

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 133

(Senators Forehand and Miller)

Finance

Economic Matters

**Consumer Protection - Automotive Warranty Enforcement Act - Warranty
Period**

This bill alters the definition of “manufacturer’s warranty period” under the Automotive Warranty Enforcement Act (AWEA) to mean the earlier of a vehicle’s first 18,000 miles or 24 months from the original date of delivery to the consumer.

Fiscal Summary

State Effect: The bill does not directly affect State finances or operations.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: AWEA, or the “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.

A vehicle 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. If the consumer remains dissatisfied, he or she may submit the dispute to arbitration or file a claim in court.

Additional Information

Prior Introductions: None.

Cross File: HB 121 (Delegate Kullen) - Economic Matters.

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

Fiscal Note History: First Reader - February 2, 2009
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