

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 450
Finance

(Senator Hooper, *et al.*)

Automotive Warranty Enforcement Act - Motor Homes

This bill applies to the Automotive Warranty Enforcement Act to motor homes.

Fiscal Summary

State Effect: The bill would not materially affect State finances or operations.

Local Effect: None.

Small Business Effect: Potential meaningful. Vehicle dealers who sell motor homes would be required to comply with the notification and repair requirements of the Automotive Warranty Enforcement Act.

Analysis

Current Law: The Automotive Warranty Enforcement Act, or “lemon law,” provides legal remedies to anyone who purchases a new car, small truck, or multipurpose vehicle (including motorcycles). It also applies when a vehicle is transferred to another person during the vehicle’s warranty period. That warranty period is 15 months after the car was originally delivered by the dealer or 15,000 miles, whichever comes first. Motor homes are exempt.

State law defines a motor home as a trailer or semitrailer that is designed, constructed, and equipped as a permanent or temporary living or sleeping place, or office or for advertising of merchandise or services. It does not include camping or travel trailers or vehicles used to transport property for hire or for distribution by a private carrier.

A car is considered a lemon if, during the warranty period, a defect or condition that substantially impairs its use and market value cannot be repaired after a reasonable number of attempts.

If a vehicle qualifies as a lemon, the manufacturer must replace the vehicle or provide a full refund, minus an allowance for use, not to exceed 15% of the purchase price. A “reasonable number of attempts” means once, in the case of the braking or steering system, and four times in the case of other defects. The “reasonable number of attempts” requirement is satisfied if the car is out of service for repair of defects for a total of 30 or more days during the warranty period. 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 is out of service for more than 20 days due to defects, the dealer must notify the manufacturer and the Motor Vehicle Administration (MVA). If the consumer remains dissatisfied, he or she may submit the dispute to arbitration or file a claim in court.

Background: Over a dozen states apply their lemon laws to motor homes, including Virginia, West Virginia, California, Arizona, and Florida. However, several states limit the application so that the law does not apply to the living facilities of the home (e.g., Delaware) or only covers the self-propelled chassis of the home (e.g., West Virginia).

According to the MVA, approximately 9,900 vehicles are registered as motor homes in Maryland.

State Fiscal Effect: Based on the assumption that the bill will generate fewer than 50 complaints per year, the Consumer Protection Division could enforce the bill with existing resources.

Small Business Effect: Although consumers of new motor homes 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 manufacturer would be required to replace the defective motor home 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, dealers could incur additional costs due to the repair and notification requirements of the lemon law.

There are approximately 23 licensed recreational vehicle dealers in Maryland.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Transportation, Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

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