



Testimony of the Alliance of Auto Manufacturers in Opposition to HB 2885

House Bill 2885 makes several major changes to ORS 646A.400 – 646A.418, the Oregon law that regulates and provides for enforcement of warranties for new motor vehicles. The basic premise of the law is that a manufacturer is obligated to repair or correct a defect or condition that substantially impairs the use, market value or safety of a vehicle within a reasonable number of attempts. But some of the proposed changes in HB 2885 undermine the way the law works. These changes are opposed by auto manufacturers for the following reasons:

- Section 5 of the bill eliminates the mandatory arbitration provision in Oregon’s current law – a provision included in the laws of all other states, except one. Arbitration decisions are binding on the manufacturer, but not the consumer, so arbitration never eliminates the right of a consumer to access the courts if unsatisfied with the arbitrator’s decision. But it often results in a decision that is fair and satisfies both parties, which eliminates expensive litigation.
- Current law allows the manufacturer the right to either replace a defective vehicle or repurchase it from the consumer. In most cases, repurchase makes sense for both parties, and sometimes replacement with the same model, make and year of vehicle may not even be possible. But Section 3 (1)(a) of the bill would allow the consumer to demand replacement rather than repurchase.
- Section 4 of the bill substantially changes the presumptions in the current law that a motor vehicle defect is significant enough to trigger the remedies available to the consumer. The current law presumes that a reasonable number of attempts to repair have been made, if, within the first 2 years or 24,000 miles (whichever comes first), there have been three repair attempts (only two repair attempts if the defect is a serious safety issue) or the vehicle has been out of service for 30 or more days. As redrafted in HB 2885, the 2 year/24,000 mile window is no longer applicable in certain circumstances, which may be a drafting error, but one that needs correcting.
- In Section 1, a new subsection (4) is proposed to extend all of the warranty provisions to anyone to whom the vehicle has been transferred by the consumer – people without any legal relationship with the dealer or manufacturer. And as drafted, it is not clear if the 2 year/24,000 mile period is restarted with each transfer.
- There are other changes in how notice is given to the manufacturer (obviously notice to a manufacturer of a defect is critical in getting defects resolved) and how the allowance for mileage is calculated (in a way that is illogical).

None of these changes were discussed with manufacturers before HB 2885 was introduced. The Alliance asks you to reject them, and vote no on HB 2885!