery of vehicle or date mileage reaches 24,000, or if motor vehicle is out of service at least 30 days or motor home is out of service at least 60 days due to repair or correction. Grants manufacturer, agent or authorized dealer of manufacturer at least one attempt to repair or correct nonconformity if nonconformity is likely to cause death or serious bodily injury. Specifies calculations for reasonable allowance for use of motor vehicle, motorcycle, or motor home by consumer when consumer returns vehicle, motorcycle or motor home to manufacturer. Makes decision resulting from informal dispute settlement binding on manufacturer but not on consumer. Allows award of attorney fees, expert witness fees, and costs to prevailing consumer. Allows award of attorney fees to manufacturer if court finds consumer brought action in bad faith or for purposes of harassment. Clarifies refundable charges and procedure for return of aftermarket item. Requires manufacturer to request title inscription identifying vehicle subject to provisions of measure. Requires disclosure of manufacturer buyback of nonconforming vehicle in future sale, lease or transfer. Makes failure to disclose an unlawful trade practice. Grants Director of Department of Transportation certain rulemaking authority. Defines collateral charge. Declares an emergency; effective on passage.

ISSUES DISCUSSED:

- Effect of economic downturn on manufacturers and consumers
- Effect of current law on new vehicle buyers, car dealers and manufacturers
- Applicability of provisions to used cars
- Collateral charges
- Number and type of lemon law complaints in Oregon
- Calculation of reasonable allowance for use
- Buyback notification
- Statute of limitations provisions
- Definition of motor vehicle
- Impact of defective vehicles on low-income owners
- Lemon laws in other states
- Attorney fees provisions
- Title branding
- Informal dispute resolution
- National motor home lemon law model act

EFFECT OF COMMITTEE AMENDMENT: Clarifies reasonable allowance for use provisions. Clarifies nonconformity provisions. Revises informal dispute settlement provisions. Revises statute of limitations provisions. Revises provisions relating to motor homes.

BACKGROUND: Oregon's Lemon Law, ORS 646A.400 to 646A.418, provides protection for consumers who purchase a new motor vehicle that does not conform to the manufacturer's warranty. Senate Bill 515A provides

additional consumer protections by extending the statute of limitations, expanding the law to vehicles registered, not just purchased, in Oregon, and by requiring that subsequent purchasers be told of the vehicle's history of defect and manufacturer buyback. Senate Bill 515A also adds a reasonable allowance for use formula to current statute and makes some changes in provisions relating to informal dispute resolution. All states have laws that give consumers some protection when purchasing new vehicles that do not conform to a manufacturer's warranty.