

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 10 (Senator Craig)
Finance

Consumer Protection - “Lemon Law” for Motorcycles

This bill extends the application of the Maryland Automotive Warranty Enforcement Act to motorcycles by changing the definition of a “motor vehicle” to include Class D (motorcycle) vehicles.

Fiscal Summary

State Effect: None. The Motor Vehicle Administration is performing a similar function under the Maryland Lemon Law as it applies to cars, small trucks, and multipurpose vehicles, and could absorb any additional costs associated with motorcycles within existing resources. The Consumer Protection Agency could absorb any additional costs within existing resources, assuming that it receives fewer than 50 complaints per year relating to motorcycles under the Lemon Law.

Local Effect: None.

Small Business Effect: Potential meaningful impact.

Fiscal Analysis

Small Business Effect: Motorcycle dealers could be meaningfully impacted by this bill. Under the Lemon Law, consumers of new vehicles are afforded a 15 month/15,000 mile warranty against defects or conditions that substantially impair the use and market value of the vehicle which cannot be repaired after a reasonable number of attempts. Under the law, the dealer must correct the defect within 30 days after receiving notice. If the car is returned to the dealer four times to repair the same defect or if it is out of service for more than 20 days due to defects, the dealer must notify the manufacturer and the Motor Vehicle Administration. If the consumer remains dissatisfied, the consumer may submit the dispute

to arbitration or file a claim in court. If the dealer is unable to repair the consumer's car after a reasonable number of attempts, the manufacturer must replace the car or accept return of the car and refund the full purchase price less a reasonable allowance for the use of the vehicle. In the event that a consumer prevails in court, the manufacturer may be required to pay the consumer's attorney fees.

Although consumers of new motorcycles with defects currently have legal recourse under the manufacturer's warranty or an implied warranty theory, the Lemon Law provides consumers with additional rights and remedies against dealers and manufacturers. The Lemon Law may increase the likelihood that a consumer seeks legal recourse. Although the large manufacturer would be required to replace the defective motorcycle or refund the consumer, any impact on the manufacturer's cost structure would pass through to the dealer in the form of higher prices. In addition, motorcycle dealers would incur additional costs due to the repair and notification requirements of the Lemon Law.

Information Sources: Attorney General's Office (Consumer Protection Division),
Department of Transportation

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