

SB 134 A STAFF MEASURE SUMMARY

Carrier: Rep. Doherty

House Committee On Business and Labor

Action Date: 05/01/17

Action: Do Pass the A-Eng bill.

Vote: 8-0-1-0

Yeas: 8 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Holvey, Kennemer

Exc: 1 - Heard

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Subjects motor vehicle sellers and buyers to certain conditions contingent on the lender's agreement or failure to agree to purchase a retail installment contract or lease agreement. Clarifies amount that seller can charge buyer for mileage put on the vehicle prior to returning it when lender could not be found to purchase retail installment contract or lease agreement.

ISSUES DISCUSSED:

- Limiting what seller can charge buyer if vehicle must be returned
- Simplifying the mileage charge if vehicle must be returned

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Retail installment contracts are similar to traditional loans in that both allow a buyer to obtain a motor vehicle by agreeing to make payments over time. A traditional loan is a transaction between the buyer and a bank or other lender for money used to pay a vehicle dealer the total cost of purchasing the vehicle in return for the buyer's agreement to make regular payments to the bank. By comparison, a retail installment contract involves a transaction between the buyer and vehicle dealer wherein the buyer agrees to make regular payments to the dealer. In the case of retail installment contracts, the vehicle dealer can subsequently sell the contract to a lender or other third party.

Senate Bill 134-A updates terminology in the statute governing the offer to sell or lease a motor vehicle subject to the future acceptance by a lender to reflect that lenders are not "financing" a sale when they purchase a retail installment contract or lease agreement. When a vehicle must be returned because a lender cannot be found to purchase a retail installment contract or lease agreement, the measure specifies that the seller is limited to charging the buyer for mileage and a fair market value of damage to the vehicle, excessive wear and tear on the vehicle, or loss of the vehicle. The measure allows the vehicle dealer to send an e-mail to the buyer notifying them that a lender could not be found. The measure also requires the vehicle dealer to retain proof of the date that notice was sent.