

S274625

**IN THE
SUPREME COURT OF CALIFORNIA**

EVERARDO RODRIGUEZ et al.,
Plaintiffs and Appellants,

v.

FCA US, LLC,
Defendant and Respondent.

AFTER A DECISION BY THE COURT OF APPEAL, FOURTH APPELLATE DISTRICT, DIVISION TWO
CASE NO. E073766

EXHIBITS TO MOTION FOR JUDICIAL NOTICE
Volume 15 of 16 • Pages 1578 – 1840 of 1937

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ATTORNEYS FOR DEFENDANT AND RESPONDENT
FCA US, LLC

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 1848
 AUTHOR : Davis
 TOPIC : Warranties: motor vehicle manufacturers.

TYPE OF BILL :

Inactive
 Non-Urgency
 Non-Appropriations
 Majority Vote Required
 Non-State-Mandated Local Program
 Non-Fiscal
 Non-Tax Levy

BILL HISTORY

1998

Aug. 24 Chaptered by Secretary of State - Chapter 352, Statutes of 1998.
 Aug. 24 Approved by the Governor.
 Aug. 10 Enrolled and to the Governor at 1:45 p.m.
 Aug. 6 Senate amendments concurred in. To enrollment. (Ayes 61. Noes 12. Page 8212.)
 Aug. 3 In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 5 pursuant to Assembly Rule 77.
 Aug. 3 Read third time, passed, and to Assembly. (Ayes 28. Noes 2. Page 5708.)
 July 6 Read second time. To third reading.
 July 2 Read third time, amended. To second reading.
 June 11 Read second time, amended, and to third reading.
 June 10 From committee: Amend, and do pass as amended. (Ayes 7. Noes 0.)
 May 19 Referred to Com. on JUD.
 May 11 In Senate. Read first time. To Com. on RLS. for assignment.
 May 11 Read third time, passed, and to Senate. (Ayes 63. Noes 11. Page 6699.)
 May 7 Read third time, amended, and returned to third reading.
 Mar. 18 Read second time. To third reading.
 Mar. 17 From committee: Do pass. (Ayes 12. Noes 1.) (March 17).
 Mar. 2 Referred to Com. on C.P.,G.E. & E.D.
 Feb. 13 From printer. May be heard in committee March 15.
 Feb. 12 Read first time. To print.

ASSEMBLY BILL

No. 1848

Introduced by Assembly Member Davis

February 12, 1998

An act to amend Section 1793.22 of the Civil Code, relating to warranties.

LEGISLATIVE COUNSEL'S DIGEST

AB 1848, as introduced, Davis. Warranties: motor vehicle manufacturers.

Under the existing Tanner Consumer Protection Act, it is presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if within one year from delivery to the buyer or 12,000 miles on the odometer of the vehicle, whichever comes first, either (1) the same nonconformity, as defined, has been subject to repair 4 or more times by the manufacturer or its agents and the buyer has at least once provided a specified notice to the manufacturer or (2) the vehicle is out of service by reason of repair of nonconformities by the manufacturer or its agents for a prescribed period. Existing law defines a new motor vehicle for purposes of this provision and another specified provision of existing law regarding express warranty repair or service to mean a new motor vehicle that is used or bought for use primarily for personal, family, or household purposes.

This bill would revise that definition of a new motor vehicle to include a new motor vehicle bought or used for business



purposes by a person, including a legal entity, to which no more than 5 motor vehicles are registered in this state.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1793.22 of the Civil Code is
 2 amended to read:
 3 1793.22. (a) This section shall be known and may be
 4 cited as the Tanner Consumer Protection Act.
 5 (b) It shall be presumed that a reasonable number of
 6 attempts have been made to conform a new motor
 7 vehicle to the applicable express warranties if, within one
 8 year from delivery to the buyer or 12,000 miles on the
 9 odometer of the vehicle, whichever occurs first, either
 10 (1) the same nonconformity has been subject to repair
 11 four or more times by the manufacturer or its agents and
 12 the buyer has at least once directly notified the
 13 manufacturer of the need for the repair of the
 14 nonconformity or (2) the vehicle is out of service by
 15 reason of repair of nonconformities by the manufacturer
 16 or its agents for a cumulative total of more than 30
 17 calendar days since delivery of the vehicle to the buyer.
 18 The 30-day limit shall be extended only if repairs cannot
 19 be performed due to conditions beyond the control of the
 20 manufacturer or its agents. The buyer shall be required
 21 to directly notify the manufacturer pursuant to
 22 paragraph (1) only if the manufacturer has clearly and
 23 conspicuously disclosed to the buyer, with the warranty
 24 or the owner’s manual, the provisions of this section and
 25 that of subdivision (d) of Section 1793.2, including the
 26 requirement that the buyer must notify the
 27 manufacturer directly pursuant to paragraph (1). This
 28 presumption shall be a rebuttable presumption affecting
 29 the burden of proof, and it may be asserted by the buyer
 30 in any civil action, including an action in small claims
 31 court, or other formal or informal proceeding.
 32 (c) If a qualified third-party dispute resolution process
 33 exists, and the buyer receives timely notification in



1 writing of the availability of that qualified third-party
2 dispute resolution process with a description of its
3 operation and effect, the presumption in subdivision (b)
4 may not be asserted by the buyer until after the buyer has
5 initially resorted to the qualified third-party dispute
6 resolution process as required in subdivision (d).
7 Notification of the availability of the qualified third-party
8 dispute resolution process is not timely if the buyer suffers
9 any prejudice resulting from any delay in giving the
10 notification. If a qualified third-party dispute resolution
11 process does not exist, or if the buyer is dissatisfied with
12 that third-party decision, or if the manufacturer or its
13 agent neglects to promptly fulfill the terms of the
14 qualified third-party dispute resolution process decision
15 after the decision is accepted by the buyer, the buyer may
16 assert the presumption provided in subdivision (b) in an
17 action to enforce the buyer's rights under subdivision (d)
18 of Section 1793.2. The findings and decision of a qualified
19 third-party dispute resolution process shall be admissible
20 in evidence in the action without further foundation. Any
21 period of limitation of actions under any federal or
22 California laws with respect to any person shall be
23 extended for a period equal to the number of days
24 between the date a complaint is filed with a third-party
25 dispute resolution process and the date of its decision or
26 the date before which the manufacturer or its agent is
27 required by the decision to fulfill its terms if the decision
28 is accepted by the buyer, whichever occurs later.

29 (d) A qualified third-party dispute resolution process
30 shall be one that does all of the following:

31 (1) Complies with the minimum requirements of the
32 Federal Trade Commission for informal dispute
33 settlement procedures as set forth in Part 703 of Title 16
34 of the Code of Federal Regulations, as those regulations
35 read on January 1, 1987.

36 (2) Renders decisions which are binding on the
37 manufacturer if the buyer elects to accept the decision.

38 (3) Prescribes a reasonable time, not to exceed 30 days
39 after the decision is accepted by the buyer, within which



1 the manufacturer or its agent must fulfill the terms of its
2 decisions.

3 (4) Provides arbitrators who are assigned to decide
4 disputes with copies of, and instruction in, the provisions
5 of the Federal Trade Commission’s regulations in Part 703
6 of Title 16 of the Code of Federal Regulations as those
7 regulations read on January 1, 1987, Division 2
8 (commencing with Section 2101) of the Commercial
9 Code, and this chapter.

10 (5) Requires the manufacturer, when the process
11 orders, under the terms of this chapter, either that the
12 nonconforming motor vehicle be replaced if the buyer
13 consents to this remedy or that restitution be made to the
14 buyer, to replace the motor vehicle or make restitution
15 in accordance with paragraph (2) of subdivision (d) of
16 Section 1793.2.

17 (6) Provides, at the request of the arbitrator or a
18 majority of the arbitration panel, for an inspection and
19 written report on the condition of a nonconforming
20 motor vehicle, at no cost to the buyer, by an automobile
21 expert who is independent of the manufacturer.

22 (7) Takes into account, in rendering decisions, all legal
23 and equitable factors, including, but not limited to, the
24 written warranty, the rights and remedies conferred in
25 regulations of the Federal Trade Commission contained
26 in Part 703 of Title 16 of the Code of Federal Regulations
27 as those regulations read on January 1, 1987, Division 2
28 (commencing with Section 2101) of the Commercial
29 Code, this chapter, and any other equitable
30 considerations appropriate in the circumstances. Nothing
31 in this chapter requires that, to be certified as a qualified
32 third-party dispute resolution process pursuant to this
33 section, decisions of the process must consider or provide
34 remedies in the form of awards of punitive damages or
35 multiple damages, under subdivision (c) of Section 1794,
36 or of attorneys’ fees under subdivision (d) of Section 1794,
37 or of consequential damages other than as provided in
38 subdivisions (a) and (b) of Section 1794, including, but
39 not limited to, reasonable repair, towing, and rental car
40 costs actually incurred by the buyer.



1 (8) Requires that no arbitrator deciding a dispute may
2 be a party to the dispute and that no other person,
3 including an employee, agent, or dealer for the
4 manufacturer, may be allowed to participate
5 substantively in the merits of any dispute with the
6 arbitrator unless the buyer is allowed to participate also.
7 Nothing in this subdivision prohibits any member of an
8 arbitration board from deciding a dispute.

9 (9) Obtains and maintains certification by the
10 Department of Consumer Affairs pursuant to Chapter 9
11 (commencing with Section 472) of Division 1 of the
12 Business and Professions Code.

13 (e) For the purposes of subdivision (d) of Section
14 1793.2 and this section, the following terms have the
15 following meanings:

16 (1) “Nonconformity” means a nonconformity which
17 substantially impairs the use, value, or safety of the new
18 motor vehicle to the buyer or lessee.

19 (2) “New motor vehicle” means a new motor vehicle
20 ~~which~~ that is used or bought for use primarily for
21 personal, family, or household purposes. “New motor
22 vehicle” also means a new motor vehicle that is bought or
23 used for business purposes by a person, including a
24 partnership, limited liability company, corporation,
25 association, or any other legal entity, to which not more
26 than five motor vehicles are registered in this state. “New
27 motor vehicle” includes the chassis, chassis cab, and that
28 portion of a motor home devoted to its propulsion, but
29 does not include any portion designed, used, or
30 maintained primarily for human habitation, a
31 dealer-owned vehicle and a “demonstrator” or other
32 motor vehicle sold with a manufacturer’s new car
33 warranty but does not include a motorcycle or a motor
34 vehicle which is not registered under the Vehicle Code
35 because it is to be operated or used exclusively off the
36 highways. A “demonstrator” is a vehicle assigned by a
37 dealer for the purpose of demonstrating qualities and
38 characteristics common to vehicles of the same or similar
39 model and type.



1 (3) “Motor home” means a vehicular unit built on, or
2 permanently attached to, a self-propelled motor vehicle
3 chassis, chassis cab, or van, which becomes an integral
4 part of the completed vehicle, designed for human
5 habitation for recreational or emergency occupancy.

6 (f) (1) Except as provided in paragraph (2), no
7 person shall sell, either at wholesale or retail, lease, or
8 transfer a motor vehicle transferred by a buyer or lessee
9 to a manufacturer pursuant to paragraph (2) of
10 subdivision (d) of Section 1793.2 or a similar statute of any
11 other state, unless the nature of the nonconformity
12 experienced by the original buyer or lessee is clearly and
13 conspicuously disclosed to the prospective buyer, lessee,
14 or transferee, the nonconformity is corrected, and the
15 manufacturer warrants to the new buyer, lessee, or
16 transferee in writing for a period of one year that the
17 motor vehicle is free of that nonconformity.

18 (2) Except for the requirement that the nature of the
19 nonconformity be disclosed to the transferee, paragraph
20 (1) does not apply to the transfer of a motor vehicle to an
21 educational institution if the purpose of the transfer is to
22 make the motor vehicle available for use in automotive
23 repair courses.

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AMENDED IN ASSEMBLY MAY 7, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1848

Introduced by Assembly Member Davis

February 12, 1998

An act to amend Section 1793.22 of the Civil Code, relating to warranties.

LEGISLATIVE COUNSEL'S DIGEST

AB 1848, as amended, Davis. Warranties: motor vehicle manufacturers.

Under the existing Tanner Consumer Protection Act, it is presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if within one year from delivery to the buyer or 12,000 miles on the odometer of the vehicle, whichever comes first, either (1) the same nonconformity, as defined, has been subject to repair 4 or more times by the manufacturer or its agents and the buyer has at least once provided a specified notice to the manufacturer or (2) the vehicle is out of service by reason of repair of nonconformities by the manufacturer or its agents for a prescribed period. Existing law defines a new motor vehicle for purposes of this provision and another specified provision of existing law regarding express warranty repair or service to mean a new motor vehicle that is used or bought for use primarily for personal, family, or household purposes.

This bill would revise that definition of a new motor vehicle to include a new motor vehicle bought or used for business *and personal, family, or household* purposes by a person, including a legal entity, to which no more than 5 motor vehicles are registered in this state. *It would also provide that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer’s gross vehicle weight rating.*

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1793.22 of the Civil Code is
2 amended to read:
3 1793.22. (a) This section shall be known and may be
4 cited as the Tanner Consumer Protection Act.
5 (b) It shall be presumed that a reasonable number of
6 attempts have been made to conform a new motor
7 vehicle to the applicable express warranties if, within one
8 year from delivery to the buyer or 12,000 miles on the
9 odometer of the vehicle, whichever occurs first, either
10 (1) the same nonconformity has been subject to repair
11 four or more times by the manufacturer or its agents and
12 the buyer has at least once directly notified the
13 manufacturer of the need for the repair of the
14 nonconformity or (2) the vehicle is out of service by
15 reason of repair of nonconformities by the manufacturer
16 or its agents for a cumulative total of more than 30
17 calendar days since delivery of the vehicle to the buyer.
18 The 30-day limit shall be extended only if repairs cannot
19 be performed due to conditions beyond the control of the
20 manufacturer or its agents. The buyer shall be required
21 to directly notify the manufacturer pursuant to
22 paragraph (1) only if the manufacturer has clearly and
23 conspicuously disclosed to the buyer, with the warranty
24 or the owner’s manual, the provisions of this section and
25 that of subdivision (d) of Section 1793.2, including the
26 requirement that the buyer must notify the
27 manufacturer directly pursuant to paragraph (1). This



1 presumption shall be a rebuttable presumption affecting
2 the burden of proof, and it may be asserted by the buyer
3 in any civil action, including an action in small claims
4 court, or other formal or informal proceeding.

5 (c) If a qualified third-party dispute resolution process
6 exists, and the buyer receives timely notification in
7 writing of the availability of that qualified third-party
8 dispute resolution process with a description of its
9 operation and effect, the presumption in subdivision (b)
10 may not be asserted by the buyer until after the buyer has
11 initially resorted to the qualified third-party dispute
12 resolution process as required in subdivision (d).
13 Notification of the availability of the qualified third-party
14 dispute resolution process is not timely if the buyer suffers
15 any prejudice resulting from any delay in giving the
16 notification. If a qualified third-party dispute resolution
17 process does not exist, or if the buyer is dissatisfied with
18 that third-party decision, or if the manufacturer or its
19 agent neglects to promptly fulfill the terms of the
20 qualified third-party dispute resolution process decision
21 after the decision is accepted by the buyer, the buyer may
22 assert the presumption provided in subdivision (b) in an
23 action to enforce the buyer's rights under subdivision (d)
24 of Section 1793.2. The findings and decision of a qualified
25 third-party dispute resolution process shall be admissible
26 in evidence in the action without further foundation. Any
27 period of limitation of actions under any federal or
28 California laws with respect to any person shall be
29 extended for a period equal to the number of days
30 between the date a complaint is filed with a third-party
31 dispute resolution process and the date of its decision or
32 the date before which the manufacturer or its agent is
33 required by the decision to fulfill its terms if the decision
34 is accepted by the buyer, whichever occurs later.

35 (d) A qualified third-party dispute resolution process
36 shall be one that does all of the following:

37 (1) Complies with the minimum requirements of the
38 Federal Trade Commission for informal dispute
39 settlement procedures as set forth in Part 703 of Title 16



1 of the Code of Federal Regulations, as those regulations
2 read on January 1, 1987.

3 (2) Renders decisions which are binding on the
4 manufacturer if the buyer elects to accept the decision.

5 (3) Prescribes a reasonable time, not to exceed 30 days
6 after the decision is accepted by the buyer, within which
7 the manufacturer or its agent must fulfill the terms of its
8 decisions.

9 (4) Provides arbitrators who are assigned to decide
10 disputes with copies of, and instruction in, the provisions
11 of the Federal Trade Commission's regulations in Part 703
12 of Title 16 of the Code of Federal Regulations as those
13 regulations read on January 1, 1987, Division 2
14 (commencing with Section 2101) of the Commercial
15 Code, and this chapter.

16 (5) Requires the manufacturer, when the process
17 orders, under the terms of this chapter, either that the
18 nonconforming motor vehicle be replaced if the buyer
19 consents to this remedy or that restitution be made to the
20 buyer, to replace the motor vehicle or make restitution
21 in accordance with paragraph (2) of subdivision (d) of
22 Section 1793.2.

23 (6) Provides, at the request of the arbitrator or a
24 majority of the arbitration panel, for an inspection and
25 written report on the condition of a nonconforming
26 motor vehicle, at no cost to the buyer, by an automobile
27 expert who is independent of the manufacturer.

28 (7) Takes into account, in rendering decisions, all legal
29 and equitable factors, including, but not limited to, the
30 written warranty, the rights and remedies conferred in
31 regulations of the Federal Trade Commission contained
32 in Part 703 of Title 16 of the Code of Federal Regulations
33 as those regulations read on January 1, 1987, Division 2
34 (commencing with Section 2101) of the Commercial
35 Code, this chapter, and any other equitable
36 considerations appropriate in the circumstances. Nothing
37 in this chapter requires that, to be certified as a qualified
38 third-party dispute resolution process pursuant to this
39 section, decisions of the process must consider or provide
40 remedies in the form of awards of punitive damages or

1 multiple damages, under subdivision (c) of Section 1794,
2 or of attorneys' fees under subdivision (d) of Section 1794,
3 or of consequential damages other than as provided in
4 subdivisions (a) and (b) of Section 1794, including, but
5 not limited to, reasonable repair, towing, and rental car
6 costs actually incurred by the buyer.

7 (8) Requires that no arbitrator deciding a dispute may
8 be a party to the dispute and that no other person,
9 including an employee, agent, or dealer for the
10 manufacturer, may be allowed to participate
11 substantively in the merits of any dispute with the
12 arbitrator unless the buyer is allowed to participate also.
13 Nothing in this subdivision prohibits any member of an
14 arbitration board from deciding a dispute.

15 (9) Obtains and maintains certification by the
16 Department of Consumer Affairs pursuant to Chapter 9
17 (commencing with Section 472) of Division 1 of the
18 Business and Professions Code.

19 (e) For the purposes of subdivision (d) of Section
20 1793.2 and this section, the following terms have the
21 following meanings:

22 (1) "Nonconformity" means a nonconformity which
23 substantially impairs the use, value, or safety of the new
24 motor vehicle to the buyer or lessee.

25 (2) "New motor vehicle" means a new motor vehicle
26 that is used or bought for use primarily for personal,
27 family, or household purposes. "New motor vehicle" also
28 means a new motor vehicle that is bought or used for
29 business *and personal, family, or household* purposes by
30 a person, including a partnership, limited liability
31 company, corporation, association, or any other legal
32 entity, to which not more than five motor vehicles are
33 registered in this state. "New motor vehicle" includes the
34 chassis, chassis cab, and that portion of a motor home
35 devoted to its propulsion, but does not include any
36 portion designed, used, or maintained primarily for
37 human habitation, a dealer-owned vehicle and a
38 "demonstrator" or other motor vehicle sold with a
39 manufacturer's new car warranty but does not include a
40 motorcycle or a motor vehicle which is not registered

1 under the Vehicle Code because it is to be operated or
2 used exclusively off the highways. *“New motor vehicle”*
3 *does not include a vehicle that is used for the transport of*
4 *property above a manufacturer’s gross vehicle weight*
5 *rating.* A “demonstrator” is a vehicle assigned by a dealer
6 for the purpose of demonstrating qualities and
7 characteristics common to vehicles of the same or similar
8 model and type.

9 (3) “Motor home” means a vehicular unit built on, or
10 permanently attached to, a self-propelled motor vehicle
11 chassis, chassis cab, or van, which becomes an integral
12 part of the completed vehicle, designed for human
13 habitation for recreational or emergency occupancy.

14 (f) (1) Except as provided in paragraph (2), no
15 person shall sell, either at wholesale or retail, lease, or
16 transfer a motor vehicle transferred by a buyer or lessee
17 to a manufacturer pursuant to paragraph (2) of
18 subdivision (d) of Section 1793.2 or a similar statute of any
19 other state, unless the nature of the nonconformity
20 experienced by the original buyer or lessee is clearly and
21 conspicuously disclosed to the prospective buyer, lessee,
22 or transferee, the nonconformity is corrected, and the
23 manufacturer warrants to the new buyer, lessee, or
24 transferee in writing for a period of one year that the
25 motor vehicle is free of that nonconformity.

26 (2) Except for the requirement that the nature of the
27 nonconformity be disclosed to the transferee, paragraph
28 (1) does not apply to the transfer of a motor vehicle to an
29 educational institution if the purpose of the transfer is to
30 make the motor vehicle available for use in automotive
31 repair courses.

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AMENDED IN SENATE JUNE 11, 1998
AMENDED IN ASSEMBLY MAY 7, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1848

Introduced by Assembly Member Davis
(Coauthor: Assembly Member Figueroa)

February 12, 1998

An act to amend Section 1793.22 of the Civil Code, relating to warranties.

LEGISLATIVE COUNSEL'S DIGEST

AB 1848, as amended, Davis. Warranties: motor vehicle manufacturers.

Under the existing Tanner Consumer Protection Act, it is presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if within one year from delivery to the buyer or 12,000 miles on the odometer of the vehicle, whichever comes first, either (1) the same nonconformity, as defined, has been subject to repair 4 or more times by the manufacturer or its agents and the buyer has at least once provided a specified notice to the manufacturer or (2) the vehicle is out of service by reason of repair of nonconformities by the manufacturer or its agents for a prescribed period. Existing law defines a new motor vehicle for purposes of this provision and another specified provision of existing law regarding express warranty repair or service to mean a new

motor vehicle that is used or bought for use primarily for personal, family, or household purposes.

This bill would revise that definition of a new motor vehicle to include a new motor vehicle bought or used for business and personal, family, or household purposes by a person, including a legal entity, to which no more than 5 motor vehicles are registered in this state. It would also provide that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer’s gross vehicle weight rating, *except a motor home*.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1793.22 of the Civil Code is
 2 amended to read:
 3 1793.22. (a) This section shall be known and may be
 4 cited as the Tanner Consumer Protection Act.
 5 (b) It shall be presumed that a reasonable number of
 6 attempts have been made to conform a new motor
 7 vehicle to the applicable express warranties if, within one
 8 year from delivery to the buyer or 12,000 miles on the
 9 odometer of the vehicle, whichever occurs first, either
 10 (1) the same nonconformity has been subject to repair
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 12 the buyer has at least once directly notified the
 13 manufacturer of the need for the repair of the
 14 nonconformity or (2) the vehicle is out of service by
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 16 or its agents for a cumulative total of more than 30
 17 calendar days since delivery of the vehicle to the buyer.
 18 The 30-day limit shall be extended only if repairs cannot
 19 be performed due to conditions beyond the control of the
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 21 to directly notify the manufacturer pursuant to
 22 paragraph (1) only if the manufacturer has clearly and
 23 conspicuously disclosed to the buyer, with the warranty
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1 that of subdivision (d) of Section 1793.2, including the
2 requirement that the buyer must notify the
3 manufacturer directly pursuant to paragraph (1). This
4 presumption shall be a rebuttable presumption affecting
5 the burden of proof, and it may be asserted by the buyer
6 in any civil action, including an action in small claims
7 court, or other formal or informal proceeding.

8 (c) If a qualified third-party dispute resolution process
9 exists, and the buyer receives timely notification in
10 writing of the availability of that qualified third-party
11 dispute resolution process with a description of its
12 operation and effect, the presumption in subdivision (b)
13 may not be asserted by the buyer until after the buyer has
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17 dispute resolution process is not timely if the buyer suffers
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39 shall be one that does all of the following:



1 (1) Complies with the minimum requirements of the
2 Federal Trade Commission for informal dispute
3 settlement procedures as set forth in Part 703 of Title 16
4 of the Code of Federal Regulations, as those regulations
5 read on January 1, 1987.

6 (2) Renders decisions which are binding on the
7 manufacturer if the buyer elects to accept the decision.

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12 (4) Provides arbitrators who are assigned to decide
13 disputes with copies of, and instruction in, the provisions
14 of the Federal Trade Commission's regulations in Part 703
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16 regulations read on January 1, 1987, Division 2
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18 Code, and this chapter.

19 (5) Requires the manufacturer, when the process
20 orders, under the terms of this chapter, either that the
21 nonconforming motor vehicle be replaced if the buyer
22 consents to this remedy or that restitution be made to the
23 buyer, to replace the motor vehicle or make restitution
24 in accordance with paragraph (2) of subdivision (d) of
25 Section 1793.2.

26 (6) Provides, at the request of the arbitrator or a
27 majority of the arbitration panel, for an inspection and
28 written report on the condition of a nonconforming
29 motor vehicle, at no cost to the buyer, by an automobile
30 expert who is independent of the manufacturer.

31 (7) Takes into account, in rendering decisions, all legal
32 and equitable factors, including, but not limited to, the
33 written warranty, the rights and remedies conferred in
34 regulations of the Federal Trade Commission contained
35 in Part 703 of Title 16 of the Code of Federal Regulations
36 as those regulations read on January 1, 1987, Division 2
37 (commencing with Section 2101) of the Commercial
38 Code, this chapter, and any other equitable
39 considerations appropriate in the circumstances. Nothing
40 in this chapter requires that, to be certified as a qualified

1 third-party dispute resolution process pursuant to this
2 section, decisions of the process must consider or provide
3 remedies in the form of awards of punitive damages or
4 multiple damages, under subdivision (c) of Section 1794,
5 or of attorneys' fees under subdivision (d) of Section 1794,
6 or of consequential damages other than as provided in
7 subdivisions (a) and (b) of Section 1794, including, but
8 not limited to, reasonable repair, towing, and rental car
9 costs actually incurred by the buyer.

10 (8) Requires that no arbitrator deciding a dispute may
11 be a party to the dispute and that no other person,
12 including an employee, agent, or dealer for the
13 manufacturer, may be allowed to participate
14 substantively in the merits of any dispute with the
15 arbitrator unless the buyer is allowed to participate also.
16 Nothing in this subdivision prohibits any member of an
17 arbitration board from deciding a dispute.

18 (9) Obtains and maintains certification by the
19 Department of Consumer Affairs pursuant to Chapter 9
20 (commencing with Section 472) of Division 1 of the
21 Business and Professions Code.

22 (e) For the purposes of subdivision (d) of Section
23 1793.2 and this section, the following terms have the
24 following meanings:

25 (1) "Nonconformity" means a nonconformity which
26 substantially impairs the use, value, or safety of the new
27 motor vehicle to the buyer or lessee.

28 (2) "New motor vehicle" means a new motor vehicle
29 that is used or bought for use primarily for personal,
30 family, or household purposes. "New motor vehicle" also
31 means a new motor vehicle that is bought or used for
32 business and personal, family, or household purposes by
33 a person, including a partnership, limited liability
34 company, corporation, association, or any other legal
35 entity, to which not more than five motor vehicles are
36 registered in this state. "New motor vehicle" includes the
37 chassis, chassis cab, and that portion of a motor home
38 devoted to its propulsion, but does not include any
39 portion designed, used, or maintained primarily for
40 human habitation, a dealer-owned vehicle and a



1 “demonstrator” or other motor vehicle sold with a
 2 manufacturer’s new car warranty but does not include a
 3 motorcycle or a motor vehicle which is not registered
 4 under the Vehicle Code because it is to be operated or
 5 used exclusively off the highways. “New motor vehicle”
 6 does not include a vehicle that is used for the transport of
 7 property above a manufacturer’s gross vehicle weight
 8 rating, *except a motor home*. A “demonstrator” is a
 9 vehicle assigned by a dealer for the purpose of
 10 demonstrating qualities and characteristics common to
 11 vehicles of the same or similar model and type.

12 (3) “Motor home” means a vehicular unit built on, or
 13 permanently attached to, a self-propelled motor vehicle
 14 chassis, chassis cab, or van, which becomes an integral
 15 part of the completed vehicle, designed for human
 16 habitation for recreational or emergency occupancy.

17 (f) (1) Except as provided in paragraph (2), no
 18 person shall sell, either at wholesale or retail, lease, or
 19 transfer a motor vehicle transferred by a buyer or lessee
 20 to a manufacturer pursuant to paragraph (2) of
 21 subdivision (d) of Section 1793.2 or a similar statute of any
 22 other state, unless the nature of the nonconformity
 23 experienced by the original buyer or lessee is clearly and
 24 conspicuously disclosed to the prospective buyer, lessee,
 25 or transferee, the nonconformity is corrected, and the
 26 manufacturer warrants to the new buyer, lessee, or
 27 transferee in writing for a period of one year that the
 28 motor vehicle is free of that nonconformity.

29 (2) Except for the requirement that the nature of the
 30 nonconformity be disclosed to the transferee, paragraph
 31 (1) does not apply to the transfer of a motor vehicle to an
 32 educational institution if the purpose of the transfer is to
 33 make the motor vehicle available for use in automotive
 34 repair courses.

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AMENDED IN SENATE JULY 2, 1998
AMENDED IN SENATE JUNE 11, 1998
AMENDED IN ASSEMBLY MAY 7, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1848

**Introduced by Assembly Member Davis
(Coauthor: Assembly Member Figueroa)**

February 12, 1998

An act to amend Section 1793.22 of the Civil Code, relating to warranties.

LEGISLATIVE COUNSEL'S DIGEST

AB 1848, as amended, Davis. Warranties: motor vehicle manufacturers.

Under the existing Tanner Consumer Protection Act, it is presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if within one year from delivery to the buyer or 12,000 miles on the odometer of the vehicle, whichever comes first, either (1) the same nonconformity, as defined, has been subject to repair 4 or more times by the manufacturer or its agents and the buyer has at least once provided a specified notice to the manufacturer or (2) the vehicle is out of service by reason of repair of nonconformities by the manufacturer or its agents for a prescribed period. Existing law defines a new motor vehicle for purposes of this provision and another specified provision of existing law

regarding express warranty repair or service to mean a new motor vehicle that is used or bought for use primarily for personal, family, or household purposes.

This bill would revise that definition of a new motor vehicle to include a new motor vehicle bought or used for business and personal, family, or household purposes by a person, including a legal entity, to which no more than 5 motor vehicles are registered in this state. ~~It would also provide that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.~~

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1793.22 of the Civil Code is
 2 amended to read:
 3 1793.22. (a) This section shall be known and may be
 4 cited as the Tanner Consumer Protection Act.
 5 (b) It shall be presumed that a reasonable number of
 6 attempts have been made to conform a new motor
 7 vehicle to the applicable express warranties if, within one
 8 year from delivery to the buyer or 12,000 miles on the
 9 odometer of the vehicle, whichever occurs first, either
 10 (1) the same nonconformity has been subject to repair
 11 four or more times by the manufacturer or its agents and
 12 the buyer has at least once directly notified the
 13 manufacturer of the need for the repair of the
 14 nonconformity or (2) the vehicle is out of service by
 15 reason of repair of nonconformities by the manufacturer
 16 or its agents for a cumulative total of more than 30
 17 calendar days since delivery of the vehicle to the buyer.
 18 The 30-day limit shall be extended only if repairs cannot
 19 be performed due to conditions beyond the control of the
 20 manufacturer or its agents. The buyer shall be required
 21 to directly notify the manufacturer pursuant to
 22 paragraph (1) only if the manufacturer has clearly and
 23 conspicuously disclosed to the buyer, with the warranty



1 or the owner's manual, the provisions of this section and
2 that of subdivision (d) of Section 1793.2, including the
3 requirement that the buyer must notify the
4 manufacturer directly pursuant to paragraph (1). This
5 presumption shall be a rebuttable presumption affecting
6 the burden of proof, and it may be asserted by the buyer
7 in any civil action, including an action in small claims
8 court, or other formal or informal proceeding.

9 (c) If a qualified third-party dispute resolution process
10 exists, and the buyer receives timely notification in
11 writing of the availability of that qualified third-party
12 dispute resolution process with a description of its
13 operation and effect, the presumption in subdivision (b)
14 may not be asserted by the buyer until after the buyer has
15 initially resorted to the qualified third-party dispute
16 resolution process as required in subdivision (d).
17 Notification of the availability of the qualified third-party
18 dispute resolution process is not timely if the buyer suffers
19 any prejudice resulting from any delay in giving the
20 notification. If a qualified third-party dispute resolution
21 process does not exist, or if the buyer is dissatisfied with
22 that third-party decision, or if the manufacturer or its
23 agent neglects to promptly fulfill the terms of the
24 qualified third-party dispute resolution process decision
25 after the decision is accepted by the buyer, the buyer may
26 assert the presumption provided in subdivision (b) in an
27 action to enforce the buyer's rights under subdivision (d)
28 of Section 1793.2. The findings and decision of a qualified
29 third-party dispute resolution process shall be admissible
30 in evidence in the action without further foundation. Any
31 period of limitation of actions under any federal or
32 California laws with respect to any person shall be
33 extended for a period equal to the number of days
34 between the date a complaint is filed with a third-party
35 dispute resolution process and the date of its decision or
36 the date before which the manufacturer or its agent is
37 required by the decision to fulfill its terms if the decision
38 is accepted by the buyer, whichever occurs later.

39 (d) A qualified third-party dispute resolution process
40 shall be one that does all of the following:



1 (1) Complies with the minimum requirements of the
2 Federal Trade Commission for informal dispute
3 settlement procedures as set forth in Part 703 of Title 16
4 of the Code of Federal Regulations, as those regulations
5 read on January 1, 1987.

6 (2) Renders decisions which are binding on the
7 manufacturer if the buyer elects to accept the decision.

8 (3) Prescribes a reasonable time, not to exceed 30 days
9 after the decision is accepted by the buyer, within which
10 the manufacturer or its agent must fulfill the terms of its
11 decisions.

12 (4) Provides arbitrators who are assigned to decide
13 disputes with copies of, and instruction in, the provisions
14 of the Federal Trade Commission's regulations in Part 703
15 of Title 16 of the Code of Federal Regulations as those
16 regulations read on January 1, 1987, Division 2
17 (commencing with Section 2101) of the Commercial
18 Code, and this chapter.

19 (5) Requires the manufacturer, when the process
20 orders, under the terms of this chapter, either that the
21 nonconforming motor vehicle be replaced if the buyer
22 consents to this remedy or that restitution be made to the
23 buyer, to replace the motor vehicle or make restitution
24 in accordance with paragraph (2) of subdivision (d) of
25 Section 1793.2.

26 (6) Provides, at the request of the arbitrator or a
27 majority of the arbitration panel, for an inspection and
28 written report on the condition of a nonconforming
29 motor vehicle, at no cost to the buyer, by an automobile
30 expert who is independent of the manufacturer.

31 (7) Takes into account, in rendering decisions, all legal
32 and equitable factors, including, but not limited to, the
33 written warranty, the rights and remedies conferred in
34 regulations of the Federal Trade Commission contained
35 in Part 703 of Title 16 of the Code of Federal Regulations
36 as those regulations read on January 1, 1987, Division 2
37 (commencing with Section 2101) of the Commercial
38 Code, this chapter, and any other equitable
39 considerations appropriate in the circumstances. Nothing
40 in this chapter requires that, to be certified as a qualified

1 third-party dispute resolution process pursuant to this
2 section, decisions of the process must consider or provide
3 remedies in the form of awards of punitive damages or
4 multiple damages, under subdivision (c) of Section 1794,
5 or of attorneys' fees under subdivision (d) of Section 1794,
6 or of consequential damages other than as provided in
7 subdivisions (a) and (b) of Section 1794, including, but
8 not limited to, reasonable repair, towing, and rental car
9 costs actually incurred by the buyer.

10 (8) Requires that no arbitrator deciding a dispute may
11 be a party to the dispute and that no other person,
12 including an employee, agent, or dealer for the
13 manufacturer, may be allowed to participate
14 substantively in the merits of any dispute with the
15 arbitrator unless the buyer is allowed to participate also.
16 Nothing in this subdivision prohibits any member of an
17 arbitration board from deciding a dispute.

18 (9) Obtains and maintains certification by the
19 Department of Consumer Affairs pursuant to Chapter 9
20 (commencing with Section 472) of Division 1 of the
21 Business and Professions Code.

22 (e) For the purposes of subdivision (d) of Section
23 1793.2 and this section, the following terms have the
24 following meanings:

25 (1) "Nonconformity" means a nonconformity which
26 substantially impairs the use, value, or safety of the new
27 motor vehicle to the buyer or lessee.

28 (2) "New motor vehicle" means a new motor vehicle
29 that is used or bought for use primarily for personal,
30 family, or household purposes. "New motor vehicle" also
31 means a new motor vehicle that is bought or used for
32 business and personal, family, or household purposes by
33 a person, including a partnership, limited liability
34 company, corporation, association, or any other legal
35 entity, to which not more than five motor vehicles are
36 registered in this state. "New motor vehicle" includes the
37 chassis, chassis cab, and that portion of a motor home
38 devoted to its propulsion, but does not include any
39 portion designed, used, or maintained primarily for
40 human habitation, a dealer-owned vehicle and a



1 “demonstrator” or other motor vehicle sold with a
2 manufacturer’s new car warranty but does not include a
3 motorcycle or a motor vehicle which is not registered
4 under the Vehicle Code because it is to be operated or
5 ~~used exclusively off the highways. “New motor vehicle”~~
6 ~~does not include a vehicle that is used for the transport of~~
7 ~~property above a manufacturer’s gross vehicle weight~~
8 ~~rating, except a motor home. A “demonstrator” is a used~~
9 ~~exclusively off the highways. A demonstrator is a vehicle~~
10 assigned by a dealer for the purpose of demonstrating
11 qualities and characteristics common to vehicles of the
12 same or similar model and type.

13 (3) “Motor home” means a vehicular unit built on, or
14 permanently attached to, a self-propelled motor vehicle
15 chassis, chassis cab, or van, which becomes an integral
16 part of the completed vehicle, designed for human
17 habitation for recreational or emergency occupancy.

18 (f) (1) Except as provided in paragraph (2), no
19 person shall sell, either at wholesale or retail, lease, or
20 transfer a motor vehicle transferred by a buyer or lessee
21 to a manufacturer pursuant to paragraph (2) of
22 subdivision (d) of Section 1793.2 or a similar statute of any
23 other state, unless the nature of the nonconformity
24 experienced by the original buyer or lessee is clearly and
25 conspicuously disclosed to the prospective buyer, lessee,
26 or transferee, the nonconformity is corrected, and the
27 manufacturer warrants to the new buyer, lessee, or
28 transferee in writing for a period of one year that the
29 motor vehicle is free of that nonconformity.

30 (2) Except for the requirement that the nature of the
31 nonconformity be disclosed to the transferee, paragraph
32 (1) does not apply to the transfer of a motor vehicle to an
33 educational institution if the purpose of the transfer is to
34 make the motor vehicle available for use in automotive
35 repair courses.

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Assembly Bill No. 1848

CHAPTER 352

An act to amend Section 1793.22 of the Civil Code, relating to warranties.

[Approved by Governor August 24, 1998. Filed with Secretary of State August 24, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1848, Davis. Warranties: motor vehicle manufacturers.

Under the existing Tanner Consumer Protection Act, it is presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if within one year from delivery to the buyer or 12,000 miles on the odometer of the vehicle, whichever comes first, either (1) the same nonconformity, as defined, has been subject to repair 4 or more times by the manufacturer or its agents and the buyer has at least once provided a specified notice to the manufacturer or (2) the vehicle is out of service by reason of repair of nonconformities by the manufacturer or its agents for a prescribed period. Existing law defines a new motor vehicle for purposes of this provision and another specified provision of existing law regarding express warranty repair or service to mean a new motor vehicle that is used or bought for use primarily for personal, family, or household purposes.

This bill would revise that definition of a new motor vehicle to include a new motor vehicle bought or used for business and personal, family, or household purposes by a person, including a legal entity, to which no more than 5 motor vehicles are registered in this state.

The people of the State of California do enact as follows:

SECTION 1. Section 1793.22 of the Civil Code is amended to read:

1793.22. (a) This section shall be known and may be cited as the Tanner Consumer Protection Act.

(b) It shall be presumed that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if, within one year from delivery to the buyer or 12,000 miles on the odometer of the vehicle, whichever occurs first, either (1) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for the

repair of the nonconformity or (2) the vehicle is out of service by reason of repair of nonconformities by the manufacturer or its agents for a cumulative total of more than 30 calendar days since delivery of the vehicle to the buyer. The 30-day limit shall be extended only if repairs cannot be performed due to conditions beyond the control of the manufacturer or its agents. The buyer shall be required to directly notify the manufacturer pursuant to paragraph (1) only if the manufacturer has clearly and conspicuously disclosed to the buyer, with the warranty or the owner's manual, the provisions of this section and that of subdivision (d) of Section 1793.2, including the requirement that the buyer must notify the manufacturer directly pursuant to paragraph (1). This presumption shall be a rebuttable presumption affecting the burden of proof, and it may be asserted by the buyer in any civil action, including an action in small claims court, or other formal or informal proceeding.

(c) If a qualified third-party dispute resolution process exists, and the buyer receives timely notification in writing of the availability of that qualified third-party dispute resolution process with a description of its operation and effect, the presumption in subdivision (b) may not be asserted by the buyer until after the buyer has initially resorted to the qualified third-party dispute resolution process as required in subdivision (d). Notification of the availability of the qualified third-party dispute resolution process is not timely if the buyer suffers any prejudice resulting from any delay in giving the notification. If a qualified third-party dispute resolution process does not exist, or if the buyer is dissatisfied with that third-party decision, or if the manufacturer or its agent neglects to promptly fulfill the terms of the qualified third-party dispute resolution process decision after the decision is accepted by the buyer, the buyer may assert the presumption provided in subdivision (b) in an action to enforce the buyer's rights under subdivision (d) of Section 1793.2. The findings and decision of a qualified third-party dispute resolution process shall be admissible in evidence in the action without further foundation. Any period of limitation of actions under any federal or California laws with respect to any person shall be extended for a period equal to the number of days between the date a complaint is filed with a third-party dispute resolution process and the date of its decision or the date before which the manufacturer or its agent is required by the decision to fulfill its terms if the decision is accepted by the buyer, whichever occurs later.

(d) A qualified third-party dispute resolution process shall be one that does all of the following:

(1) Complies with the minimum requirements of the Federal Trade Commission for informal dispute settlement procedures as set forth in Part 703 of Title 16 of the Code of Federal Regulations, as those regulations read on January 1, 1987.

(2) Renders decisions which are binding on the manufacturer if the buyer elects to accept the decision.

(3) Prescribes a reasonable time, not to exceed 30 days after the decision is accepted by the buyer, within which the manufacturer or its agent must fulfill the terms of its decisions.

(4) Provides arbitrators who are assigned to decide disputes with copies of, and instruction in, the provisions of the Federal Trade Commission's regulations in Part 703 of Title 16 of the Code of Federal Regulations as those regulations read on January 1, 1987, Division 2 (commencing with Section 2101) of the Commercial Code, and this chapter.

(5) Requires the manufacturer, when the process orders, under the terms of this chapter, either that the nonconforming motor vehicle be replaced if the buyer consents to this remedy or that restitution be made to the buyer, to replace the motor vehicle or make restitution in accordance with paragraph (2) of subdivision (d) of Section 1793.2.

(6) Provides, at the request of the arbitrator or a majority of the arbitration panel, for an inspection and written report on the condition of a nonconforming motor vehicle, at no cost to the buyer, by an automobile expert who is independent of the manufacturer.

(7) Takes into account, in rendering decisions, all legal and equitable factors, including, but not limited to, the written warranty, the rights and remedies conferred in regulations of the Federal Trade Commission contained in Part 703 of Title 16 of the Code of Federal Regulations as those regulations read on January 1, 1987, Division 2 (commencing with Section 2101) of the Commercial Code, this chapter, and any other equitable considerations appropriate in the circumstances. Nothing in this chapter requires that, to be certified as a qualified third-party dispute resolution process pursuant to this section, decisions of the process must consider or provide remedies in the form of awards of punitive damages or multiple damages, under subdivision (c) of Section 1794, or of attorneys' fees under subdivision (d) of Section 1794, or of consequential damages other than as provided in subdivisions (a) and (b) of Section 1794, including, but not limited to, reasonable repair, towing, and rental car costs actually incurred by the buyer.

(8) Requires that no arbitrator deciding a dispute may be a party to the dispute and that no other person, including an employee, agent, or dealer for the manufacturer, may be allowed to participate substantively in the merits of any dispute with the arbitrator unless the buyer is allowed to participate also. Nothing in this subdivision prohibits any member of an arbitration board from deciding a dispute.

(9) Obtains and maintains certification by the Department of Consumer Affairs pursuant to Chapter 9 (commencing with Section 472) of Division 1 of the Business and Professions Code.



(e) For the purposes of subdivision (d) of Section 1793.2 and this section, the following terms have the following meanings:

(1) “Nonconformity” means a nonconformity which substantially impairs the use, value, or safety of the new motor vehicle to the buyer or lessee.

(2) “New motor vehicle” means a new motor vehicle that is used or bought for use primarily for personal, family, or household purposes. “New motor vehicle” also means a new motor vehicle that is bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state. “New motor vehicle” includes the chassis, chassis cab, and that portion of a motor home devoted to its propulsion, but does not include any portion designed, used, or maintained primarily for human habitation, a dealer-owned vehicle and a “demonstrator” or other motor vehicle sold with a manufacturer’s new car warranty but does not include a motorcycle or a motor vehicle which is not registered under the Vehicle Code because it is to be operated or used exclusively off the highways. A demonstrator is a vehicle assigned by a dealer for the purpose of demonstrating qualities and characteristics common to vehicles of the same or similar model and type.

(3) “Motor home” means a vehicular unit built on, or permanently attached to, a self-propelled motor vehicle chassis, chassis cab, or van, which becomes an integral part of the completed vehicle, designed for human habitation for recreational or emergency occupancy.

(f) (1) Except as provided in paragraph (2), no person shall sell, either at wholesale or retail, lease, or transfer a motor vehicle transferred by a buyer or lessee to a manufacturer pursuant to paragraph (2) of subdivision (d) of Section 1793.2 or a similar statute of any other state, unless the nature of the nonconformity experienced by the original buyer or lessee is clearly and conspicuously disclosed to the prospective buyer, lessee, or transferee, the nonconformity is corrected, and the manufacturer warrants to the new buyer, lessee, or transferee in writing for a period of one year that the motor vehicle is free of that nonconformity.

(2) Except for the requirement that the nature of the nonconformity be disclosed to the transferee, paragraph (1) does not apply to the transfer of a motor vehicle to an educational institution if the purpose of the transfer is to make the motor vehicle available for use in automotive repair courses.

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CONCURRENCE IN SENATE AMENDMENTS

AB 1848 (Davis)

As Amended July 2, 1998

Majority vote

ASSEMBLY: 63-11 (May 11, 1998) SENATE: 28-2 (August 3, 1998)

Original Committee Reference: CONPRO

SUMMARY: Includes small business vehicles in the "lemon law" by redefining "new motor vehicle" for purposes of the lemon law to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

The Senate amendments delete a provision stating that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW:

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (i.e., lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission (FTC) minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant FTC regulations, and any other "equitable considerations appropriate in the circumstances."
- 6) States that if a qualified dispute resolution process exists, then the

consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

AS PASSED BY THE ASSEMBLY, this bill redefined "new motor vehicle" for purposes of the Tanner Consumer Protection Act (i.e., lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally stated that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

FISCAL EFFECT: None

COMMENTS:

- 1) This bill includes small business vehicles purchased under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions.
- 2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

- 3) The Senate amendments relate to the issue of abusing a vehicle by overloading it and then claiming a vehicle is a lemon. The author, consumer groups, and auto manufacturers all agreed that current law's prohibition against abuse of vehicle is sufficient to deny such claims, thereby making language previously included in the bill unnecessary.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

Revised - as amended RN9810308

DO NOT REMOVE

ASSEMBLY THIRD READING

AB 1848 (Davis)

As Amended

Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY: Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally states that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW:

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California

Department of Consumer Affairs, as specified.

- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances."
- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT: None

COMMENTS:

- 1) The author's intention with this bill is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.
- 2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

- 3) The May 7 amendments to the bill are the result of negotiations between the author's office and the automobile manufacturers. The amendments directly respond to concerns raised by the manufacturers.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

FN 037615

ASSEMBLY THIRD READING
AB 1848 (Davis)
As Amended May 7, 1998
Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY: Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally states that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW:

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations,

and any other "equitable considerations appropriate in the circumstances."

- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT: None

COMMENTS:

- 1) The author's intention with this bill is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.
- 2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

- 3) The May 7 amendments to the bill are the result of negotiations between the author's office and the automobile manufacturers. The amendments directly respond to concerns raised by the manufacturers.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

FN 038124

DO NOT REMOVE

PROPOSED AMENDMENTS TO ASSEMBLY BILL NO. 1848
Legislative Counsel No. 9810308
(Davis)

The proposed amendments:

- 1) Clarify the definition of "new motor vehicle" for lemon law purposes to include vehicles bought or used for "business and personal, family, or household purposes".
- 2) State that the definition of "new motor vehicle" for lemon law purposes does not include a vehicle used to transport property in violation of its weight carrying limit.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

REQUEST FOR BILL ANALYSIS

NOW

Time/Date Analysis is Due _____ Floor Session _____

Committee CON-PRO. Room _____

- Types of analyses needed: (1) As currently introduced/amended
 (in this order) (2) Proposed Amendments
 (3) Revised as amended*

* When revising the Third Reading analysis, please use the version in your committee shared cabinet (i.e., []REVISED ANALYSES).

When the analyses are completed, please send to ABA via the SA function on the Word Processing Menu. Thank you.

PROPOSED AMENDMENTS TO AB 1848

Legislative Counsel No. 9810308

RUSH

RUSH

Davis

AMENDMENTS TO ASSEMBLY BILL NO. 1848

Amendment 1

On page 5, line 23, after "business" insert:

and personal, family, or household

Amendment 2

On page 5, line 36, after the period, insert:

"New motor vehicle" does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

- 0 -

TIB



ASSEMBLY THIRD READING
AB 1848 (Davis)
As Introduced February 12, 1998
Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY: Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

EXISTING LAW:

- 1) Defines new motor vehicle as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances."
- 6) States that if a qualified dispute resolution process exists, then the

consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT: None

COMMENTS:

- 1) The author's intention with this bill is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.
- 2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

FN 037615

Date of Hearing: March 17, 1998

ASSEMBLY COMMITTEE ON CONSUMER PROTECTION,
GOVERNMENTAL EFFICIENCY, AND ECONOMIC DEVELOPMENT
Susan Davis, Chair

AB 1848 (Davis) - As Introduced: February 12, 1998

SUBJECT: Expands California's "Lemon Law" to include vehicles purchased by small businesses.

SUMMARY: Specifically, this bill redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

EXISTING LAW:

- 1) Defines new motor vehicle as one which is bought for use primarily for personal, family, or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be out of conformity with its express warranty provisions (a.k.a. a lemon) if, during the time period specified in #2 above:
 - a) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity, or
 - b) the vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers, and manufacturers, requirements for process considerations, and certification procedures with the California Department of Consumer Affairs, in addition to other specified requirements.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that the QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances".

- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.
- 7) Does not state that a manufacturer without a QDRP must disclose that fact in specified sales and promotional literature.

FISCAL EFFECT: This bill is keyed as nonfiscal and will not be sent to the Assembly Appropriations Committee.

COMMENTS:

1) Intent of Measure

The author's intention with AB 1848 is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family, or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than 5 vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with 5 or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2) What Happens Now When a Small Business has a Lemon?

Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse - to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. AB 1848 is aimed at bring these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations, and any other legal entity.

3) Related Legislation

There are other lemon law-related bills at various stages of the legislative process. The most prominent of these is SB 289 (Calderon), currently located at this committee. SB 289, which failed passage at this committee in 1997, includes the provisions of AB 1848 as well as other changes which generally expand the scope of California's lemon law.

Additionally, AB 2277 (Kuykendall), awaiting assignment at the Assembly Rules Committee, expands existing motor home coverage under the lemon law. Senator Calderon has also introduced SB 1773, awaiting hearing at the Senate Judiciary Committee. SB 1773 currently contains a nonsubstantive change to the Tanner Consumer Protection Act.

REGISTERED SUPPORT / OPPOSITION:

Support

Center for Public Interest Law, University of San Diego
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
Granite Excavation & Demolition Inc.
Donald J. O'Mara, Santa Clarita, CA

Opposition

None on file

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

Diane F. Boyer-Vine
Jeffrey A. DeLand
Chief Deputies

James L. Ashford
C. David Dickerson
John T. Studebaker
Daniel A. Weitzman

David D. Alves
Robert D. Gronke
Michael J. Kersten
James A. Marsala
Robert G. Miller
Tracy O. Powell II
Marguerite Roth
Michael H. Upson
Christopher Ziride
Principal Deputies

State Capitol, Suite 3021
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(916) 445-3057
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Legislative Counsel of California

BION M. GREGORY

March 5, 1998

Honorable Susan A. Davis

A.B. 1848

— Conflict

Gerald Ross Adams
Paul Antilla
Charles C. Asbill
Joe J. Ayala
Lara K. Bierman
Maria L. Bondonno
Ann M. Burastero
Eileen J. Buxton
Cindy M. Cardullo
Edward Ned Cohen
Emilia Cutrer
Ben E. Dale
Byron D. Damiani, Jr.
Clinton J. deWitt
Frances S. Dorbin
Maureen S. Dunn
Sharon R. Fisher
Clay Fuller
Patricia R. Gates
Debra Zidich Gibbons
Shira K. Gilbert
Sonya Anne Grant
Alvin D. Gress
Maria Hidakos Hanke
Jana T. Harrington
Baldev S. Heir
Thomas R. Heuer
Lori Ann Joseph
David B. Judson
Michael R. Kelly

Michael Robert Kerr
Eve B. Krotinger
Aubrey LaBrie
L. Erik Lange
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Diana G. Lim
Jennifer Loomis
Kirk S. Louie
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Francisco A. Martín
JudyAnne McGinley
Peter Meinicoe
Sheila R. Mohan
Abel Muñoz
Sharon Reilly
Tara Rufo
Michael B. Salemo
William K. Stark
Jessica L. Steele
Christopher H. Stevens
Ellen Sward
Mark Franklin Terry
Jeff Thom
Richard Thomson
Richard B. Weisberg
Thomas D. Whelan
Karen L. Ziskind
Jack G. Zorman

Deputies

The above measure, introduced by you, which is now set for hearing in the
Assembly Consumer Protection, Governmental Efficiency, and
Economic Development

appears to be in conflict with the following other measure(s):

A.B. 2277 - Kuykendall

S.B. 289 - Calderon

S.B. 1773 - Calderon

**ENACTMENT OF THESE MEASURES IN THEIR PRESENT FORM MAY GIVE RISE TO
A SERIOUS LEGAL PROBLEM WHICH OFTEN CAN BE AVOIDED BY APPROPRIATE
AMENDMENTS.**

**WE URGE YOU TO CONSULT OUR OFFICE IN THIS REGARD AT YOUR EARLIEST
CONVENIENCE.**

Very truly yours,
BION M. GREGORY
LEGISLATIVE COUNSEL

By: Corrections Section
PH: 5-0430

cc: Committee
named above
Each lead author
concerned

STATE OF CALIFORNIA
OFFICE OF LEGISLATIVE COUNSEL

COPY

March 5, 1998

Honorable Susan A. Davis

A.B. 1848 — Conflict

The above measure, introduced by you, which is now set for hearing in the
Assembly Consumer Protection, Governmental Efficiency, and
Economic Development ✓

appears to be in conflict with the following other measure(s):

A.B. 2277 - Kuykendall

S.B. 289 - Calderon

S.B. 1773 - Calderon

**ENACTMENT OF THESE MEASURES IN THEIR PRESENT FORM MAY GIVE RISE TO
A SERIOUS LEGAL PROBLEM WHICH OFTEN CAN BE AVOIDED BY APPROPRIATE
AMENDMENTS.**

**WE URGE YOU TO CONSULT OUR OFFICE IN THIS REGARD AT YOUR EARLIEST
CONVENIENCE.**

Very truly yours,
BION M. GREGORY
LEGISLATIVE COUNSEL

By: Corrections Section
PH: 5-0430

cc: Committee
named above
Each lead author
concerned

March 11, 1998

The Honorable Susan Davis
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0001

Re: **AB 1848 (Davis): SUPPORT**
Hearing: Assembly Consumer Protection Committee, March 17

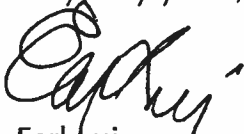
Dear Assembly Member Davis:

Consumers Union, the nonprofit publisher of *Consumer Reports* magazine, supports your AB 1848. This bill would add a much needed provision to California's new car "lemon law."

The bill would extend lemon law coverage to small businesses and self-employed persons. Many other states already have similar provisions, including Michigan, where businesses with up to 10 vehicles are covered. The bill entitles small business persons to use available arbitration programs, rather than having to resort to litigation, thus *decreasing* litigation. Small business persons and the self-employed deserve lemon law protection in part because they are similar to individual consumers in terms of bargaining power with auto companies.

As you know, the small business provision is also included in SB 289 (Calderon), a bill that is presently with the Consumer Protection Committee. While we are pleased to support AB 1848, we continue to believe the other provisions of SB 289 are needed to improve consumer protections in the lemon law.

Very truly yours,



Earl Lui
Staff Attorney

cc: Members, Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee



Consumers for Auto Reliability and Safety

March 13, 1998

Honorable Susan Davis
Chairperson, Assembly Committee on Consumer Protection, Governmental Efficiency
and Economic Development
Room 2013, State Capitol
Sacramento, CA 95814

RE: AB 1848—SUPPORT, as introduced
HEARING: Assembly Consumer Protection Committee, Tuesday, March 17

Dear Assemblywoman Davis:

Consumers for Auto Reliability and Safety (CARS) is a non-profit auto safety and consumer advocacy organization that works to promote auto safety and reduce motor vehicle-related fatalities, injuries, and economic losses. CARS also works with state and federal law enforcement officials to curb auto sales and service-related fraud.

CARS is listed as a resource for California consumers in the Department of Consumer Affairs publication *Lemon Aid for New Car Buyers* and *The Car Book* by Jack Gillis, and is regularly contacted by California lemon owners who desperately seek assistance in gaining relief from seriously faulty vehicles.

CARS supports your AB 1848 as introduced, as it is aimed at providing protection under California's Lemon Law for small business owners and individual entrepreneurs. Many other state lemon laws protect people who need safe, reliable transportation to make a living, and this extension of California's Lemon Law is long overdue.

As you know, this is also a key provision of SB 289 (Calderon), which has widespread support among consumer groups, the Better Business Bureau, the auto clubs, small businesses, and individual consumers. CARS does not see AB 1848 as a substitute for SB 289, which we continue to strongly support. In addition to extending the lemon law to protect small businesses, SB 289 also includes other important provisions to enhance vehicle safety and curb some of the worst abuses in auto industry-sponsored dispute resolution programs.

We remain concerned about the possibility of auto industry-drafted amendments which have been proposed in the past, which would gut protection for California vehicle owners under the Song-Beverly Consumer Warranty Act, signed into law by then-Governor Ronald Reagan, and in effect since 1970.

CARS and other consumer groups that have worked on auto lemon issues in California oppose amendments that would grant the auto industry a special exemption from the Song-Beverly Consumer Warranty Act, or encourage further abuses in the industry-funded arbitration programs.



University of San Diego

Center for Public Interest Law

Robert C. Fellmeth, Director

March 12, 1998

Honorable Susan Davis, Chair
Assembly Committee on Consumer Protection,
Government Efficiency and Economic Development
State Capitol, Room 2013
Sacramento, California 95814

Re: Assembly Bill 1848 (Davis) SUPPORT

Dear Assemblywoman ^{Susan} Davis:

The Center for Public Interest Law (CPIL) supports your AB 1848, which would expand California's "Lemon Law" to include vehicles purchased for business purposes by individuals or companies which have no more than five vehicles registered in the state. This provision was included in a broader lemon law reform measure introduced last year: SB 289 (Calderon), which CPIL also supported.

The Tanner Consumer Protection Act, more commonly referred to as the "Lemon Law," has provided an important avenue for individual consumers to arbitrate conflicts or obtain replacement vehicles for inherently flawed vehicles for the past 15 years. Unfortunately, small business owners often find themselves in the same frustrating bind, with lemon vehicles purchased for business purposes. Yet under current law, they are unable to benefit from this important consumer protection.

AB 1848 corrects this inequity for small business owners who, similarly to individuals, likely have few resources to otherwise successfully resolve disputes over costly lemon vehicles. It is a tired but true cliché: small businesses drive California's economic engine, generating the lion's share of California's new jobs. CPIL looks forward to working with you this year to achieve this important consumer protection for small businesses.

Sincerely,

Kathryn Dresslar
Senior Policy Advocate

cc: Members of the Assembly Committee on Consumer Protection
Robert Herell, Consultant

CONSUMER ATTORNEYS OF CALIFORNIA

Rick Simons
President

Mark P. Robinson, Jr.
President-Elect

Donald C. Green
Chief Legislative Advocate

Nancy Drabble
Senior Legislative Counsel

Nancy Peverini
Legislative Counsel

Lea-Ann Tratten
Legal Counsel

March 11, 1998

The Honorable Susan Davis
State Capitol, Room 2013
Sacramento, Ca. 95814

Dear Assembly Member Davis:

Consumer Attorneys of California is pleased to support AB 1848, which is set to be heard before the Consumer Protection, Governmental Efficiency and Economic Development Committee on March 17, 1998.

This bill would give small business owners the protection of California's lemon law. Under the measure, a fleet of five vehicles or less would be covered by the lemon law. We believe that this is an important consumer protection that will help small businesses that are saddled with a lemon. We also support Senator Calderon's bill, SB 289, which contains a number of significant improvements in the lemon law.

If you have have any questions, please feel free to contact one of our legislative advocates in Sacramento.

Sincerely,



Rick Simons
President

Legislative Department

980 9th Street, Suite 200, Sacramento, CA 95814-2721 • (916) 442-6902 • FAX (916) 442-7734
info@caoc.org • <http://www.caoc.com>



MAR 9 1998

Donald J. O'Mara
19504 Green Mountain Drive
Santa Clarita, C.A. 91321
805-250-3336 - fax 805-250-3331

March 5,1998

Honorable George Runner
23920 Valencia Blvd, Suite 245
Santa Clarita , C.A., 91355

Dear Assemblyman Runner

I am writing you at the suggestion of Linda Johnson, a very competent employee , regarding " The Lemon Law".

Susan Davis, Assemblywoman , D San Diego, C.A. has proposed and introduced a Bill # AB-1848 as an update of the LEMON LAW.

No Lemon Law covers the Motor Home Industry and it's products. The only coverage is for the chassis, engine and assembly.

There is no coverage for the Motor Home in it's entirety. The appliances and T.V. are covered under Manufacturers Warrantee.

The fame-work, interior bed,seats,walls & floors, Drawers and Cabinets and drawers are not covered under the LEMON LAW.

My wife and I purchased a New 30 foot Fleetwood -Coronado-Motor Home in November 1994 and had nothing but problems, problems, ect,ect. See enclosed copies of letters regarding the Motor Home.

There is no QUALITY of Material nor Workmanship or so/called Pride for work completed.

Fleetwood has, over the past three years, have had most all of my complaints repaired and replaced. There are still additional problems that have to be repaired.

I had many times requested that Fleetwood replace this unit or preferably return all of the money plus wasted time that I had to spend in time and labor to bring the coach up to a semblance of a better than delivered Motor Home.

APR 09 1998 12:00 ASSEMBLYWOMAN SUSAN DAVIS 015 007 0010 PAGE 1

Please advise me if you can assist Assembly-woman Susan Davis regarding her bill AB-1848. An amendment to her bill to cover the entire Motor Home in the Lemon Law would assist all of purchasers of mobile homes and most of all compel the builders and sales outlets to sell a product that they could be proud of.

Thank you for your time and assistance,


Don O'Mara

C/C Assemblywoman Susan Davis

**GRANITE EXCAVATION & DEMOLITION INC.
117 CLEMENT STREET
SAN FRANCISCO
CA 94118**

**TEL: 415 752-5522
FAX: 415 221-9577**

March 11, 1998

Assemblywoman Susan A. Davis
Chair, Assembly Committee on Consumer Protection,
Governmental Efficiency, and Economic Development
State Capitol, Room 2013
Sacramento, CA 95814

Dear Assemblywoman Davis:

RE: AB 1848 (Davis) Support – Small Business Coverage in Lemon Law.

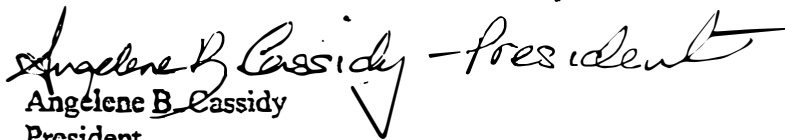
I am pleased to support your AB 1848, which would expand California's lemon law to include small businesses.

As a small business owner, I believe I am entitled to the same quality of vehicle as any other California consumer. Yet under our current lemon law I am excluded, even if I own a vehicle which is clearly a lemon.

This exclusion of small businesses is unfair. I am glad that you are seeking to correct this injustice with AB 1848. Things are tough enough already for small businesses like mine.

Please give California businesses and consumers more protection from lemons by supporting AB 1848.

Sincerely,


Angelene B. Cassidy
President
Granite Excavation & Demolition Inc.

Robert T. Monagan
Counselor
David G. Ackerman
DGA Associates
Paul P. Gladfelty
Gladfelty Government Relations
Jamie Khan
Governmental Relations/Consulting



U.S. Bank Plaza
980 9th Street, Suite 1580
Sacramento, California
95814
T. (916) 444-3116
F. (916) 444-7841

March 13, 1998

The Honorable Susan Davis, Chair
Assembly Consumer Protection, Governmental
Efficiency and Economic Development Committee
State Capitol, Room 2013
Sacramento, CA 95814

Dear Assemblywoman ^{Susan} Davis:

On behalf of our client, Nissan North America, this letter is to express our concerns on your bill, AB 1848, which would extend coverage of the state "lemon law" to vehicles used for business purposes by a person who has no more than five vehicles registered in California.

Nissan, which is a California-based corporation, has participated in an active dialogue over the last six years on lemon law reform. Nissan has consistently supported balanced revision to the lemon law which would benefit California consumers--and which would limit the unreasonable and exorbitant litigation costs associated with the lemon law in this state.

In that regard, Nissan remains opposed to expanding the lemon law to commercial fleet vehicles. The intent of the original California lemon law was to protect and assist consumers, not businesses who have the means, ability, and resources to resolve their auto warranty differences for commercial purchases. In addition, lemon law coverage of the business use of vehicles in a fleet of any size is objectionable, because it is Nissan's view that such vehicles are not given the same care as vehicles belonging to consumers in general.

However, Nissan would not object to a bill which expands lemon law coverage for the business use of personal vehicles used by individuals in the normal course of their own business. There are ways to draft your measure that expand the existing law to the small business owner using his or her vehicle for business use, without unnecessarily expanding the definition into areas the lemon law was never intended nor should cover. We would be pleased to work with your staff or discuss this matter with you further at your earliest convenience.

Sincerely,


Paul P. Gladfelty

cc: Members of the Assembly Consumer Protection, Governmental
Efficiency and Economic Development Committee

February 13, 1998

Kia Corporate Office
PO Box 52410
Irvine, CA 92619-2410

Dear Sirs:

Attached is a table that summarizes the preventative and corrective maintenance of my 1995 Kia Sephia. I have accumulated as much documentation as possible to substantiate that this vehicle has been in the dealership for repairs numerous times for the same issues. I may have been lax in my record keeping (documentation of dealership visits) as I was optimistic that each issue would be the last issue and all would be resolved at the dealership.

Please review these documents. Note the brakes were recently replaced. Statistics show that the brakes pads should not be 5% operable after only 17000 miles, less likely that the rotors will warp. In addition the calipers are a warranty item, yet the dealership quoted me \$175.00 each. Gary (dealership service rep) changed his opinion of the condition of the calipers and at one point they needed to be replaced and at another time are "probably" not in need of replacement. The Kia customer representative says caliper issues are warranty items and the dealership quoted \$175.00 each, a bill for me to cover, no warranty. I did get conflicting stories. The seat belt on the driver's side was broken. I was without my car for 20 days for this repair. This alarms me considering all the time the car has been in for repairs.

After discussion with Jack about the brake problem, customer services Kia, he suggested I pursue the lemon law. He did not know the specifics for California law and suggested this as an option (I appreciate his honesty and help). Take into consideration that the O2 sensor has been a problem. This is an expensive part and if defective may cause the vehicle to fail smog requirements in the state of California.

The Air Flow meter has been replaced and also is related to the emission systems. Take into consideration how much time this vehicle has been at the dealership for repairs in general. Any and all of this should qualify this vehicle for the lemon law.

My credit union check for payoff was refused and dealership financing placed on the vehicle within days of purchase. This took a day off of work to get the credit union to reissue a check, contact Downey Financing about accruing finance charges, and cancel financing with Downey Financing. The dealership did not inform of the financing, the credit union called to ask why we canceled the loan.

My daughter went into the dealership when I was on my vacation (8/96 the vehicle was not operating properly and there was no KIA authorized technician able to repair it) and asked for their help with the car, she was rudely asked "what they should do about it?" and the manager asked her to leave the office. I called the customer service and reported the incident so you may find some records of this. The dealership and KIA did call me at the hotel, told me to drive the car with the check engine light and get as close to home as I could.

I purchased the vehicle under duress, harassment, and mistreatment. The representative from your consumer line was kind enough to listen and recommended I pursue legal action at that time (check your records you may find my reply). I just want a dependable vehicle that will not require corrective maintenance. The dealership assured me that I had 36000 miles or three years on parts and labor, yet now, 17000 miles later the service representative is introducing me to a salesman advising me to sell the KIA. I am concerned by the lack of confidence that the dealership has in the workmanship of the vehicle, the O2 sensor, the emission system, the brakes, inconsistent treatment at the dealership, and an undependable and faulty vehicle.

Please call me at 916-781-1261 California time 8-4:30 and 916-624-1520 in the evening. I look forward to

hearing from you and hope you can resolve this problem. Please consider this letter as my request to qualify this car for the lemon law.

I have found that the personnel that answer your 800 number (I have used it numerous times) are friendly, helpful, compassionate, and more than willing to direct me to resolve the issues.

Thank you for your prompt attention to this matter, I look forward to hearing from you and a resolution to my problems within 15 days.

Sincerely,

Victoria and Jandra Kidder
2651 Sunset #405
Rocklin, CA 95677
1995 KIA Sephia VIN#KNAFA1258S5234167

cc:
Better Business Bureau
4200 Wilson Blvd. #800
Arlington, VA 22003
INFORMATIONAL

Assembly Chair for Consumer Protection
Kerry Mazzone
State Capitol Room 3123
Sacramento, CA 95814

Delsack & Associates
Attorneys at Law
3334 E. Coast Highway
Corona del Mar, CA 92625

1995 KIA SEPHIA VIN#KNAFA1258S5234167
VICTORIA AND JANDRA KIDDER

DATE	DESCRIPTION	Approx days in shop	Mileage	TAG#
6/6-6/17 96	ENGINE WILL NOT CRANK/START BATTERY RECHARGED ENGINE LIGHT ON HORN UNOP		144	3452
7/10/96	MY CREDIT UNION CHECK FOR CAR PAYOFF RETURNED TO CREDIT UNION BECAUSE DEALERSHIP OBTAINED AND PLACED DOWNEY FINANCING CAR. ONE DAY TO GET ANOTHER CREDIT CHECK AND CANCEL THEIR FINANCING.			
7/10/96	REQUESTED OWNERS MANUAL - NOT REC'D UNTIL 8/7/96 RADIO NOT WORKING		NEW	
	WHY WAS MILEAGE LISTED AS 1-691? ABOVE SAYS MILEAGE 144		1-691	1604
7/19 - 8/15 96	DIMMER SWITCH PUSHED IN, REASSEMBLED SWITCH BRAKES SQUEAK, CLEANED AND ADJUSTED (THIS COULD INDICATE BAD PADS ROTORS CHECKED	3		1320
7/30/96	PAINT CHIPPED HOOD, NEED EXTRA KEYS, NEED OWNER MANUAL. RATTLE NOISE AT INSTRUMENT CLUSTER	1	1067	1731
8/15-8/19 96	WHEN IN DRIVE TRANS IS IN NEUTRAL STAIN ON DASHBOARD DENT IN TRUNK	4	1402	3886
9/3/96	STAIN ON DASHBOARD CHIPPED PAINT ON HOOD INSTRUMENT CLUSTER RATTLE TACK			
8/30-9/4	DROVE 300 MILES IDLE LOW ENGINE CUTTING OUT	1	2000	
30-Aug	AUTHORIZED TECH UNABLE TO REPAIR SET UP IDLE			
30-Aug	CAR BEGAN TO STALL RETURNED TO TECH UNABLE TO REPAIR MAY BE COMPUTER			
8/30/96	CALL KIA 800 NUMBER SUGGEST I DRIVE CAR WITH I CALLED THE DEALERSHIP LONG DISTANCE, UNABLE TO OBTAIN ASSISTANCE, MY DAUGHTER WENT TO DEALERSHIP, THE MANAGER WAS RUDE AND ASKED HER AND HER FRIEND TO LEAVE THE SITE.			
	I CALLED THE DEALERSHIP AGAIN, THEY SAID TO CALL KIA 800 NUMBER, THEN HE ASKED ME TO PUT A GOOD WORD IN FOR HIM HE WOULD LIKE TO ASK MY DAUGHTER'S FRIEND OUT ON A DATE AFTER NUMEROUS LONG DISTANCE TELEPHONE CALLS BACK AND FORTH, KIA 800 SAID JUST DRIVE AS FAR AS YOU CAN THIS WAS A VACATION, ONLY MY MOTHER AND I DRIVING IN SOME CASES THROUGH MOUNTAIN PASSES, ETC.			
9/3/96	CHECK ENGINE LIGHT ON CONTINUALLY 300 MILES BACK TO ROSEVILLE, CA			
9/4/96	IDLE LOW ENGINE STALLS-REPLACE O2 SENSOR ORDER PART FOR TACH	2	2509	1195
9/17-9/30 96	ATTEMPTED TO REMOVED STAIN MID DASH REMOVE DENT IN TRUNK	1	2734	1508
	TACH NOISE, ENGINE IDLES AND STALLS SENSOR OXY.			
9/4-9/23 96	REPLACED TACH ASSY, REPLACED O2 SENSOR OTHER PROCEDURES FOR ENGINE SECTION	3		1508
9/23/96	BATTERY DEAD, TOWED TO DEALERSHIP, INSTALLED	1	2829	1572

	NEW BATTERY TRY TO REMOVE BLEMISH ON DASH/NOT DONE INSTALL LIC PLATES			
Sep-96	RADIO NOT WORKING CALLED KIA FOR NUMBER	1		
11/4/96	IDLE ROUGH, JERKS AT STOP SIGNS TACK NEEDLE STILL MAKES NOISE BRAKES DO NOT SEEM TO STOP CAR OIL AND LUB			
11/6/96	INSTALLED AIR FLOW METER OIL & LUBE	4	4565	5416
11/6-11/24	IDLES ROUGH, RESET COMPUTER CLEAR FAULT			
	TACH JUMPS AND MAKES NOISE, BREAKS SOFT ROARING NOISE FROM ENGINE ON ACCELERATION	2	5579	5074
12/17- 1/30 97	NOISE ON ACCELERATION			
4/1 - 4/2	OIL AND LUBE		9322	4166
11/25/97	OIL AND LUBE CHECK ENGINE LIGHT ON INPUT TURBINE SPEED SENSOR DOME LIGHT NOT WORKING COOLANT VERY LOW. DRIVE DOOR SQUEAKS LUBED	1	16095	2102
12/18 - 12/23	INSTALLED GEAR SENSOR CHECK ENGINE LIGHT IS ON, REPLACED SPEED SENSOR INSTALLED GEAR SENSOR AND INPUT TURBINE	3	16501	4176
2/12 - 3/4 98	BRAKES SOFT SEAT BELT NOT HOOKING DOME LIGHT NOT WORKING	20	17588	2240
2/13/98	GARY CALLED AND REPORTED THAT THE BRAKE PADS HAD ONLY 5% LEFT AND THE ROTORS WERE WARPED THE COST FOR REPAIR \$350.00 GARY REPORTED THAT 10% DISCOUNT COULD BE GIVEN, THEN CHANGED IT TO 15%, HE INDICATED THAT CALIPERS MAY BE NEEDED AT A COST OF \$175 EACH. I CALLED THE KIA 800 NUMBER, THEY TOLD ME GARY WOULD CALL REGIONAL REP I REPORTED THE INCIDENT TO A DEALERSHIP MANAGER JESSE, HE SAID HE WOULD CALL BACK SEAT BELT NOT HOOKING PARTS HAD BE ORDERED GARY INFORMED ME THAT THE DEALERSHIP NO LONGER SOLD KIAs. HE REFERRED TO ME TO A SALESMAN AND SUGGESTED I GET RID OF OR TRADE IN THE KIA.			
2/16/98	I CALLED THE 800 NUMBER AGAIN, THEY PUT ME ON HOLD, GOT BACK ON THE LINE AND INFORMED ME THAT GARY SAID THE REGIONAL REP WOULD BE AT THE DEALERSHIP 2/16/98 TO DISCUSS PROBLEM. I CALLED GARY LATE IN THE DAY AND SAID HE DID NOT HAVE A RESOLUTION.			
2/17/98	I CALLED GARY LATER IN THE AFTERNOON, HE INFORMED ME THAT THE DEALERSHIP WOULD PAY FOR THE ROTORS AND I WOULD HAVE TO PAY FOR THE BRAKE PADS AND LABOR. MY COST \$225.00 DEALERSHIP TO PAY \$125.00. I ASKED GARY ABOUT THE REPLACEMENT OF THE CALIPERS, AT THIS POINT HE SAID THEY WERE PROBABLY OKAY AND DID NOT NEED REPLACEMENT. I DID NOT AUTHORIZE			

REPAIR.

GARY GAVE ME THE TELEPHONE FOR THE AREA REP 714-678-9280 WHICH IS NOT A WORKING NUMBER I CALLED KIA 800 NUMBER AND TALKED WITH JACK. HE SAID THE ROTORS AND CALIPERS SHOULD BE UNDER WARRANTY. HE WOULD RELAY MY ISSUES TO HIS SUPERVISOR AND I WOULD HEAR FROM THEM IN THREE DAYS.

HE SUGGESTED I SEND A REGISTERED LETTER TO THE CORPORATE OFFICE AND APPLY FOR LEMON LAW. JACK GAVE ME THE ADDRESS OF ANOTHER DEALERSHIP AND SUGGESTED I TAKE THE CAR THERE BILL, REGIONAL REP CALLED, LISTENED TO PROBLEM RELAYED THIS WAS NOT UNUSUAL BRAKES COULD GO OUT AT 8000 MILES. HE WOULD HAVE MANAGER SCOTT CALL ME SCOTT DEALERSHIP SERVICE MANAGER CALLED EXPLAINED THE MECHANICAL WORKINGS OF BRAKES IT WAS NORMAL WEAR AND I SHOULD PAY \$225.00 SCOTT SAID MORE ONCE THAT I WAS CONSUMED WITH THIS PROBLEM

HE INFORMED THAT THE ROTORS WOULD BE A WARRANTY ITEM I HAD TO PAY FOR THE BRAKES. HE ASKED ME WHAT I WAS GOING TO DO AND I SAID LEAVE THE CAR THERE UNTIL I CONTACTED KIA 800#. HE SAID THIS COULD BE AN ABANDONED CAR. I ASKED HIM HOW LONG I HAD BEFORE HE STARTED PROCEEDING FOR AN ABANDONED CAR, HE STATED 2/23/98 A 2PM. THE WRONG PART WAS RECEIVED FOR THE SEAT BELT SO IT IS UNSAFE TO DRIVE. WE DISCUSSED THE LEMON LAW AND HE ASKED IF I WAS GOING TO PURSUE IT, I TOLD I WAS RELUCTANT TO TAKE THE CAR OUT THE DEALERSHIP IN ITS CURRENT CONDITION AND DID NOT WANT TO PAY ANY FEES (\$34.00 FOR BRAKE INSPECTION) I ALSO RELATED MY CONCERN THAT IF I PAID FOR THE BRAKE WORK THE CALIPERS WOULD HAVE TO BE REPLACED SOON, HE INDICATED THAT WAS PREVENTATIVE MAINTENANCE.

2/20/98 PART NOT RECEIVED

2/23/98 CALLED RON AT THE FULTON AVENUE KIA DEALERSHIP IN SACRAMENTO. EXPLAINED THE PROBLEM TO HIM. HE SAID HE WOULD REPLACE THE ROTORS AND I WOULD HAVE PAY \$152.00 FOR THE BRAKES. HE SAID HE WOULD REVIEW THE CAR'S REPAIR HISTORY AND ADVISE COURSE OF ACTION. WE AGREED THAT I WOULD CALL HIM AFTER THE SEAT BELT HAD BEEN REPLACED AND SET UP A TIME FOR HIM TO REPAIR THE BRAKES.

2/24/98 I CALLED SCOTT HE INFORMED ME THAT BILL (KIA REP) WAS IN TOWN AND THAT THE CALIPERS AND ROTORS WOULD BE REPLACED/REPAIRED AS

2/19/98

	NECESSARY AND I WOULD RESPONSIBLE FOR THE BRAKE PADS ONLY \$52.00. THE DEALERSHIP WILL CALL WHEN PARTS HAVE ARRIVED AND THE CAR IS REPAIRED.			
AFTERNOON	<p>CALLED RON AT THE FULTON AVENUE KIA HE ADVISED ME THAT HE HAD TALKED TO BILL (KIA REP) I ASKED HIS ADVISE REGARDING THE BRAKE REPAIR AT ROSEVILLE. I ALSO ASKED IF I COULD HAVE THE REPLACED PARTS. HE SUGGESTED THAT I HAVE THEM REPLACE/REPAIR THE BRAKES. HE INFORMED ME THAT SINCE THIS WAS WARRANTY ITEM I WAS NOT ENTITLED TO THE USED PARTS. I ASKED HIM IF I COULD HAVE THE BRAKE PADS, HE INDICATED THAT I SHOULD ASK THE DEALERSHIP.</p> <p>3/2/98 Called dealership for status of repair they will call me back</p> <p>3/3/98 Message on voice mail that car is repaired message date 3/3/98 5:45 car is ready</p> <p>3/4/98 Called Gary he said car was ready</p> <p>10:00am Went to dealership to pick up car paperwork not ready</p> <p>10:45am Returned to dealership to pick up paperwork not ready</p> <p>1:15pm Returned to dealership to pick up paperwork ready Paid for brake pads. asked for replaced parts, not available, request for parts must have been denied</p> <p>1:30pm Called dealership rubber from windshield wrapped around blade. Gary could not understand why that was not corrected while the car was being repaired. Suggested I call the parts department.</p> <p>3/5/98 Replaced wipers through auto repair.</p> <p>3/9/98 Letter to manufacturer, Better Business Bureau,</p> <p>2/12 - 3/4 CALIPERS STICKING, OTHER PROCEDURES FOR REAR BRAKE SECTION, REPLACED CALIPERS/PADS/ROTTERS. REPLACED SEAT BELT DRIVER SIDE. REPLACED DOOR LITE SWITCH.</p> <p>3/5/98 Engine still idles rough at stop signs.</p>		17590	2240

Please list

HEALTHPRO FEDERAL CREDIT UNION
5417 MADISON AVENUE
SACRAMENTO, CA 95841

as lienholder on DVM
documents.

Wes Corp. San Dimas, CA	90-9086 3222	No. 9005600
DATE	JULY 16, 1995	
	\$ 9,093.04	
DOLLARS AND 04 CENTS *****		
(KIDDER) KNAFA125863234167	MEMO # 90056000 Registrar # 052396	
VOID AFTER 90 DAYS		

!808671: 7556 20000 11"

ROSEVILLE MAZDA/SUBARU/KIA
100 Automall Dr.
Roseville, Ca 95661

*Paid By Downey
Financia 7/10/96*

AKirsh

Roseville B M W
 901 Riverside Avenue
 Roseville, CA 95678



TO VICTORIA KIDDER
 STREET 2651 SUNSET BLVD
 CITY ROCKLIN ST. CA ZIP 95677

SPECIAL PARTS ORDER ARRIVAL NOTICE

Dear Customer: The parts we ordered for you arrived in our parts department today. Please arrange to pick them up or call our service department and arrange for an appointment to have them installed as soon as possible. If we do not hear from you within 14 days the parts will automatically be returned or sold on a first-come basis.

NOTE: PLEASE BRING THIS CARD WITH YOU WHEN YOU CALL FOR PARTS. THANK YOU.

DATE 7-30-76 RO # 86000 Phone No. 624-1520
 Ordered By JB Paid Invoice # _____

YEAR	MAKE	MODEL	SERIAL NUMBER	TRIM NUMBER
<u>75</u>	<u>KIA</u>	<u>SEPHIA</u>	<u>KNAFA125855234167</u>	
QTY.	PART NUMBER	DESCRIPTION	REC'D	
<u>1</u>	<u>US450-PS-013</u>	<u>OWNERS MANUAL</u>		
		<u>PROD 6/71</u>		

Parts Received Date 7-7-76 Pack. Slip # _____



INVOICE

ROSEVILLE
BMW-SUBARU-KIA

901 RIVERSIDE AVE. ROSEVILLE, CA 95678
TEL: (916) 782-9434

PAGE 1

HOME: BUS:

SERVICE ADVISOR: 206 DON SONNENBURG

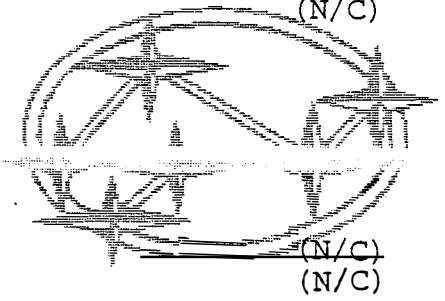
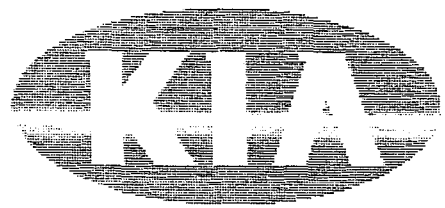
COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG	
	95	KIA SEDAN	KMARA125865224167		144/144	T3452	
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 15JUN96		62.00	CASH	17JUN96

R.O. OPENED	READY	OPTIONS:
09:23 06JUN96	08:26 17JUN96	STK:3452 DLR:56713

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A ENGINE WILL NOT CRANK/START CAUSE: X							
				18B30001 BATTERY R AND R			(N/C)
				107 WK 0.20			(N/C)
				1 UK21A-18-520 BATTERY, 56R			
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							

B CHECK ENGINE LIGHT COMES ON
CAUSE: X

67B30X BATTERY WORK TIME							(N/C)
107 WK 0.20							(N/C)
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							
C** HORN INOP							
CAUSE: X							
67D35007A HORN							(N/C)
107 WK 0.30							(N/C)
1 0K203-66-790A HORN-ELECL TONE							
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							



EST: 0.00 06JUN96 09:23 SA: 206



NOTICE TO CONSUMER:
I acknowledge notice and oral approval of an increase in the original estimate price.

ORIGINAL ESTIMATE \$ _____ AUTHORIZED REVISED ESTIMATE \$ _____

CUSTOMER ACKNOWLEDGES RECEIPT OF A COPY HEREOF
X

DESCRIPTION	TOTALS
LABOR AMOUNT	
PARTS AMOUNT	
GAS, OIL, LUBE	
SUBLET AMOUNT	
MISC. CHARGES	
TOTAL CHARGES	
ADJUSTMENTS	
SALES TAX	
PLEASE PAY THIS AMOUNT	

INVOICE

VICTORIA KILDER
 2651 SUNSET BLVD #405
 ROCKLIN CA 95677
 ECME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 206 DON SONNENBURG

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG	
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		307/307	T1604	
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		WAIT		62.00	CASH	10JUL96
R.O. OPENED	READY	OPTIONS:					
		STK:3452 DLR:56713					

14:15 10JUL96	15:38 10JUL96						
LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A							
RADIO SHOWS HOLD/CODE; PROVIDE CODE NUMBER							
65 PROVIDED CODE 1507							
1046 IK 0.50 (N/C)							
EST: 0.00 10JUL96 14:15 SA: 206							

THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU FOR YOUR SERVICE NEEDS..... WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER -CHRIS HEARTY, & HE WILL ATTEND TO YOUR CONCERNS IMMEDIATELY.....HAVE A NICE DAY..... EPA ID # CAR000012179

ON BEHALF OF SERVING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR 1 YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE

STATEMENT OF DISCLAIMER

The factory warranty constitutes all of the warranties with respect to the sale of this item/items. The Seller hereby expressly disclaims all warranties, either express or implied, including any implied warranty of merchantability or fitness for a particular purpose. Seller neither assumes nor authorizes any other person to assume for him any liability in connection with the sale of this item/items.

DESCRIPTION	TOTALS
LABOR AMOUNT	0.00
PARTS AMOUNT	0.00
GAS OIL TUBE	0.00
SUBLET AMOUNT	0.00
MISC CHARGES	0.00
TOTAL CHARGES	0.00
LESS INSURANCE	0.00
SALES TAX	0.00
PLEASE PAY THIS AMOUNT	0.00

SIGNED _____ DEALER GENERAL MANAGER OR AUTHORIZED PERSON (DATE)

CUSTOMER SIGNATURE

CUSTOMER SIGNED TAKE

100310

85492



INVOICE

ROSEVILLE
BMW-SUBARU-KIA
"THE ULTIMATE DEALERSHIP"

901 RIVERSIDE AVE., ROSEVILLE, CA. 95678
TEL.(916) 782-9434 SACRAMENTO (916) 969-9434
BAR # AL-066439

VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 200 DENNIS BYD

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG	
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		1/691	T1320	
DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 19JUL96		62.00	CASH	15AUG96
R.O. OPENED		READY		OPTIONS: STK:3452 DLR:56713			
11:16 19JUL96		14:34 15AUG96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A	CUST.	STATES	DIMMER	SWITCH	SEEMS TO BE PUSHED IN	PLEASE CK OUT AND ADVISE.	

CAUSE: FOUND SWITCH PUSHED IN
66D17004 DIMMER SWITCH
229 WK 0.30
FC: PART#: COUNT:
CLAIM TYPE:
AUTH CODE:

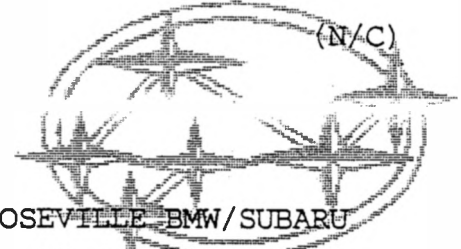
(N/C)

REASSEMBLED SWITCH AND OK AT THIS TIME
B CUST. STATES BRAKES SQUEEK PLEASE CK OUT AND ADVISE.
CAUSE: CLEANED PADS AND ROTORS WITH BRAKE CLEANER
26C03X OTHER PROCEDURES FOR REAR BRAKE SECTION

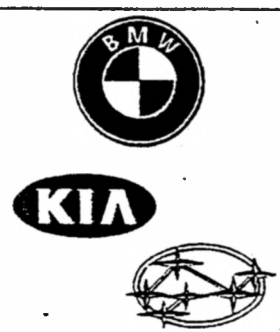
1046 WK 0.30
FC: PART#: COUNT:
CLAIM TYPE:
AUTH CODE:

(N/C)

CLEANED AND ADJUSTED BRAKES



THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU
FOR YOUR SERVICE NEEDS.....
WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR
WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER
-CHRIS HEARTY, & HE WILL ATTEND TO YOUR CON-
CERNS IMMEDIATELY.....HAVE A NICE DAY.....
EPA ID # CAR000012179



NOTICE TO CONSUMER:
I acknowledge notice and oral approval of an increase
in the original estimate price.

ORIGINAL ESTIMATE \$ _____ AUTHORIZED REVISED ESTIMATE \$ _____
CUSTOMER ACKNOWLEDGES RECEIPT OF A COPY HEREOF

X

DESCRIPTION	TOTALS
LABOR AMOUNT	0.00
PARTS AMOUNT	0.00
GAS, OIL, LUBE	0.00
SUBLET AMOUNT	0.00
MISC. CHARGES	0.00
TOTAL CHARGES	0.00
ADJUSTMENTS	0.00
SALES TAX	0.00
PLEASE PAY THIS AMOUNT	0.00

INVOICE

VICTORIA KEDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

SERVICE ADVISOR: 200 DENNIS BYRD

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG	
R/D	95	KTA SFDHTA CS	KNAFA1258S5234167		691/691	11220	
DEL DATE	PROD DATE	WARR EXP	PROMISED	PO NO	RATE	PAYMENT	INV DATE
14 NOV 95	21 JUN 95		17:00-19 JUL 96		62.00	CASH	19 JUL 96
R/O OPENED	READY	OPTIONS: STK:3452 DLR:56713					
11:16 19 JUL 96	15:34 19 JUL 96						

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A	CUST	STATES DIMMER SWITCH SEEMS TO BE PUSHED IN PLEASE CK OUT AND ADVISE.					
		CAUSE: FOUND SWITCH PUSHED IN					
		51 COMPLETED					
		229 WK 0.30					(N/C)
		FC: PART#: COUNT:					
		CLAIM TYPE:					
		AUTH CODE:					

		REASSEMBLED SWITCH AND OK AT THIS TIME					
		B CUST. STATES BRAKES SQUEEK PLEASE CK OUT AND ADVISE.					
		CAUSE: COULD NOT DUPLICATE					
		34 COMPLETED					
		1046 WK 0.30					(N/C)
		FC: PART#: COUNT:					
		CLAIM TYPE:					
		AUTH CODE:					

CLEANED AND ADJUSTED BRAKES

THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU FOR YOUR SERVICE NEEDS..... WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER -CHRIS HEARTY, & HE WILL ATTEND TO YOUR CONCERNS IMMEDIATELY.....HAVE A NICE DAY..... EPA ID # CAR000012179

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.	STATEMENT OF DISCLAIMER The factory warranty constitutes all of the warranties with respect to the sale of this item/items. The Seller hereby expressly disclaims all warranties either express or implied, including any implied warranty of merchantability or fitness for a particular purpose. Seller neither assumes nor authorizes any other person to assume for it any liability in connection with the sale of this item/items.	DESCRIPTION	TOTALS
		LABOR AMOUNT	0.00
		PARTS AMOUNT	0.00
		GAS, OIL, LUBE	0.00
		SUBLET AMOUNT	0.00
		MISC. CHARGES	0.00
		TOTAL CHARGES	0.00
	LESS INSURANCE	0.00	
	SALES TAX	0.00	
(SIGNED) DEALER, GENERAL MANAGER OR AUTHORIZED PERSON (DATE)	CUSTOMER SIGNATURE	PLEASE PAY THIS AMOUNT	0.00

INVOICE

VICTORIA KIDDER
651 SUNSET BLVD #405
ROCKLIN CA 95677
PHONE: 916-624-1520 BUS: 916-786-8787

SERVICE ADVISOR: 206 DON SONNENBURG

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG	
	95	KIA SEPHIA GS	KNAFA1258S5234167		1067/1067	T1731	
DEL DATE	FRUC. DATE	WARR. EXP.	PROMISED	PO NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 30JUL96		62.00	CASH	30JUL96
R.O. OPENED		READY	OPTIONS: STK:3452 DLR:56713				
10:22 30JUL96		16:51 30JUL96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A							
CUST. STATES PAINT CHIP PLEASE CK OUT AND ADVISE							
	00			COMPLETED AS PER SUBLET			
	99	IK		0.00			(N/C)
SUBL PO#34196 ADVANCED TOUCH UP							
		IK					(N/C)
B							
SALES DEPT TO PICK UP CAR FROM CUSTOMER							
	00			SALES DEPT TO PICK UP CAR FROM CUSTOMER			
	99	CS			0.00		0.00
C							
PROVIDE EXTRA KEYS AS PER DUE BILL							
	SOP			*SPECIAL ORDERED A PART REQUIRED FOR REPAIR, WILL NOTIFY UPON ARRIVAL OF PART			
	99	CK			0.00		0.00
D							
PROVIDE OWNER MANUAL AS PER DUE BILL							
	SOP			*SPECIAL ORDERED A PART REQUIRED FOR REPAIR, WILL NOTIFY UPON ARRIVAL OF PART			
	99	CK			0.00		0.00
E							
FILL FUEL TANK AS PER DUE BILL							
	00			COMPLETED BY SALES DEPT			
	99	IK		0.00			(N/C)
F							
CST RPTS RATTLE NOISE AT INSTRUMENT CLUSTER							
	51			INSTALLED INSULATION AS PER TECH DESCRIPTION			
	107	WK		0.38			(N/C)
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							

EST: 200.00 30JUL96 10:22 SA: 206

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.

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DESCRIPTION	TOTALS
LABOR AMOUNT	
PARTS AMOUNT	
GAS, OIL, LUBE	
SUBLET AMOUNT	
MISC. CHARGES	
TOTAL CHARGES	
LESS INSURANCE	
SALES TAX	
PLEASE PAY THIS AMOUNT	

(SIGNED) DEALER, GENERAL MANAGER OR AUTHORIZED PERSON (DATE)

CUSTOMER SIGNATURE

INVOICE

VICTORIA KIDDER
2551 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 260 LES BROWN

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG	
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		1402/1402	T3886	
DE: DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 15AUG96		62.00	CASH	19AUG96
R.O. OPENED		READY	OPTIONS: STK:3452 DLR:56713				
07:45 15AUG96		12:57 19AUG96					

LINE OPCODE TECH TYPE HOURS LIST NET TOTAL
 A CUST. STATES WHEN PUT INTO DRIVE AT TIMES TRANS IS IN NERTURL STATE.
 AT START UP AND TAKE OFF

CAUSE: E
 24 NO PROBLEM FOUND.
 99 WK 0.00 (N/C)
 FC: PART#: COUNT:
 CLAIM TYPE:
 AUTH CODE:

B CUST. STATES SHINNY SPOT ON DASH
 00 CLEANED DASH
 99 WM 0.00 (N/C)
 FC: PART#: COUNT:
 CLAIM TYPE:
 AUTH CODE:

C CUST. STATES INDENT ON REAR TRUNK LID CENTER
 00 *MAINTENANCE & RELATED REPAIRS
 99 WM 0.00 (N/C)
 FC: PART#: COUNT:
 CLAIM TYPE:
 AUTH CODE:

THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU
 FOR YOUR SERVICE NEEDS.
 WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR
 WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER
 -CHRIS HEARTY, & HE WILL ATTEND TO YOUR CON-
 CERNS IMMEDIATELY. HAVE A NICE DAY.
 EPA ID # CAR000012179

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DESCRIPTION	TOTALS
LABOR AMOUNT	0.00
PARTS AMOUNT	0.00
GAS, OIL, LUBE	0.00
SUBLET AMOUNT	0.00
MISC. CHARGES	0.00
TOTAL CHARGES	0.00
LESS INSURANCE	0.00
SALES TAX	0.00
PLEASE PAY THIS AMOUNT	0.00

(SIGNED) DEALER, GENERAL MANAGER OR AUTHORIZED PERSON (DATE)

CUSTOMER SIGNATURE

September 3, 1996

PLEASE REPAIR THE FOLLOWING:

1. STAIN MID DASH STILL THERE, NOT COMPLETE
2. PAINT ON HOOD NEEDS TO BE TOUCHED UP
3. TACH DIAL (NEEDLE) STILL MAKES NOISE ESPECIALLY WHEN DRIVEN AT HIGHER SPEEDS, NOT COMPLETE
4. NOISE OR RATTLE CASING OF TACK, ODOMETER, FUEL, ETC., NOT COMPLETE
5. FIRST PART OF AUGUST ROSEVILLE DEALERSHIP CHECKED CAR, WOULD NOT OPERATE IN DRIVE. TRANSMISSION CHECKED, NO PROBLEM FOUND.

8/30 DROVE 300 MILES, ARRIVED IN EUREKA, IDLE LOW, ENGINE CUTTING OUT AT STOP SIGNS (MILEAGE APPROX 1950)

TECHNICIAN IN EUREKA SET UP IDLE, DETERMINED COMPUTER WAS FAILING AND CAR NEEDED TO BE PUT ON DIAGNOSTIC MACHINE, DUE TO HOLIDAY WEEK END HE WAS UNABLE TO DO SO.

8/30 AFTERNOON TOOK CAR BACK, CAR WOULD NOT OPERATE IN DRIVE, ENGINE STOPPING WHILE CAR IS GOING 35 MPH+, HE SAID HE COULD ONLY PUT BAND-AID ON CAR, NEEDS TO GO TO DEALERSHIP (CLOSEST WAS UKIAH, NOT OPEN UNTIL TUESDAY), CALLED KIA 800 NUMBER, WAS ADVISED BY CARL TO DRIVE CAR, CALL TOWING IF NECESSARY.

8/31-9/1 IDLE ROUGH, CHECK ENGINE LIGHT ON INTERMITTENT

9/2 DROVE CAR HOME FROM EUREKA, IDLE ROUGH, CHECK ENGINE LIGHT ON CONTINUOUSLY - 60 MILES FROM EUREKA

9/3 DEALERSHIP IN ROSEVILLE TO REPAIR CAR ON 9/4 (MILEAGE APPROX 2500)

6. SMALL DENT MID TRUNK NOT REPAIRED

100310

87685

ROSEVILLE BMW

110 Automall Drive

Roseville, CA

(916) 782-9434

INVOICE

PAGE 1

VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

SERVICE ADVISOR: 260 LES BROWN

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN / OUT	TAG	
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		2509/2509	T1195	
DEL. DATE	PROD. DATE	WARR. EXP.	PROMISED	PO. NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 04SEP96		62.00	CASH	23SEP96
R.O. OPENED		READY	OPTIONS: STK:3452 DLR:56713				
11:14 04SEP96		13:28 23SEP96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A	CUST.	STATES	ENGINE	IDLE	LOW	ENGINE	STALLING AT STOPS.
CAUSE: REPLACED O2 SENSOR							
	13B14007	O2	SENSOR				
		18	WK	0.40			(N/C)
	1	MBP03-18-861B	SENSOR-OXYGEN				(N/C)
	13B14X	OTHER	PROCEDURES	FOR	ENGINE	SECTION	
		18	WK	0.90			(N/C)
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							

B	CUST.	STATES	TACH	NEEDLE	MAKES	NOISE	ESPECIALLY	AT	HIGHTER	SPEEDS
SOP *SPECIAL ORDERED A PART REQUIRED FOR REPAIR,										
WILL NOTIFY UPON ARRIVAL OF PART										
		18	WK	0.00						(N/C)
FC: PART#: COUNT:										
CLAIM TYPE:										
AUTH CODE:										

part 2/16/22 12/c

THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU FOR YOUR SERVICE NEEDS. WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER -CHRIS HEARTY, & HE WILL ATTEND TO YOUR CONCERNS IMMEDIATELY. HAVE A NICE DAY. EPA ID # CAR000012179

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.	ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE	DESCRIPTION	TOTALS
	\$	\$	LABOR AMOUNT	0.00
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.	CUSTOMER INITIALS	X	PARTS AMOUNT	0.00
			GAS, OIL, LUBE	0.00
NOTICE TO CONSUMER: PLEASE READ IMPORTANT INFORMATION ON BACK. (I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.)	CUSTOMER SIGNATURE	▶	SUBLET AMOUNT	0.00
			MISC. CHARGES	0.00
			TOTAL CHARGES	0.00
			ADJUSTMENTS	0.00
			SALES TAX	0.00
			PLEASE PAY THIS AMOUNT	0.00

SERVICE FILE COPY

BAR # AL 066439

EPA # CAR 000012179

1648

8 8 2 5 2

ROSEVILLE BMW

110 Automall Drive

Roseville, CA

(916) 782-9434

INVOICE

BLVD #405

CA 95677

PAGE 1

916-624-1520 BUS: 916-786-8787

SERVICE ADVISOR: 260 LES BROWN

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN / OUT	TAG	
ED	95	KIA SEPHIA GS	KNAFA1258S5234167		2734/2734	T1508	
DEL. DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 17SEP96		62.00	CASH	30SEP96
R.O. OPENED	READY	OPTIONS: STK:3452 DLR:56713					
09:58 17SEP96	07:55 30SEP96						

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
00							
REMOVE STAIN MID DASH SEE LES							
00 *MAINTENANCE & RELATED REPAIRS							
18 PRYOR, RON LIC#: 18							
IK (N/C)							

REMOVE DENT IN TRUNK							
00 SUBLET							
99 IK (N/C)							
UBL PO#10109 ON THE SPOT DENT REPAIR							
IK (N/C)							

THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU
 FOR YOUR SERVICE NEEDS.....
 WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR
 WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER
 -CHRIS HEARTY, & HE WILL ATTEND TO YOUR CON-
 CERNS IMMEDIATELY..... HAVE A NICE DAY.....
 EPA ID # CAR000012179

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	\$	\$		
	I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.	CUSTOMER INITIALS	LABOR AMOUNT	0.00
		X	PARTS AMOUNT	0.00
	NOTICE TO CONSUMER: PLEASE READ IMPORTANT INFORMATION ON BACK. (I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.)		GAS, OIL, LUBE	0.00
	CUSTOMER SIGNATURE		SUBLET AMOUNT	0.00
			MISC. CHARGES	0.00
			TOTAL CHARGES	0.00
			ADJUSTMENTS	0.00
			SALES TAX	0.00
			PLEASE PAY THIS AMOUNT	0.00

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

ICTORIA KIDDER
651 SUNSET BLVD #405
OCKLIN CA 95677
CME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 260 LES BROWN

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
ED	95	KIA SEPHIA GS	KNAFA1258S5234167		2734/2734	T1508
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 17SEP96		62.00 CASH	17SEP96
R.O. OPENED		READY	OPTIONS: STK:3452 DLR:56713			
09:57 17SEP96	17:29 17SEP96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
CUST. STATES TACK. NEEDLE MAKES NOISE INSTALL SOP.							
61 REPLACED ASSY.							
				18 WK	0.00		(N/C)
				1 0K247-55-461	TACHOMETER ASSY		(N/C)
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							

CUST. STATES ENGINE IDLES LOW STALLS INSTALL SOP.							
61 REPLACED O 2 SENSOR							
				8 WK	0.00		(N/C)
				1 MBPD3-18-861A	SENSOR-OXYGEN		(N/C)
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							

THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU
 FOR YOUR SERVICE NEEDS.....
 WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR
 WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER
 -CHRIS HEARTY, & HE WILL ATTEND TO YOUR CON-
 CERNS IMMEDIATELY.....HAVE A NICE DAY.....
 EPA ID # CAR000012179

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	\$	\$	LABOR AMOUNT	0.00	
			PARTS AMOUNT	0.00	
	I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.		CUSTOMER INITIALS	GAS, OIL, LUBE	0.00
			X	SUBLET AMOUNT	0.00
	NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK. I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.			MISC. CHARGES	0.00
				TOTAL CHARGES	0.00
				ADJUSTMENTS	0.00
				SALES TAX	0.00
	CUSTOMER INITIALS			PLEASE PAY THIS AMOUNT	0.00

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 066439

ERA # CAR 000012179

SERVICE FILE COPY

8/15 car gone 3 days 8/14 9/4/96
8/4 car gone 3 days

September 17, 1996

1. stain on mid dash
not complete (Aug)
2. dent in mid trunk area
not complete (Aug)
3. tach not working correctly
not complete (9/4/96 waiting for parts)
4. O2 sensor needs replacing
not complete (9/4/96 waiting for parts)

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

VICTORIA KIDDER
2551 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 314 DAVID WHITE JR.

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		2829/2829	T1572
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 23SEP96		62.00 CASH	23SEP96
R.O. OPENED	READY	OPTIONS: STK:3452 DLR:56713				
10:56 23SEP96	15:49 23SEP96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A ADVISE ON NO START							
61	BATT DEAD	REPLACE	BATT AND RECK	OK			
		18	WK	0.50			(N/C)
	1	UK21A-18-520	BATTERY,	56R			(N/C)
FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							

BUBL PO#10134 ENTERPRISE RAC							
				WK			(N/C)

B CENTER OF DASH HAS BLEMISH TRY TO REPAIR							
51	CLEAN AND DRESS	DASH					
		99	WK	0.00			(N/C)

FC: PART#: COUNT:							
CLAIM TYPE:							
AUTH CODE:							

C INSTALL LIC PLATES FOR CUST							
51	INSTALL LIC PLATES					0.00	0.00
		18	CS				

THANK YOU FOR CHOOSING ROSEVILLE BMW/SUBARU FOR YOUR SERVICE NEEDS..... WE HOPE YOU ARE COMPLETELY SATISFIED WITH OUR WORK. IF NOT, PLEASE CALL OUR SERVICE MANAGER -CHRIS HEARTY, & HE WILL ATTEND TO YOUR CONCERNS IMMEDIATELY.....HAVE A NICE DAY..... EPA ID # CAR000012179

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	\$	\$	LABOR AMOUNT	0.00
			PARTS AMOUNT	0.00
			GAS, OIL, LUBE	0.00
			SUBLET AMOUNT	0.00
			MISC. CHARGES	0.00
			TOTAL CHARGE S	0.00
			ADJUSTMENTS	0.00
			SALES TAX	0.00
			PLEASE PAY THIS AMOUNT	0.00

I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.

NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.

I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.

CUSTOMER INITIALS

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 086439

EPA # CAR 000012179

SERVICE FILE COPY

November 4, 1996

THESE ITEMS HAVE NOT REPAIRED

1. Idle is very rough, at stop signs it jerks and dies, this is same problem that occurred one month ago
2. Tach needle still makes noise, does not measure correctly, new tack was installed one month ago
3. The brakes do not seem to stop car as quickly as might be anticipated, in 7/96 the dealership checked this same complaint and responded that there appeared to be no problem with the brakes at that time, please check the brakes again for safety and proper operation
3. please complete first oil and lube, see due bill, no charge (ATTACHED)
4. dealership unable to make repairs until 11/6 or 11/7

VICTORIA KEDDER
1651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

100 Automall Drive Roseville, CA 95661

(916) 786-6611

SERVICE ADVISOR: 339 GREG HENNINGS

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG
RED	95	KIA SEPHTA GS	KNFA1258S5234167		4565/4565	1B5416
DEE DATE	PROD DATE	WARR EXP	PROMISED	PO NO	PAYMENT	INV DATE
14 NOV 95	21 JUN 95		17:00-07 NOV 96		62.00	06 NOV 96
R.O. OPENED	READY	OPTIONS: STK 3452 DER 356713				
10:30 06 NOV 96	16:27 06 NOV 96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A CHANGE OIL & FILTER (KIA)							
KOF CHANGE OIL & FILTER (KIA)							
1046 HANSEN, SCOT LIC#: 1046							
IK (N/C)							
1 0B631-14-302 FILTER, OIL (N/C)							
1 K99564-1400 GASKET (N/C)							

LUBE OIL	IK	(N/C)
PARTS:	0.00	LABOR: 0.00 OTHER: 0.00 TOTAL LINE A: 0.00

EST: 24.95 06NOV96 10:32 SA: 339

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
 HERE AT ROSEVILLE B.M.W, MAZDA, SUBARU, KIA

IF YOU EXPERIENCED A PROBLEM WITH YOUR VISIT
 PLEASE CALL OUR SERVICE MANAGER
 GREG HENNINGS AT 782-9434 EXT 430
 THANK YOU AGAIN AND HAVE A NICE DAY



ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION	TOTALS
\$	\$	LABOR AMOUNT	0.00
		PARTS AMOUNT	0.00
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.		GAS, OIL, LUBE	0.00
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.		SUBLET AMOUNT	0.00
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.		MISC. CHARGES	0.00
CUSTOMER INITIALS		TOTAL CHARGES	0.00
		ADJUSTMENTS	0.00
		SALES TAX	0.00
		PLEASE PAY THIS AMOUNT	0.00

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 066439

ERA # CAR 000012179

CUSTOMER SIGNED TAKE

1654

90401



INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive Roseville, CA 95661

(916) 786-6611

VICTORIA KRIDER
2651 SUNSET BLVD #405
ROCKEEN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 339 GREGG HENNINGS

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG
RED	95	KIA SEPHTA GS	KNAPFA1258S5234167		4565/4565	T5416
DEL DATE	PROD DATE	WARR EXP	PROMISED	PO NO	PAYMENT	INV DATE
14NOV95	21JUN95		16:42 07NOV96		62.00	06NOV96
R.O OPENED	READY	OPTIONS: STK-3452 DLR-56713				
10:30 06NOV96	16:38 06NOV96					

LINE OPCODE TECH TYPE HOURS LST NET TOTAL

A CK IDLES VERY ROUGH AT TIMES AND ALMOST STALLS, INTERMITTANT, WORSE
COLD
CAUSE: INSTALLED GROUND WIRE TO AIR FLOW METER
51 INSTALLED GROUND WIRE IN HARNESS FOR AIR FLOW
METER ASSY, RESET COMPUTER CLEAR FAULT 1046
CODE
1046 HANSEN, SCOT LIC#: 1046
WK (N/C)
FC: PART#: COUNT:
CLAIM TYPE:
AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE A: 0.00

B CK TOCKING SOUND FROM TACH AND TACH JUMPS ALL AROUND AT STOPS, SEE
GREG H
51 *BODY EQUIPMENT & RELATED REPAIRS
1046 HANSEN, SCOT LIC#: 1046
WK (N/C)
FC: PART#: COUNT:
CLAIM TYPE:
AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE B: 0.00

C CK BRAKE OPERATION CUST STATES FEELS SOFT, MAY BE NORMAL,
CAUSE: OPERATING TO SPECS
51 OPERATING TO SPECS AT THIS TIME
1046 HANSEN, SCOT LIC#: 1046
WK (N/C)
FC: PART#: COUNT:
CLAIM TYPE:



ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION	TOTALS
\$	\$	LABOR AMOUNT	
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.		PARTS AMOUNT	
		GAS, OIL, LUBE	
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.		SUBLET AMOUNT	
		MISC. CHARGES	
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.		TOTAL CHARGES	
		ADJUSTMENTS	
CUSTOMER INITIALS		SALES TAX	
		PLEASE PAY THIS AMOUNT	

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE. BAR # AL 086439 ERA # CAR 000012175

CUSTOMER SIGNED TAKE

1655

100310

90401

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 2

SERVICE ADVISOR: 339 GREGG HENNINGS

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		4565/4565	T5416
DEL DATE	PROD DATE	WARR EXP	PROMISED	PO NO	PAYMENT	INV DATE
14NOV95	21JUN95		16:42 07NOV96		62.00 W	29NOV96
R.O. OPENED	READY	OPTIONS: STK:3452 DLR:56713				
10:30 06NOV96	16:12 29NOV96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
AUTH CODE:							

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE C: 0.00

EST. 0.00 06NOV96 10:30 SA: 339

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
HERE AT ROSEVILLE B.M.W, MAZDA, SUBARU, KIA

IF YOU EXPERIENCED A PROBLEM WITH YOUR VISIT
PLEASE CALL OUR SERVICE MANAGER
GREG HENNINGS AT 782-9434 EXT 430
THANK YOU AGAIN AND HAVE A NICE DAY

ON BEHALF OF SERVICING DEALER, I
HEREBY CERTIFY THAT THE INFORMATION
CONTAINED HEREON IS ACCURATE UNLESS
OTHERWISE SHOWN. SERVICES DESCRIBED
WERE PERFORMED AT NO CHARGE TO
OWNER. THERE WAS NO INDICATION FROM
THE APPEARANCE OF THE VEHICLE OR
OTHERWISE, THAT ANY PART REPAIRED
OR REPLACED UNDER THIS CLAIM HAD
BEEN CONNECTED IN ANY WAY WITH ANY
ACCIDENT, NEGLIGENCE OR MISUSE.
RECORDS SUPPORTING THIS CLAIM ARE
AVAILABLE FOR (1) YEAR FROM THE DATE
OF PAYMENT NOTIFICATION AT THE
SERVICING DEALER FOR INSPECTION BY
MANUFACTURER'S REPRESENTATIVE.

ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:
\$	\$
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.	CUSTOMER INITIALS X
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.	
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.	
CUSTOMER INITIALS	▶

DESCRIPTION	TOTALS
LABOR AMOUNT	0.00
PARTS AMOUNT	0.00
GAS, OIL, LUBE	0.00
SUBLET AMOUNT	0.00
MISC. CHARGES	0.00
TOTAL CHARGES	0.00
ADJUSTMENTS	0.00
SALES TAX	0.00
PLEASE PAY THIS AMOUNT	0.00

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 066439

ERA # CAR 000012179

SERVICE FILE COPY

1656

VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

PAGE 1

SERVICE ADVISOR: 339 GREGG HENNINGS

COLOR:	YEAR:	MAKE/MODEL:	VIN:	LICENSE:	MILEAGE IN/OUT:	TAG:
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		4565/4565	T5416
DEL. DATE:	PROD. DATE:	WARR. EXP.:	PROMISED:	PO. NO.:	PAYMENT:	INV. DATE:
14NOV95	21JUN95		16:42 07NOV96		62.00 W	29NOV96
R.O. OPENED:	READY:	OPTIONS: STK:3452 DLR:56713				
10:30 06NOV96	16:12 29NOV96					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A	CK	IDLES VERY ROUGH AT TIMES AND ALMOST STALLS, INTERMITTANT, WORSE COLD					

CAUSE: INSTALLED GROUND WIRE TO AIR FLOW METER
67D38X WIRE HARNESS WORK
1046 HANSEN, SCOT LIC#: 1046
WK (N/C)

FC: PART#: COUNT:
PART#: 0K28X-67-020E
COUNT: 0
CLAIM TYPE:
AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE A: 0.00

B CK TOCKING SOUND FROM TACH AND TACH JUMPS ALL AROUND AT STOPS, SEE GREG H

51 BODY EQUIPMENT & RELATED REPAIRS
1046 HANSEN, SCOT LIC#: 1046
WK (N/C)

FC: PART#: COUNT:
CLAIM TYPE:
AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE B: 0.00

C CK BRAKE OPERATION CUST STATES FEELS SOFT, MAY BE NORMAL, CAUSE: OPERATING TO SPECS

51 OPERATING TO SPECS AT THIS TIME
1046 HANSEN, SCOT LIC#: 1046
WK (N/C)

FC: PART#: COUNT:
CLAIM TYPE:

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.	ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION:	TOTALS:
	\$	\$	LABOR AMOUNT	
			PARTS AMOUNT	
			GAS, OIL, LUBE	
			SUBLET AMOUNT	
			MISC. CHARGES	
			TOTAL CHARGES	
			ADJUSTMENTS	
			SALES TAX	
			PLEASE PAY THIS AMOUNT	

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 086439

ERA # CAR 00001217

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

VICTORIA KIDDER
2551 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

100 Automall Drive · Roseville, CA 95661
(916) 786-6611

PAGE 1

SERVICE ADVISOR: 339 GREG HENNINGS

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		4565/4565	T5416
DEL. DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95		17:00 07NOV96		62.00 I	16DEC96
R.O. OPENED		READY	OPTIONS: STK:3452 DLR:56713			
10:30 06NOV96		10:05 16DEC96				

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
A	CHANGE OIL & FILTER (KIA)						
CAUSE: FREE OIL CHANGE PER KIA							
XAO2004 FIRST KIA SERVICE							
1946 HANSEN, SCOT LIC#: 1046							
WK (N/C)							
1 0B631-14-302 FILTER, OIL (N/C)							
1 K22564-100 GASKET (N/C)							
FC: GP9999 PART#: COUNT:							
CLAIM TYPE: GP							
AUTH CODE:							

LUBE OIL							
WK (N/C)							
PARTS:	0.00	LABOR:	0.00	OTHER:	0.00	TOTAL LINE A:	0.00

EST: 24.95 06NOV96 10:32 SA: 339

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
HERE AT ROSEVILLE B.M.W., MAZDA, SUBARU, KIA

IF YOU EXPERIENCED A PROBLEM WITH YOUR VISIT
PLEASE CALL OUR SERVICE MANAGER
GREG HENNINGS AT 782-9434 EXT 430
THANK YOU AGAIN AND HAVE A NICE DAY

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.

ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:
\$	\$
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.	CUSTOMER INITIALS X
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.	
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.	
CUSTOMER INITIALS	

DESCRIPTION	TOTALS
LABOR AMOUNT	0.00
PARTS AMOUNT	0.00
GAS, OIL, LUBE	0.00
SUBLET AMOUNT	0.00
MISC. CHARGES	0.00
TOTAL CHARGES	0.00
ADJUSTMENTS	0.00
SALES TAX	0.00
PLEASE PAY THIS AMOUNT	0.00

92052



VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

INVOICE
ROSEVILLE MAZDA SUBARU KIA
100 Automall Drive Roseville, CA 95661
PAGE 1 (916) 786-6611

SERVICE ADVISOR: 347 STEVEN JONES

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		5579/5579	T5074
DEL DATE	PROD DATE	WARR EXP	PROMISED	PO NO.	PAYMENT	INV DATE
14NOV95	21JUN95		13:00 18DEC96		62.00 W	18DEC96
R.O. OPENED	READY	OPTIONS: STR:3452 DLR:56713				
16:30 17DEC96	13:02 18DEC96					

LINE OPCODE TECH TYPE HOURS LIST NET TOTAL

A CHECK WHEN ACCELERATING THERE IS A ROARING NOISE FROM THE ENGINE
 CAUSE: NO PROBLEM FOUND AT THIS TIME
 51 CHECK FOR A ROARING NOISE FROM THE ENGINE ON
 ACCELERATION
 1046 HANSEN, SCOT LIC#: 1046
 WK (N/C)

FC: PART#: COUNT:
 CLAIM TYPE:
 AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE A: 0.00

CHECKED AND ONLY HEARD NORMAL ENGINE RESONANCE FROM THE AIR INTAKE

 EST: 0.00 17DEC96 16:33 SA: 347

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
 HERE AT ROSEVILLE B.M.W, MAZDA, SUBARU, KIA

IF YOU EXPERIENCED A PROBLEM WITH YOUR VISIT
 PLEASE CALL OUR SERVICE MANAGER
 GREG HENNING'S AT 782-9434 EXT 430
 THANK YOU AGAIN AND HAVE A NICE DAY



ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION	TOTALS
\$	\$	LABOR AMOUNT	0.00
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.		PARTS AMOUNT	0.00
		GAS. OIL. LUBE	0.00
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.		SUBLET AMOUNT	0.00
		MISC. CHARGES	0.00
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.		TOTAL CHARGES	0.00
		ADJUSTMENTS	0.00
CUSTOMER INITIALS	CUSTOMER INITIALS	SALES TAX	0.00
		PLEASE PAY THIS AMOUNT	0.00

CUSTOMER SIGNED TAKE

1659

VICTORIA KIDDER
651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

INVOICE

SERVICE ADVISOR: 347 STEVEN JONES

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN / OUT	TAG	
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		5579/5579	T5074	
DEL. DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	RATE	PAYMENT	INV. DATE
14NOV95	21JUN95		13:00 18DEC96		62.00	W	30JAN97
R.O.: OPENED	READY	OPTIONS: STK:3452 DLR:56713					
16:30 17DEC96	11:56 30JAN97						

LINE OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
-------------	------	------	-------	------	-----	-------

A CHECK WHEN ACCELERATING THERE IS A ROARING NOISE FROM THE ENGINE
CAUSE: NO PROBLEM FOUND AT THIS TIME

51 CHECK FOR A ROARING NOISE FROM THE ENGINE ON
ACCELERATION

1046 HANSEN, SCOT LIC#: 1046

ISPS

PARTS:	0.00	LABOR:	0.00	OTHER:	0.00	TOTAL LINE A:	(N/C) 0.00
--------	------	--------	------	--------	------	---------------	---------------

CHECKED AND ONLY HEARD NORMAL ENGINE RECOMAN CE FROM THE AIR INTAKE

EST: 0.00 17DEC96 16:33 SA: 347

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
HERE AT ROSEVILLE B.M.W, MAZDA, SUBARU, KIA

IF YOU EXPERIENCED A PROBLEM WITH YOUR VISIT
PLEASE CALL OUR SERVICE MANAGER
GREG HENNINGS AT 782-9434 EXT 430
THANK YOU AGAIN AND HAVE A NICE DAY

RO CLOSED

<small>ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.</small>	ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE	DESCRIPTION	TOTALS
	\$	\$	LABOR AMOUNT	0.00
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.	CUSTOMER INITIALS X	NOTICE TO CONSUMER: PLEASE READ IMPORTANT INFORMATION ON BACK. (I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.)	PARTS AMOUNT	0.00
			GAS, OIL, LUBE	0.00
CUSTOMER SIGNATURE	(Signature line)		SUBLET AMOUNT	0.00
			MISC. CHARGES	0.00
			TOTAL CHARGES	0.00
			ADJUSTMENTS	0.00
			SALES TAX	0.00
			PLEASE PAY THIS AMOUNT	0.00

100310

9 6 6 2 0

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 347 STEVEN JONES

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167		9322/9322	T4166
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95		12:30 02APR97	62.00	CASH	02APR97
R.O. OPENED	READY	OPTIONS: STK:3452 DLR:56713				
16:30 01APR97	12:57 02APR97					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
OIL & FILTER CHANGE PER DUE BILL							
KOF OIL & FILTER CHANGE PER DUE BILL							
120 GUTIERREZ, LEO LIC#: 120							
IK (N/C)							
1 K99564-1400 GASKET (N/C)							
1 0B631-14-302 FILTER, OIL (N/C)							
LUBE OIL (N/C)							
IK (N/C)							
PARTS:	0.00	LABOR:	0.00	OTHER:	0.00	TOTAL LINE A:	0.00

FREE OIL & FILTER CHANGE AS PER DUE BILL ATTACH ED

EST: 0.00 01APR97 16:30 SA: 347

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
HERE AT ROSEVILLE B.M.W, MAZDA, SUBARU, KIA

SOME OF YOU MAY RECEIVE A QUESTIONAIRE FROM
THE MANUFACTURER ON OUR SERVICE DEPARTMENT
IF YOU CAN NOT ANSWER 100 % SATISFIED PLEASE
CONTACT GREG HENNINGS AT 782-9434 EXT 430

ON BEHALF OF SERVICING DEALER, I
HEREBY CERTIFY THAT THE INFORMATION
CONTAINED HEREON IS ACCURATE UNLESS
OTHERWISE SHOWN. SERVICES DESCRIBED
WERE PERFORMED AT NO CHARGE TO
OWNER. THERE WAS NO INDICATION FROM
THE APPEARANCE OF THE VEHICLE OR
OTHERWISE, THAT ANY PART REPAIRED
OR REPLACED UNDER THIS CLAIM HAD
BEEN CONNECTED IN ANY WAY WITH ANY
ACCIDENT, NEGLIGENCE OR MISUSE.
RECORDS SUPPORTING THIS CLAIM ARE
AVAILABLE FOR (1) YEAR FROM THE DATE
OF PAYMENT NOTIFICATION AT THE
SERVICING DEALER FOR INSPECTION BY
MANUFACTURER'S REPRESENTATIVE.

ORIGINAL
ESTIMATE:
\$

AUTHORIZED
REVISED ESTIMATE:
\$

DESCRIPTION	TOTALS
LABOR AMOUNT	0.00
PARTS AMOUNT	0.00
GAS, OIL, LUBE	0.00
SUBLET AMOUNT	0.00
MISC. CHARGES	0.00
TOTAL CHARGES	0.00
ADJUSTMENTS	0.00
SALES TAX	0.00
PLEASE PAY THIS AMOUNT	0.00

I ACKNOWLEDGE NOTICE AND ORAL
APPROVAL OF AN INCREASE IN THE
ORIGINAL ESTIMATE PRICE.
CUSTOMER INITIALS
X _____
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A
COPY OF THIS INVOICE.

CUSTOMER
INITIALS

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 066439

ERA # CAR 000012179

SERVICE FILE COPY

1661

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 1

SERVICE ADVISOR: 255 GARY WUNDER

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167	3SLS960	16095/16095	T2102
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95		16:30 25NOV97		62.00 CASH	25NOV97
R.O. OPENED	READY	OPTIONS: STK:3452 DLR:56713				
11:24 25NOV97	17:14 25NOV97					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
------	--------	------	------	-------	------	-----	-------

A CHANGE OIL & FILTER(KIA)
CAUSE: CUSTOMER HAS A COUPON FOR A FREE OIL AND FILTER CHANGE.

KOF CHANGE OIL & FILTER(KIA)
125 RIVAS, ALBERT LIC#: 125

WK
1 0B631-14-302 FILTER,OIL
1 K99564-1400 GASKET/PACKING

(N/C)
(N/C)
(N/C)

FC: PART#: COUNT:
CLAIM TYPE:
AUTH CODE:

LUBE OIL

WK

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE A: 0.00 (N/C)

COMPLETED OIL AND FILTER CHANGE.

B INSPECT AND REPORT; CUSTOMER STATES THE CHECK ENGINE LIGHT IS ON.
CAUSE: FOUND CODES # P-0170; #705

11 *ENGINE REPAIRS:
125 RIVAS, ALBERT LIC#: 125

(N/C)

WK
FC: PART#: COUNT:
CLAIM TYPE:
AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE B: 0.00

ORDERED INPUT TURBINE SPEED SENSOR. WILL NOTIFY CUSTOMER WHEN PARTS ARE IN.

C INSPECT AND REPORT THE DOME LIGHT IS INOP.
CAUSE: FOUND THE DOME LIGHT SWITCH CONNECTOR LOOSE.

51 *BODY EQUIPMENT & RELATED REPAIRS

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.

ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION	TOTALS
\$	\$	LABOR AMOUNT	
		PARTS AMOUNT	
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.		GAS, OIL, LUBE	
CUSTOMER INITIALS X		SUBLET AMOUNT	
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.		MISC. CHARGES	
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.		TOTAL CHARGES	
CUSTOMER INITIALS		ADJUSTMENTS	
		SALES TAX	
		PLEASE PAY THIS AMOUNT	

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 066439

ERA # CAR 000012179

SERVICE FILE COPY

100310

106337

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

ORIA KIDDER
51 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 2

SERVICE ADVISOR: 255 GARY WUNDER

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167	3SLS960	16095/16095	T2102
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95		16:30 25NOV97		62.00 CASH	25NOV97

R.O. OPENED	READY	OPTIONS:	STK:3452 DLR:56713
11:24 25NOV97	17:14 25NOV97		

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
------	--------	------	------	-------	------	-----	-------

125 RIVAS,ALBERT LIC#: 125

WK

(N/C)

FC: PART#: COUNT:

CLAIM TYPE:

AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE C: 0.00

RECONNECTED DOME LIGHT SWITCH.

D INSPECCT AND REPORT; CUSTOMER STATES THE COOLANT WAS VERY LOW AT ONE TIME. CUSTOMER DID FILL IT BACK UP.

CAUSE: NO COOLANT LEAKS AT THIS TIME.

11 *ENGINE REPAIRS

125 RIVAS,ALBERT LIC#: 125

WK

(N/C)

FC: PART#: COUNT:

CLAIM TYPE:

AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE D: 0.00

FOUND NO COOLANT LEAKS AT THIS TIME.

E INSPECT AND RREPORT THE DRIVER SIDE DOOR SQUEAKS. PLEASE

LUBE!!!!!!!!!!!!

CAUSE: LUBED DOOR'S AS PER CUSTOMER REQUEST.

51 *BODY EQUIPMENT & RELATED REPAIRS

125 RIVAS,ALBERT LIC#: 125

WK

(N/C)

FC: PART#: COUNT:

CLAIM TYPE:

AUTH CODE:

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.	ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION	TOTALS:
	\$	\$	LABOR AMOUNT	
I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.	CUSTOMER INITIALS	X	PARTS AMOUNT	
			GAS, OIL, LUBE	
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK. I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.	CUSTOMER INITIALS	▶	SUBLET AMOUNT	
			MISC. CHARGES	
			TOTAL CHARGES	
			ADJUSTMENTS	
			SALES TAX	
			PLEASE PAY THIS AMOUNT	

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 088439

ERA # CAR 000012179

SERVICE FILE COPY

1663

100310

106337

INVOICE

ROSEVILLE MAZDA-SUBARU-KIA

100 Automall Drive · Roseville, CA 95661

(916) 786-6611

VICTORIA KIDDER
2651 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

PAGE 3

SERVICE ADVISOR: 255 GARY WUNDER

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167	3SLS960	16095/16095	T2102
DEL. DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95		16:30 25NOV97		62.00 CASH	25NOV97
R.O. OPENED	READY	OPTIONS: STK:3452 DLR:56713				
11:24 25NOV97	17:14 25NOV97					

LINE OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
PARTS:	0.00	LABOR:	0.00	OTHER:	0.00	TOTAL LINE E:
						0.00

LUBED DOOR'S AS PER CUSTOMER REQUEST.

EST: 0.00 25NOV97 11:28 SA: 255

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
HERE AT ROSEVILLE B.M.W. MAZDA, SUBARU, KIA

SOME OF YOU MAY RECEIVE A QUESTIONNAIRE FROM
THE MANUFACTURER ON OUR SERVICE DEPARTMENT
IF YOU CAN NOT ANSWER 100 % SATISFIED PLEASE
CONTACT THE SERVICE MANAGER AT 782-9434

ON BEHALF OF SERVICING DEALER, I
HEREBY CERTIFY THAT THE INFORMATION
CONTAINED HEREON IS ACCURATE UNLESS
OTHERWISE SHOWN. SERVICES DESCRIBED
WERE PERFORMED AT NO CHARGE TO
OWNER. THERE WAS NO INDICATION FROM
THE APPEARANCE OF THE VEHICLE OR
OTHERWISE, THAT ANY PART REPAIRED
OR REPLACED UNDER THIS CLAIM HAD
BEEN CONNECTED IN ANY WAY WITH ANY
ACCIDENT, NEGLIGENCE OR MISUSE.
RECORDS SUPPORTING THIS CLAIM ARE
AVAILABLE FOR (1) YEAR FROM THE DATE
OF PAYMENT NOTIFICATION AT THE
SERVICING DEALER FOR INSPECTION BY
MANUFACTURER'S REPRESENTATIVE.

ORIGINAL
ESTIMATE:
\$

AUTHORIZED
REVISED ESTIMATE:
\$

DESCRIPTION	TOTALS
LABOR AMOUNT	0.00
PARTS AMOUNT	0.00
GAS, OIL, LUBE	0.00
SUBLET AMOUNT	0.00
MISC. CHARGES	0.00
TOTAL CHARGES	0.00
ADJUSTMENTS	0.00
SALES TAX	0.00
PLEASE PAY THIS AMOUNT	0.00

I ACKNOWLEDGE NOTICE AND ORAL
APPROVAL OF AN INCREASE IN THE
ORIGINAL ESTIMATE PRICE. X
NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.
I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A
COPY OF THIS INVOICE.

CUSTOMER
INITIALS

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 066439

ERA # CAR 000012179

SERVICE FILE COPY

1664

100310

1 07 2 9 5

VICTORIA KIDDER
2551 SUNSET BLVD #405
ROCKLIN CA 95677
HOME: 916-624-1520 BUS: 916-786-8787

INVOICE
DUPLICATE 1
PAGE 1

ROSEVILLE MAZDA-SUBARU-KIA
100 Automall Drive · Roseville, CA 95661
(916) 786-6611

SERVICE ADVISOR: 255 GARY WUNDER

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/ OUT	TAG
RED	95	KIA SEPHIA GS	KNAFA1258S5234167	3SLS960	16501/16501	T4176
DEL DATE	PROD. DATE	WARR. EXP.	PROMISED	PO NO.	PAYMENT	INV. DATE
14NOV95	21JUN95	14NOV98	16:30 18DEC97	62.00	CASH	21JAN98
R.O. OPENED	READY	OPTIONS: STK:3452 DLR:56713				
07:24 18DEC97	11:39 23DEC97					

LINE	OPCODE	TECH	TYPE	HOURS	LIST	NET	TOTAL
------	--------	------	------	-------	------	-----	-------

A INSTALL SOP PULSE GEAR SENSOR.... TECH #125 ORDERED PART
CAUSE: CHECK ENGINE LIGHT IS ON...CODE 7/5 (SPEED SENSOR & INPUT
TURBINE)

51 BODY EQUIPMENT & RELATED REPAIRS
125 PIVAS, ALBERT LIC#: 125

WK

(N/C)
(N/C)

1 MFW01-21-550A GENE ASSY-PULSE

FC: PART#: COUNT:

CLAIM TYPE:

AUTH CODE:

PARTS: 0.00 LABOR: 0.00 OTHER: 0.00 TOTAL LINE A: 0.00

REPLACED SPEED SENSOR. ROAD TESTED... NO MORE CHECK ENGINE LIGHT

EST: 0.00 18DEC97 07:24 SA: 255

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
HERE AT ROSEVILLE B.M.W, MAZDA, SUBARU, KIA

SOME OF YOU MAY RECEIVE A QUESTIONNAIRE FROM
THE MANUFACTURER ON OUR SERVICE DEPARTMENT
IF YOU CAN NOT ANSWER 100 % SATISFIED PLEASE
CONTACT THE SERVICE MANAGER AT 782-9434

ON BEHALF OF SERVICING DEALER, I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREON IS ACCURATE UNLESS OTHERWISE SHOWN. SERVICES DESCRIBED WERE PERFORMED AT NO CHARGE TO OWNER. THERE WAS NO INDICATION FROM THE APPEARANCE OF THE VEHICLE OR OTHERWISE, THAT ANY PART REPAIRED OR REPLACED UNDER THIS CLAIM HAD BEEN CONNECTED IN ANY WAY WITH ANY ACCIDENT, NEGLIGENCE OR MISUSE. RECORDS SUPPORTING THIS CLAIM ARE AVAILABLE FOR (1) YEAR FROM THE DATE OF PAYMENT NOTIFICATION AT THE SERVICING DEALER FOR INSPECTION BY MANUFACTURER'S REPRESENTATIVE.	ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION:	TOTALS:
	\$	\$	LABOR AMOUNT	0.00
			PARTS AMOUNT	0.00
			GAS, OIL, LUBE	0.00
			SUBLET AMOUNT	0.00
			MISC. CHARGES	0.00
			TOTAL CHARGES	0.00
			ADJUSTMENTS	0.00
			SALES TAX	0.00
			PLEASE PAY THIS AMOUNT	0.00

I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE. X

CUSTOMER INITIALS

NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.

I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.

CUSTOMER INITIALS

ALL PARTS ARE NEW UNLESS SPECIFIED OTHERWISE.

BAR # AL 066439

ERA # CAR 000012179

SERVICE FILE COPY

1665

VICTORIA KEDDER
 2551 SUNSET BLVD #405
 ROCKLIN CA 95677
 HOME: 916-624-1520 BUS: 916-786-8787

INVOICE
 200902
 ROSEVILLE MAZDA-SUBARU-KIA
 100 Automall Drive Roseville, CA 95661
 (916) 786-6611
 SERVICE ADVISOR: 255 GARY WUNDER

COLOR	YEAR	MAKE/MODEL	VIN	LICENSE	MILEAGE IN/OUT	TAG
RED	95	KIA SEPHTA GS	KNFAA1258S5234T67	3SES960	7588/17584	T2240
DEL DATE	PROD DATE	WARR EXP	PROMISED	PO NO	PAYMENT	INV DATE
14NOV95	21JUN95	14NOV98	16-30-31MAR98		62.00 CASH	04MAR98
R/O OPENED	READY	OPTIONS: STK:3452 DLR:56713				
16:30	12FEB98	10:01	04MAR98			

LINE	OPCODE	TECH	TYPE	HOURS	ALIST	NET	TOTAL
A INSPECT AND REPORT; CUSTOMER STATES THE BRAKES HAVE A BAD BRAKE PULSATION. CUSTOMER HAS BROUGHT THIS TO SERVICE MANY TIMES: PULL FILE.							
CAUSE: -CALIPERS STICKING							
49C03010B REPLACE CALIPERS							
281 DUHAIN, CHRIS LIC#: 281							
						0.00	0.00
						54.95	54.95
1 OK2Y3-33-23ZA PAD SET-FRT							
26C03X OTHER PROCEDURES FOR REAR BRAKE SECTION							
281 DUHAIN, CHRIS LIC#: 281							
						0.00	0.00
PARTS:		54.95	LABOR:	0.00	OTHER:	0.00	TOTAL LINE A: 54.95

REPLACED FRONT BRAKE CALIPERS/PADS/ROTORS...NO LABOUR CHARGES...CUSTOMER TO PAY FOR BRAKE PAD S ONLY...SEE RO#200903 FOR OTHER REPAIRS AND IN FO

EST: 34.00 12FEB98 16:30 SA: 255

THANK YOU FOR CHOOSING US FOR YOUR SERVICE
 HERE AT ROSEVILLE B.M.W, MAZDA, SUBARU, KIA
 SOME OF YOU MAY RECEIVE A QUESTIONAIRE FROM
 THE MANUFACTURER ON OUR SERVICE DEPARTMENT
 IF YOU CAN NOT ANSWER 100 % SATISFIED PLEASE
 CONTACT THE SERVICE MANAGER AT 782-9434

PAID
 MAR 04 1998
 BY: CK# 1017



ORIGINAL ESTIMATE:	AUTHORIZED REVISED ESTIMATE:	DESCRIPTION	TOTALS
\$	\$	LABOR AMOUNT	0.00
		PARTS AMOUNT	54.95
		GAS, OIL, LUBE	0.00
		SUBLET AMOUNT	0.00
		MISC. CHARGES	0.00
		TOTAL CHARGES	54.95
		ADJUSTMENTS	0.00
		SALES TAX	3.98
		PLEASE PAY THIS AMOUNT	58.93

I ACKNOWLEDGE NOTICE AND ORAL APPROVAL OF AN INCREASE IN THE ORIGINAL ESTIMATE PRICE.
 CUSTOMER INITIALS: X _____
 NOTICE TO CUSTOMER: PLEASE READ IMPORTANT INFORMATION ON BACK.
 I ACKNOWLEDGE RECEIPT OF VEHICLE AND I HAVE RECEIVED A COPY OF THIS INVOICE.
 CUSTOMER INITIALS: _____

CUSTOMER SIGNED TAKE

Date of Hearing: March 17, 1998

ASSEMBLY COMMITTEE ON CONSUMER PROTECTION,
GOVERNMENTAL EFFICIENCY, AND ECONOMIC DEVELOPMENT
Susan Davis, Chair

AB 1848 (Davis) - As Introduced: February 12, 1998

SUBJECT: Expands California's "Lemon Law" to include vehicles purchased by small businesses.

SUMMARY: Specifically, this bill redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

EXISTING LAW:

- 1) Defines new motor vehicle as one which is bought for use primarily for personal, family, or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be out of conformity with its express warranty provisions (a.k.a. a lemon) if, during the time period specified in #2 above:
 - a) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity, or
 - b) the vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers, and manufacturers, requirements for process considerations, and certification procedures with the California Department of Consumer Affairs, in addition to other specified requirements.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that the QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances".

- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.
- 7) Does not state that a manufacturer without a QDRP must disclose that fact in specified sales and promotional literature.

FISCAL EFFECT: This bill is keyed as nonfiscal and will not be sent to the Assembly Appropriations Committee.

COMMENTS:

1) Intent of Measure

The author's intention with AB 1848 is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family, or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than 5 vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with 5 or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2) What Happens Now When a Small Business has a Lemon?

Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse - to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. AB 1848 is aimed at bring these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations, and any other legal entity.

3) Related Legislation

There are other lemon law-related bills at various stages of the legislative process. The most prominent of these is SB 289 (Calderon), currently located at this committee. SB 289, which failed passage at this committee in 1997, includes the provisions of AB 1848 as well as other changes which generally expand the scope of California's lemon law.

Additionally, AB 2277 (Kuykendall), awaiting assignment at the Assembly Rules Committee, expands existing motor home coverage under the lemon law. Senator Calderon has also introduced SB 1773, awaiting hearing at the Senate Judiciary Committee. SB 1773 currently contains a nonsubstantive change to the Tanner Consumer Protection Act.

REGISTERED SUPPORT / OPPOSITION:

Support

Center for Public Interest Law, University of San Diego
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
Granite Excavation & Demolition Inc.
Donald J. O'Mara, Santa Clarita, CA

Opposition

None on file

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

Consumer Protection, Governmental Efficiency and Economic Development Committee

Support

AB 1848 (DAVIS)

WARRANTIES: MOTOR VEHICLE MANUFACTURERS.

Version: 2/12/98 As Introduced

Vice-Chair: George Runner

Vote: Majority

Tax or Fee Increase: No

Support

Extends existing Lemon Law provisions to cover small businesses which own 5 or fewer vehicles.

Policy Question

1. Should small businesses (5 or fewer vehicles) have the same rights as any other consumer in the marketplace?

Summary

Extends existing Lemon Law provisions, which currently only covers personal vehicles, to cover small businesses which own 5 or fewer vehicles. The Lemon Law provides that a reasonable number of attempts have been made to conform a new motor vehicle to the express warranties within one year or 12,000 miles whichever comes first if: 1) the same nonconformity has been subject to repair 4 or more times by the manufacturer or its agents, or 2) the vehicle is out of service by reason of repair nonconformities by the manufacturer or agents for 30 or more days. If these standards have been met the consumer may take the matter to an arbitration board which may declare a finding.

Support

Consumers Union; (2 individuals).

Opposition

None on file.

Arguments In Support of the Bill

1. Businesses should receive the same consideration under the law that individuals do.

Arguments In Opposition to the Bill

1. Caveat Emptor – the marketplace should be left to handle questions regarding the reliability of products.

Fiscal Effect

Unknown.

Comments

1. **Background.** Last year saw the introduction of SB 289 (Calderon) which would have extended the Lemon Law presumption from 1 year/ 12,000 miles to 2 years/ 24,000 miles. That measure is still in the Assembly Consumer Protection Committee awaiting a Reconsideration hearing. Last session that author introduced SB 2052, that bill died on a 4-4 vote in ConPro.
2. **The author states that her intent** is to protect small business owners by expanding the scope of the Lemon Law to include vehicles purchased by those businesses. She states "Small businesses should expect no less than any other consumer when they purchase a vehicle, this bill levels the playing field for small businesses."
3. **California's lemon law excludes small businesses.** Twenty-six states have some provisions to include vehicles purchased for business use. California's applies only to vehicles for "personal, family or household use". This measure would include businesses with 5 or fewer vehicles. The auto industry is concerned that small fleet businesses, such as contractors, will abuse their vehicles in the course of business and then apply for coverage under the Lemon Law. The author contends that abusive behavior by the owner will invalidate this warranty coverage, they base this on existing case law.

Assembly Republican ConPro Votes (0-0) 3/17/98

Ayes: None
Noes: None
Abs. / NV: None

Assembly Republican Votes (0-0) 1/1/98

Ayes: None
Noes: None
Abs. / NV: None

Assembly Republican Votes (0-0) 1/1/98

Ayes: None
Noes: None
Abs. / NV: None

Assembly Republican Votes (0-0) 1/1/98

Ayes: None
Noes: None
Abs. / NV: None

4. **Song-Beverly Consumer Warranty Act** includes a provision for damages that applies to every consumer product sold in the state. Current law states that if "a buyer establishes that the failure to comply was willful, the judgment may include, in addition to the amounts recovered ... a civil penalty which shall not exceed two times the amount of actual damages." California statute requires that the consumer prove willfulness, make any penalty discretionary, and caps the amount of the penalty at a maximum of double the actual damages.
5. **Consumers Union** states that "many other states already have similar provisions, including Michigan, where businesses with up to 10 vehicles are covered."
6. **The question is: Is this the thin edge of the wedge?** Once the Lemon Law is applied to any business, will it then be forced to include all vehicles, personal or fleet, which are sold in this state.

Policy Consultant: Peter Renevitz 3/12/98

Fiscal Consultant:

PROPOSITION 224 -- STATE-FUNDED DESIGN AND ENGINEERING SERVICES INITIATIVE

SUMMARY

Imposes restrictions on state-funded design and engineering contracts. Requires cost comparison between private contractors and public employees performing work. Provides defined competitive bidding requirement.

DETAILED SUMMARY

1. Prior to the award of any contract by any state or local agency, the Controller shall prepare and verify an analysis of the cost of performing the work using state civil service employees and the cost of the contract. This measure shall apply only to contracts for engineering, architectural, landscape architectural, surveying, environmental, or engineering geology services.
2. Specifies that when comparing the private sector costs to the public sector costs only the direct additional costs to the state shall be applied for the civil service portion, **while** the cost for the contract shall include all anticipated contract costs and all costs to be incurred by the state, state agencies, and the contracting entity for the bidding, evaluation, and contract award process as well as the inspection, supervision, verification, monitoring, and oversight of the project.
3. The contract shall not be awarded if either of the following conditions are met: 1) the Controller's analysis concludes that state civil service employees can perform the work at less cost than the cost of the contract; 2) the Controller or contracting entity concludes that the contract would have an adverse impact on public health or safety, or would result in lower quality work than if state civil service employees performed the services.
4. For every contract covered by this section, the contractor shall assume full responsibility and liability for its performance of the contract and shall defend, indemnify, and hold the state, the contracting entity, and their agents and employees harmless from any legal action resulting from the performance of the contract.
5. This initiative covers all contracts and contract amendments which exceed \$50,000. Specifies that these shall all be awarded through a publicized competitive bidding process with sealed bids. Contracts shall be awarded to the lowest qualified bidder. If the contract cost based on the lowest qualified bid exceeds the anticipated contract cost which the Controller estimated, the Controller shall prepare and verify a revised analysis using the contract bid cost, and that revised analysis shall be used in revisiting the cost comparison issue.
6. This initiative shall not be applied in a manner that will result in the loss of federal funding, or to projects for the University of California, the California State University and colleges. This measure shall not apply to "local public entities" unless they are in a joint venture with the state, using state resources.

SPONSOR: California Association of Professional Engineers in Government

OPPOSITION: California Taxpayers' Association, California Chamber of Commerce, California Healthcare Association (hospitals), local school groups, cities and counties among those who oppose it.

COMMENTS

1. This initiative would allow give engineers employed by the state an edge by making their costs to appear artificially low by ignoring essential job expenses such as employee salaries, benefits, rent, utilities, phones and office expenses as well as insurance, health and safety experts, legal and capital costs. Companies in the private sector would have to factor in these costs into their bids, giving the state engineers an unfair advantage.
2. California taxpayers would be forced to ante up billions of dollars to add thousands of new bureaucrats to the state payroll, to cover this initiative's hidden costs. That's a staggering cost to rig the system, leaving fair and honest private sector competition out in the cold.
3. Vital services would suffer and taxes would rise to hire all the necessary engineers which the state would have to hire simply because the bidding process was unfair.

Schools, transportation programs, and other needed infrastructure improvements would go unattended due to a lack of available funds.

4. The state controller, would be placed in a position of enormous power, deciding on thousands of projects worth billions of dollars. If the controller disagreed with the Governor's prioritization of spending, they would have the power to hold up needed projects.
5. An additional flaw in this concept, is that the State Controller's office has absolutely no engineering or architectural experience. The enormous responsibilities of managing the process, would inevitably delay important projects such as replacing the Bay Bridge, construction of the Alameda Rail Corridor in Los Angeles and seismic retrofits throughout the state.
6. Since virtually every California school and hospital has been designed by private firms, they have the expertise in designing these facilities. But under this initiative, schools, hospitals, flood control levees, jails and even golf courses would be designed by state employees, this would guarantee bureaucrats jobs at the cost of individuals working in the private sector.
7. The initiative would threaten safety. By eliminating the market for private sector experts on important seismic and flood control projects proven experience would be ignored and safety compromised. Up to 100,000 private construction and related jobs could be lost in the first two years alone, as a result of construction delays caused by this initiative.
8. The standard contract provisions such as delivering a project on schedule and within the budget are conspicuously missing from this initiative. Local governments would have no say in the process, once the design contract has been awarded.

STATE AND CONSUMER SERVICES AGENCY

BILL ANALYSIS

Department CONSUMER AFFAIRS	Author Davis	Bill Number AB 1848
Sponsor Author	Related Bills SB 289	Amended Date Intro 2-12-98
Subject Warranties: Motor Vehicle Manufacturers		

Summary:

AB 1848 would include vehicles purchased and used for small businesses in the definition of vehicles covered by the Tanner Consumer Protection Act, otherwise known as the "Lemon Law". The Lemon Law would be expanded to business persons with five or fewer vehicles.

Bill Description:

Existing law:

1. Authorizes each manufacturer of motor vehicles to provide for a qualified third-party dispute resolution process for resolution of disputes brought by buyers or lessees of new motor vehicles. Participating in a dispute resolution program is voluntary. These programs may seek certification by the Department of Consumer Affairs (Department). (Business and Professions Code Section 472.2)
2. The Tanner Consumer Protection Act, commonly known as the Lemon Law, presumes that a reasonable number of attempts have been made to conform a new motor vehicle to applicable express warranties if within one year or 12,000 miles if it either: 1) the same nonconformity has been subject to repair four or more times; 2) the vehicle is out of service due to repair of a nonconformity by the manufacturer for 30 days in a 12-month period. (Civil Code § 1793.22)
3. Defines a new motor vehicle for purposes of the Lemon Law to mean a new motor vehicle which is used or bought for use primarily for personal, family or household purposes. (Civil Code § 1793.22)

This bill would:

1. **Revise the definition of a new motor vehicle, for purposes of the Tanner Consumer Protection Act, to include a new motor vehicle bought or used for business purposes by a person, including a legal entity, to which no more than five motor vehicles are registered in California.**

FEE / /	FISCAL / /	REPORT / /
DEPARTMENTS THAT MAY BE AFFECTED		

STATE MANDATE / /		AGENCY SECRETARY POSITION		GOVERNOR'S APPOINTMENT / /	
DEPARTMENT	DIRECTOR POSITION	AGENCY SECRETARY POSITION	AGENCY SECRETARY POSITION	GOVERNOR'S OFFICE USE	
___	S	___	S	___	POSITION APPROVD. ___
___	O	___	O	___	POSITION DISAPP. ___
___	SIA	___	SIA	___	POSITION NOTED ___
XX	N	<input checked="" type="checkbox"/>	N	___	
___	NP	___	NP	___	
___	NIA	___	NIA	___	
___	NAR	___	NAR	___	
___	DEFER	___	DEFER	___	

ORIGINAL SIGNED BY
HAPPY CHASTAIN

DEPARTMENT DIRECTOR DATE: *3/9/98* AGENCY SECRETARY **MAR 15 1998** DEPUTY SECRETARY LEGISLATION

Background:

New motor vehicles subject to this act are vehicles bought primarily for use for personal, family or household purposes. Under existing law, vehicles purchased for small businesses are not protected by the Lemon Law. The author indicates these persons have five or fewer registered vehicles, often only one, and should have protection from new car lemons. Unlike larger businesses which have leverage with manufacturers because of the volume of vehicles purchased, small businesses lack clout to force resolution of disputes, much like individual consumers.

These provisions were included in SB 289 (Calderon, 1997) which is stalled in the Assembly Consumer Protection Committee by opposition from motor vehicle manufacturers.

Previous legislation

SB 289 (Calderon, 1997) - Would extend the period of time a vehicle is covered under the Lemon Law, requires motor vehicle manufacturers who do not offer third-party arbitration to advertise that fact, provides for oral presentations to arbitrators and creates an alternative presumption for safety defects.

SB 2052 (Calderon, 1996) - Identical to SB 289, this bill failed the Assembly Consumer Protection, Economic Development and Government Organization Committee on a straight party vote with Republicans opposing.

AB 1383 (c. 722, stats. 1996 Speier) - Would have made the existing dispute resolution process for new motor vehicles inoperative for four years and create an alternative process. The alternative would require the Department to contract with private entities to conduct dispute resolution on new motor vehicles, increase the presumption period to two years or 24,000 miles, and would charge \$2 on each new vehicle to pay for the alternative (the current charge is up to \$1 to fund the Department's Arbitration Review Program). These provisions were opposed by new motor vehicle manufacturers. The bill was gutted and recast to require the Department of Motor Vehicles to develop an Internet website to provide information to consumers who plan to purchase or have purchased a new motor vehicle. This version became law.

AB 3333 (Speier, 1994) - Would have established a comprehensive "Lemon Law" arbitration program within the Department. The bill failed the Senate Appropriations Committee.

AB 211 (Tanner, c. 689, stats. 1991) - Transferred administration of the third-party dispute resolution program from the Bureau of Automotive Repair (BAR) to the Department.

AB 1367 (Tanner, c. 203, stats. 1988) - An urgency statute that revised the method of collecting fees from motor vehicle manufacturers and distributors to fund the certification program for new vehicle third-party dispute resolution.

AB 3540 (Tanner, c. 841, stats. 1988) - Clean-up legislation that modified the certification process for third-party dispute resolution.

AB 2057 (Tanner, c. 1280, stats. 1987) - Required the BAR to certify third-party dispute resolution processes for new motor vehicles. The program was based on Federal Trade Commission Rule 703.

Specific Findings:

Why small businesses need inclusion

Under existing law, vehicles purchased for small businesses are not protected by the Lemon Law. The author indicates these persons have five or fewer registered vehicles, often only one, and should have protection from new car lemons. These businesses have no more power to resolve disputes with large automobile manufacturers than individual consumers.

Other states include small business vehicles in their Lemon Law provisions. Michigan, for example, allows businesses with up to 10 vehicles to seek redress under the Lemon Law.

Many consumers have as many or more vehicles registered to them as a small businessperson. Small businesspersons often use vehicles for both personal and business purposes. This provision would expand the Lemon Law protection and likely result in more vehicle replacement and refunds by manufacturers.

Impact difficult to measure

According to the Department of Consumer Affairs' Arbitration Review Program (ARP), it would be difficult to determine how many additional motor vehicles would be covered by the Lemon Law as a result of this bill. Whether motor vehicles such as cars, vans and small pickups are used for business purposes is not recorded by the Department of Motor Vehicles. Additionally, many vehicles that end up in arbitration may actually be used for business, but the consumer simply hasn't disclosed that fact. The ARP indicates that many of the existing third-party arbitration programs already voluntarily allow small businesspersons to use this service for their business vehicles.

Industry concerns

The American Automobile Manufacturers Association indicates it recognizes the need for protection for small business persons who use their vehicles for both business and personal use such as attorneys, Realtors, etc. The Association is concerned, however, that a distinction be made between these semi-commercial vehicles and pool or fleet vehicles which may be used by multiple employees, such as pick-up trucks for contractors or delivery vans. Lemon laws in Idaho and Hawaii make this distinction.

Auto manufacturers previously argued against this provision in SB 289 noting that the Song-Beverly Consumer Warranty Act was intended to benefit consumers only.

Additionally, manufacturers contend that business vehicles are used more frequently, loaded more heavily and generally are not maintained in the same way as personal use vehicles. This differing treatment could lead to additional defects caused by usage as opposed to manufacturing defects.

Fiscal Impact:

No significant fiscal impact on the Department of Consumer Affairs' ARP. Indeterminate impact to automobile manufacturers who participate in third-party dispute resolution as this bill would increase the number of vehicles eligible for arbitration and presumably the number of arbitration cases.

Support:

None identified. (Verified 3-5-98)

Opposition:

None identified (Verified 3-5-98)

Arguments:

Pro:

AB 1848 would provide Lemon Law protection to owners of vehicles who are small business persons and entrepreneurs.

This bill would amend California's Lemon Law regarding commercial vehicles to match the protections afforded small businesses by many other states.

Many third-party dispute resolution programs already voluntarily allow defective commercial vehicle disputes to be addressed by their programs.

Con:

AB 1848 should make a distinction between vehicles used for both business and personal use and those that are strictly commercial, such as fleet vehicles.

Small business vehicles are used and maintained differently than personal vehicles, which could lead to a disproportionate number of usage-related defects.

Recommendation:

The Department of Consumer Affairs recommends a NEUTRAL position on AB 1848.

Prepared by: Dennis Weber, Analyst

Telephone: 324-5402

Ray Saatjian, Deputy Director

Telephone: 327-5196

**DEPARTMENT OF CONSUMER AFFAIRS
FISCAL ANALYSIS OF LEGISLATION**

DISTRIBUTED
3-10-98

DUE DATE: March 6, 1998 **DATE ASSIGNED:** March 2, 1998

Prepared By: Tammy Massengale **Bill Number:** AB 1848

Phone number: 323-1100 **Author:** Davis

Approved by: *Gloria Kalthoff* **Date Approved:** 3/10/98

FISCAL ANALYSIS AS INTRODUCED: 2/12/98 **Short Title:** Warranties: motor vehicle manufacturers

OFFICE OF INFORMATION SERVICES: Fiscal impact? YES NO *If "Yes, attach OIS fiscal analysis and assumptions.*

OIS Reviewer: Patty Mayer **DATE:** 9/10/97

ANALYSIS AND FISCAL ASSUMPTIONS:

SEE ATTACHED

SUMMARY OF FISCAL IMPACT:	
<input checked="" type="checkbox"/>	Insignificant fiscal impact (under \$10,000).
<input type="checkbox"/>	Minor fiscal impact. One-time cost of: \$ _____ . Can be absorbed within existing resources.
<input type="checkbox"/>	Ongoing costs of: \$ _____ . Can be absorbed within existing resources.
<input type="checkbox"/>	See below for fiscal impact.
<input type="checkbox"/>	(Other:)

	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>Ongoing</u>
EXPENDITURES	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	<u>0</u>
REVENUE	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	<u>0</u>

PROGRAM CONTACT: Nancy Fuller **Phone number:** 323-3406

PROGRAM CONCURS: YES NO (If no, note differences as appropriate.)

SUMMARY OF LEGISLATION

Under the Tanner Consumer Protection Act, a new motor vehicle is defined as a vehicle that is used or bought for use primarily for personal, family or household purposes.

This bill would revise the definition of a new motor vehicle to include a new motor vehicle bought or used for business purposed by a person, including a legal entity, to which no more than five motor vehicles are registered in California.

ASSUMPTIONS

This analysis is based on the following assumptions:

1. This proposal would be chaptered in September 1998 and become effective January 1, 1999.
2. The increase in the number of cases filed would be handled through the dispute resolution process.

REVENUE IMPACT

This bill would have no impact on revenue.

ESTIMATED WORKLOAD


The bill would increase the number of individuals eligible for arbitration. The program indicates that the increase would be very minor and absorbable.

SUMMARY OF FISCAL IMPACT

This bill may increase workload minimally and any costs would be absorbable.

LEGISLATIVE ANALYSIS

Business, Transportation & Housing Agency

DEPARTMENT 	AUTHOR Davis	BILL NO. AB 1848
SPONSOR Author	RELATED BILLS SB 289	AMENDED DATE Original
SUBJECT Warranties: motor vehicle manufacturers		

SUMMARY: AB 1848 would extend the provisions of the "Lemon Law" to vehicles purchased by small businesses.

DETAILED ANALYSIS: Existing law requires motor vehicle manufacturers to promptly replace a vehicle or to make restitution to the buyer when, after a reasonable number of attempts, the manufacturer does not or is not able to conform the vehicle to applicable express warranties. Existing law limits the new motor vehicles to which these "Lemon Law" requirements apply to those used or bought for use primarily for personal, family, or household purposes.

AB 1848 would expand the applicability of the "Lemon Law" provisions to include motor vehicles bought or used for business purposes by a person, including a legal entity, to which not more than five motor vehicles are registered in this state.

COST ANALYSIS: AB 1848 would have a minimal and absorbable fiscal impact on DMV.

AB 1848 could generate an unknown number of additional complaints from buyers not currently protected under the "Lemon Law" provisions. Also, AB 1848 could result in an increased number of vehicles deemed "lemons" which would result in the branding of the vehicle's title and a transfer of ownership from the buyer to the manufacturer. Programs are already in place to process this workload.

LEGISLATIVE HISTORY: AB 1848 is sponsored by the author.

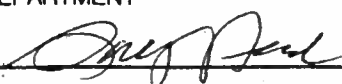
Related Legislation: SB 289, Calderon, a current bill, would, among other provisions, also extend the "Lemon Law" to include motor vehicles purchased for business use by persons who own no more than five such vehicles. DMV's recommended position is Neutral.

VOTE: SENATE FLOOR Aye _____ No _____ Policy Comte. Aye _____ No _____	VOTE: ASSEMBLY FLOOR Aye _____ No _____ Policy Comte. Aye _____ No _____
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DEPARTMENTS THAT MAY BE AFFECTED:

STATE MANDATE _____ GOVERNOR'S APPOINTMENT _____ LEGISLATIVE APPOINTMENT _____

DEPARTMENT POSITION _____ S _____ O _____ SA _____ OUA <u>X</u> _____ N _____ NP _____ NA _____ NAR _____ _____ DEFER	AGENCY POSITION _____ S _____ O _____ SA _____ OUA <u>X</u> _____ N _____ NP _____ NA _____ NAR _____ _____ DEFER	GOVERNOR'S OFFICE USE Position Approved _____ Position Disapproved _____ Position Noted _____
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DEPARTMENT 	DATE 3-2-98	AGENCY Original Signed by Donna M. Campbell	DATE 5/5/98	BY: _____	DATE: _____
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bp

SB 2052, Calderon (95/96 RS), in its final version, contained provisions identical to SB 289, including the extension of the "Lemon Law" to vehicles purchased for business purposes. DMV's recommended position was OPPOSE UNLESS AMENDED, THEN NEUTRAL. SB 2052 failed passage in the Assembly Committee on Consumer Protection, Governmental Efficiency, and Economic Development.

ARGUMENTS FOR: Small businesses owning five or fewer vehicles can no more afford to cope with a nonconforming vehicle than the average owner of a "personal" vehicle. If subject to the same warranty, such vehicles should be subject to the same criteria as "lemons."

There is no reason to assume that because a motor vehicle is driven for business purposes, it is more likely to develop defects that the manufacturer is unable to repair after a reasonable number of attempts, than one driven for personal use. Generally, the only difference in personal or business use for a particular type of vehicle would be that the mileage limitation could be reached in a shorter period of time on the business vehicle, in which case, the warranty and "Lemon Law" provisions would no longer apply.

Support for AB 1848 may be expected to include those who support SB 289:

Consumer for Auto Reliability and Safety (sponsor), Attorney General Dan Lungren, Automobile Club of Southern California, California Public Interest Research Group, California State Automobile Association, Center for Auto Safety, Council of Better Business Bureaus, Los Angeles Center for Law and Justice, Mexican American Health and Education Services Center, University of San Diego Center for Public Interest Law, and various consumer groups

ARGUMENTS AGAINST: Manufacturers would argue that warranty coverage of these vehicles is adequate consumer protection and that they could not afford to replace or make restitution for the business vehicles covered by AB 1848 without passing on their increased costs to all new vehicle purchasers. Historically, manufacturers have argued that this measure would greatly increase litigation in the state which currently has the most "Lemon Law" litigation. Manufacturers may claim that some "goodwill" buybacks are already made of vehicles addressed by AB 1848 and that it is more economical for all concerned to continue in that manner.

Opposition to AB 1848 may be expected from those who oppose SB 289:

American Automobile Manufacturers Association, Association for California Tort Reform, Association of Internal Automobile Manufacturers, California Chamber of Commerce, California Manufacturers Association, and various vehicle manufacturers

RECOMMENDED POSITION: DMV's recommended position is NEUTRAL.

AB 1848 would expand the applicability of the "Lemon Law" provisions to include motor vehicles bought or used for business purposes by a person, including a legal entity, to which not more than five motor vehicles are registered in this state.

While AB 1848 may greatly benefit some new vehicle buyers, it would have no significant impact on DMV.

For further information, please contact:

Karen Schweizer
Legislative Office
657-6518

STATE AND CONSUMER SERVICES AGENCY

SUMMARY ANALYSIS OF AMENDED BILL

Department CONSUMER AFFAIRS	Author Davis	Bill Number AB 1848
Sponsor Author	Related Bills SB 289	Amended Date 5/7/98
Analyst: Weber, Dennis	Telephone 324-5402	
Subject: Warranties: Motor Vehicle Manufacturers		

DEPARTMENT'S AMENDMENTS ACCEPTED. Amendments reflect suggestions of analysis for the _____ version.

AMENDMENTS HAVE A FISCAL IMPACT. A new fiscal analysis is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the analysis for the _____ version.

MORE AMENDMENTS NECESSARY - See comments below.

DEPARTMENT RECOMMENDS POSITION BE CHANGED TO NEUTRAL.

REMAINDER OF ANALYSIS FOR _____ VERSION STILL APPLIES.

OTHER - See comments below.

SUMMARY:

CHANGE OF POSITION

AB 1848 would include vehicles purchased and used for small businesses in the definition of vehicles covered by the Tanner Consumer Protection Act, otherwise known as the "Lemon Law". The Lemon Law would be expanded to business persons with five or fewer vehicles.

Amendments of 5/7/98 modify the definition of a business vehicle covered by the Lemon Law to require the vehicle be also used for personal, family or household use as well as business. Amendments also exclude from lemon law claims any new motor vehicle that has been used to transport property in excess of the manufacturer's gross vehicle weight limit.

Amendments remove the Department of Consumer Affairs' concerns regarding the definition of a business vehicle subject to the Lemon Law. The Department recommends a change of position to **NEUTRAL** on AB 1848.

DEPARTMENTS THAT MAY BE AFFECTED

DMV

STATE MANDATE / /

GOVERNOR'S APPOINTMENT / /

DEPARTMENT DIRECTOR POSITION <input type="checkbox"/> S <input type="checkbox"/> O <input type="checkbox"/> SIA <input type="checkbox"/> OUA <input checked="" type="checkbox"/> N <input type="checkbox"/> NP <input type="checkbox"/> NIA <input type="checkbox"/> NAR <input type="checkbox"/> DEFER TO _____	AGENCY SECRETARY POSITION <input type="checkbox"/> S <input type="checkbox"/> O <input type="checkbox"/> SIA <input type="checkbox"/> OUA <input checked="" type="checkbox"/> N <input type="checkbox"/> NP <input type="checkbox"/> NIA <input type="checkbox"/> NAR <input type="checkbox"/> DEFER TO _____	GOVERNOR'S OFFICE USE POSITION APPROVD. _____ POSITION DISAPP. _____ POSITION NOTED _____
		BY: _____ DATE: _____

DEPARTMENT DIRECTOR DATE:

AGENCY SECRETARY DATE:
 JUN .. 5 1998

Handwritten signature: Henry Bay Sp...

DEPUTY SECRETARY
 LEGISLATION

**DEPARTMENT OF CONSUMER AFFAIRS
FISCAL ANALYSIS OF LEGISLATION**

DISTRIBUTED
5-19-98

DUE DATE: May 21, 1998 DATE ASSIGNED: May 7, 1998
 Prepared By: Tammy Massengale Bill Number: AB 1848
 Phone number: 323-1100 Author: Davis
 Approved by: *Brian Steyer* Date Approved: 5/18/98
 FISCAL ANALYSIS AS AMENDED: 5/7/98 Short Title: Warranties: motor vehicle manufacturers *CS* 5-19-98

OFFICE OF INFORMATION SERVICES: Fiscal impact? YES NO *If "Yes, attach OIS fiscal analysis and assumptions.*
 OIS Reviewer: Patti Mayer DATE: 5/14/98

ANALYSIS AND FISCAL ASSUMPTIONS:
 SEE ATTACHED

SUMMARY OF FISCAL IMPACT:	
<input checked="" type="checkbox"/>	Insignificant fiscal impact (under \$10,000).
<input type="checkbox"/>	Minor fiscal impact. One-time cost of: \$ _____ . Can be absorbed within existing resources.
<input type="checkbox"/>	Ongoing costs of: \$ _____ . Can be absorbed within existing resources.
<input type="checkbox"/>	See below for fiscal impact.
<input type="checkbox"/>	(Other:)

	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>Ongoing</u>
EXPENDITURES	\$ 0	\$ 0	\$ 0	0
REVENUE	\$ 0	\$ 0	\$ 0	0

PROGRAM CONTACT: Nancy Fuller Phone number: 323-3406
 PROGRAM CONCURS: YES NO (If no, note differences as appropriate.)

DEPARTMENT OF CONSUMER AFFAIRS

Fiscal Analysis of AB 1848 (Davis), Warranties: motor vehicle manufacturers

Amended May 7, 1998

Page 2

SUMMARY OF LEGISLATION

Under the Tanner Consumer Protection Act, a new motor vehicle is defined as a vehicle that is used or bought for use primarily for personal, family or household purposes.

This bill would revise the definition of a new motor vehicle to include a new motor vehicle bought or used for business and personal, family, or household purposes by a person, including a legal entity, to which no more than five motor vehicles are registered in California. In addition, the definition of a new motor vehicle would exclude a vehicle that is used for the transport of property above the manufacturer's gross vehicle weight limit.

ASSUMPTIONS

This analysis is based on the following assumptions:

1. This proposal would be chaptered in September 1998 and become effective January 1, 1999.
2. The increase in the number of cases filed would be handled through the dispute resolution process.

REVENUE IMPACT

This bill would have no impact on revenue.

ESTIMATED WORKLOAD

This bill would increase the number of individuals eligible for arbitration. The program indicates that the workload increase would be insignificant and absorbable.

SUMMARY OF FISCAL IMPACT

This bill may increase workload minimally and any additional costs would be absorbable.

OFFICE OF CHILD DEVELOPMENT AND EDUCATION

Type of Analysis: Second Bill Analysis

Bill Number: SB 1848 Author: Karnette

Date Amended: May 21, 1998 Sponsor: California Federation of Teachers

Subject: community colleges: temporary employees

Summary: This bill would state legislative intent that, by July 1, 2003, each person employed by a community college district as a temporary academic employee be compensated at a salary or hourly rate that is directly proportional to a full-time regular employee with comparable training and experience. This bill states further intent that community colleges make reasonable progress annual toward meeting the salary equity goal, and that community college also provide comparable benefits to part-time employees.

Recommendation: OPPOSE

Compensation for temporary academic employees at the community colleges is a local issue and should be addressed at the local level.

The policy promoted in this bill imposes through intent language strong pressure on local community college districts to provide higher compensation for part-time employees regardless of whether higher compensation would be warranted or would improve the quality of the education provided at community colleges.

RECOMMENDATION: OPPOSE

DATE: 6/20/98

MARIAN BERGESON

Secretary of Child Development and Education

Prepared by: C. Miller

Office of the Governor

Approved _____

Noted _____

Disapproved _____

By: _____ Date: _____

Contents of the Bill: Current law requires that a person employed to teach community college classes for not more than 60% of the hours per week of a full-time employee having comparable duties, excluding substitute service, be classified as a temporary employee.

This bill would state legislative intent that community colleges compensate temporary academic employees at a salary or hourly rate that is directly proportional to a full-time regular employee with comparable training and experience.

Fiscal Impact: UNKNOWN


Support: No letters on file.

Neutral: No letters on file.

Oppose: No letters on file.

Voting Record: Senate Floor: 21-14 Assembly Floor:

NO ANALYSIS REQUIRED BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT 	BILL NUMBER AB 1848
SUBJECT Warranties: motor vehicle manufacturers	AMENDED DATE 06/11/98

- Analysis not required of this bill (not within scope of responsibility).
- Technical Bill (no program or fiscal changes to existing program).
- Bill as amended no longer within scope of responsibility or program of the department and should be reviewed for reassignment to another department.
- Technical Amendment (no change in previously submitted analysis required).
- Minor Amendment. Previously submitted analysis still valid. Previously approved position is **NEUTRAL**.
- Minor Amendment. No change in recommended position of _____ See comments below.

Comments: AB 1848 would extend the provisions of the "Lemon Law" to vehicles purchased by small businesses. The bill contains a provision to exclude from the definition of a new motor vehicle, for purposes of the "Lemon Law," vehicles used to transport property above the manufacturer's gross vehicle weight rating.

The June 11 amendment clarifies that a motor home is an exception from this exemption.

This amendment has no impact on DMV; therefore, the department's approved position of **NEUTRAL** remains valid.

Prepared by: Karen Schweizer
 Title: Associate Governmental Program Analyst
 Phone number: 657-6518

DEPARTMENT <i>Bill Cathy</i>	DATE 6-29-98	AGENCY <i>J. Schultz for D Campbell</i>	DATE 7/1/98
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STATE AND CONSUMER SERVICES AGENCY

SUMMARY ANALYSIS OF AMENDED BILL

Department CONSUMER AFFAIRS	Author Davis	Bill Number AB 1848
Sponsor Author	Related Bills SB 289	Amended Date 6/11/98
Analyst: Weber, Dennis	Telephone 324-5402	
Subject: Warranties: Motor Vehicle Manufacturers		

DEPARTMENT'S AMENDMENTS ACCEPTED. Amendments reflect suggestions of analysis for the _____ version.

AMENDMENTS HAVE A FISCAL IMPACT. A new fiscal analysis is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the analysis for the _____ version.

MORE AMENDMENTS NECESSARY - See comments below.

DEPARTMENT RECOMMENDS POSITION BE CHANGED TO _____.

REMAINDER OF ANALYSIS FOR _____ VERSION STILL APPLIES.

OTHER - See comments below.

SUMMARY:

AB 1848 would include vehicles purchased and used for small businesses in the definition of vehicles covered by the Tanner Consumer Protection Act, otherwise known as the "Lemon Law". The Lemon Law would be expanded to business persons with five or fewer vehicles who use the vehicle for personal, family or household use as well as business. The bill would exclude from lemon law claims any new motor vehicle that has been used to transport property in excess of the manufacturer's gross vehicle weight limit, with limited exceptions.

Amendments of June 11, 1998 change the exemption from lemon law claims for exceeding the manufacturer's gross vehicle weight limit to exempt motor homes. The author indicates this is because each motor home has multiple manufacturers (one for the chassis, one for the cabinets, one for appliances, etc.) which could lead to technical violations of gross vehicle weight in construction, especially if custom features are added.


Amendments do not change the Department of Consumer Affairs' recommendation of **NEUTRAL** on AB 1848.

DEPARTMENTS THAT MAY BE AFFECTED

DMV

STATE MANDATE / /		GOVERNOR'S APPOINTMENT / /		GOVERNOR'S OFFICE USE POSITION APPROVD. _____ POSITION DISAPP. _____ POSITION NOTED _____
DEPARTMENT DIRECTOR POSITION	AGENCY SECRETARY POSITION			
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<input type="checkbox"/> NIA <input type="checkbox"/> NAR	<input type="checkbox"/> NIA <input type="checkbox"/> NAR			
<input type="checkbox"/> DEFER TO _____	<input type="checkbox"/> DEFER TO _____			
DEPARTMENT DIRECTOR DATE:	AGENCY SECRETARY DATE:			
<i>[Signature]</i> 6/22/98	<i>[Signature]</i> JUN 29 1998			
	DEPUTY SECRETARY LEGISLATION			

NO ANALYSIS REQUIRED BUSINESS, TRANSPORTATION AND HOUSING AGENCY

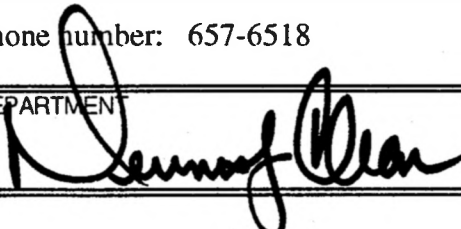
DEPARTMENT 	BILL NUMBER AB 1848
SUBJECT Warranties: motor vehicle manufacturers	AMENDED DATE 07/02/98

- Analysis not required of this bill (not within scope of responsibility).
- Technical Bill (no program or fiscal changes to existing program).
- Bill as amended no longer within scope of responsibility or program of the department and should be reviewed for reassignment to another department.
- Technical Amendment (no change in previously submitted analysis required).
- Minor Amendment. Previously submitted analysis still valid. Previously approved position is **NEUTRAL**.
- Minor Amendment. No change in recommended position of _____ . See comments below.

Comments: AB 1848 would extend the provisions of the "Lemon Law" to vehicles purchased by small businesses. The July 2 amendment deletes the provision excluding vehicles used to transport property above the manufacturer's gross vehicle weight rating from the definition of "new motor vehicle" as used under the "Lemon Law."

This amendment has no impact on DMV; therefore, the department's previously recommended position of NEUTRAL remains valid.

Prepared by: Karen Schweizer
 Title: Associate Governmental Program Analyst
 Phone number: 657-6518

DEPARTMENT 	DATE 7/7/98	AGENCY V. Schultze for D. Campbell	DATE 7/13/98
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San Jose Mercury News

Friday, August 28, 1998

Self-employed gain coverage in lemon law

BY REBECCA SMITH
Mercury News Consumer Writer

Lemon-law protections will be extended to self-employed workers Jan. 1, ending nearly three decades of unequal treatment of real estate agents, contractors, landscapers and other small-business owners whose vehicles do double duty at work and home.

The revisions to the 1970 Song-Beverly Consumer Warranty Act became official this week when Gov. Pete Wilson signed Assembly Bill 1848. They are considered the most significant changes since 1982, when lawmakers spelled out the definition of "lemon."

Until now, only personal-use vehicles have been covered by the state lemon law, which requires auto makers to offer refunds or replacements to owners of new vehicles that prove extremely defective.

The new law expands the universe of protected vehicles to include up to five vehicles per owner that are used for "business and personal, family or household use" if purchased after Jan. 1, 1999.

The bill, sponsored by Assemblywoman Susan Davis, D-San Diego, isn't the only lemon-law revision to have made it through the Legislature this year. A second bill — AB 2410, written by Assemblyman Kevin Shelley, D-San Francisco — is awaiting Wilson's signature.

It would make California the first state to prohibit auto makers from forcing consumers to sign confidentiality agreements as a condition of having vehicles repurchased under lemon-law buyback provisions.

Consumer groups argue that gag agreements make it impossible for subsequent owners to find out about problems and repairs from previous owners. Auto makers oppose the Shelley bill.

"Other businesses get to keep settlements confidential; why not us?" asked Jim Austin, Sacramento lobbyist for the American Auto Manufacturers Association. His group was neutral on the Davis bill.

No one knows exactly how many vehicles and owners would be covered by the two laws, but Californians buy 1.5 million new cars and trucks each year. Of those, 5,000 to

10,000 are repurchased by auto makers because of consumer complaints.

Consumer advocates applauded the new legislation.

"It's time to break out the lemonade and celebrate," said a jubilant Rosemary Shahan, executive director of Consumers for Auto Reliability and Safety in Sacramento, a non-profit advocacy group that has pushed for lemon-law reform for five years.

Under the Song-Beverly Act, manufacturers are required to make "reasonable" efforts to correct problems that detract from a product's "use, value or safety." If a problem can't be fixed after at least four attempts — or if the vehicle has been out of service for at least 30 days within the first 12,000 miles of use — manufacturers must offer a refund or a replacement.

Upon subsequent resale, prospective buyers must be told the car was a lemon-law buyback and given information on repairs.

"I'm happy there's finally been progress," said tour operator Alison Bolze of Redondo Beach. "If we'd had this law when we needed it, it would have saved us enormous problems."

Bolze said she had a new General Motors mini-bus in the shop for major repairs 90 of the 110 days she owned it. She eventually sued General Motors since lemon-law relief was not available to her company, L.A. Excursions, a travel firm that caters to German tourists.

"We almost went out of business because we had tours booked that we had to give away," Bolze said.

Some consumers were shocked to learn business vehicles were treated differently from personal vehicles.

Tammy and Stan Jordan of Santa Cruz bought a 1997 Kia Sportage that they say they've had in the shop eight times for major engine repairs. The lemon law didn't help them because Stan Jordan uses the car for his work with the developmentally disabled.

"Based on our experience, I think the new law has a lot of value," said Tammy Jordan. "This is very good news."

Ban on lemon-law 'gag clauses' signed

AUTOS: The change means dealers can't stop owners from speaking about their cars' defects.

By ANNE C. MULKERN
The Orange County Register

Automakers forced to buy back defective vehicles under the state's lemon law can no longer force motorists to keep quiet about their cars' flaws.

Gov. Pete Wilson late Wednesday signed a law banning confidentiality agreements as a condition of car buybacks. The law is believed to be the first of its kind.

Consumer advocates fought for the law, saying automakers were refusing to take back problematic cars unless motorists agreed to sign the agreements, dubbed "gag clauses."

"I'm very pleased the governor put public safety before special interests," said Rosemary Shahan, founder of Consumers for Auto Reliability and Safety.

The automotive industry opposed the law, saying it would impede their ability to reach set-

tlements with unhappy motorists. Carmakers said they often buy back cars that aren't defective, to keep customers happy, and shouldn't have to suffer negative publicity.

"We saw this bill as discouraging settlements," said Mark Krausse, vice president of the Association for California Tort Reform, which represents automakers, insurance companies and other businesses. "(This law) has the potential for encouraging other litigation."

Automakers said consumers are already protected by the lemon law, which requires that they label the title deed of any lemon. They also must place a sticker on the door frame.

But the state Department of Motor Vehicles pushed for the new law, saying the gag clauses limited the state's ability to track unsafe cars.

Shahan said consumers need extra protection to ensure that automakers follow the lemon law and label defective cars.

The new law does not prohibit automakers from asking consumers not to reveal the financial terms of any settlement.

Display 1997-1998 Bill History - INFORMATION

COMPLETE BILL HISTORY

09/10/98

BILL NUMBER : S.B. No. 2017
 AUTHOR : Schiff
 TOPIC : Juvenile court dependents and wards: orders.
 TYPE OF BILL : INA NUR NAP MAJ LOC FIS NTA

BILL HISTORY

1998

Aug. 24 Chaptered by Secretary of State. Chapter 390, Statutes of 1998.
 Aug. 24 Approved by Governor.
 Aug. 10 Enrolled. To Governor at 4 p.m.
 Aug. 6 Senate concurs in Assembly amendments. (Ayes 37. Noes 0. Page 5790.) To enrollment.
 July 23 To Special Consent Calendar.
 July 22 In Senate. To unfinished business.
 July 22 Read third time. Passed. (Ayes 68. Noes 0. Page 8054.) To Senate.
 July 19 Read second time. To Consent Calendar.
 July 16 From committee: Do pass. To Consent Calendar. (Ayes 21. Noes 0.)
 June 24 Read second time. Amended. Re-referred to Com. on APPR.
 June 23 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 16. Noes 0.)
 June 16 To Com. on JUD.
 May 28 In Assembly. Read first time. Held at Desk.
 May 28 Read third time. Passed. (Ayes 37. Noes 0. Page 4897.) To Assembly.
 May 22 To Special Consent Calendar.
 May 19 Read second time. To third reading.
 May 18 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.
 May 7 Set for hearing May 18.
 Apr. 28 Read second time. Amended. Re-referred to Com. on APPR..
 Apr. 27 From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0. Page 4157.)
 Apr. 2 Set for hearing April 14.
 Mar. 2 To Com. on JUD.
 Feb. 23 Read first time.
 Feb. 21 From print. May be acted upon on or after March 23.
 Feb. 20 Introduced. To Com. on RLS. for assignment. To print.

Display 1997-1998 Bill History - INFORMATION

COMPLETE BILL HISTORY

09/09/98

BILL NUMBER : A.B. No. 1848
 AUTHOR : Davis
 TOPIC : Warranties: motor vehicle manufacturers.
 TYPE OF BILL : INA NUR NAP MAJ NLO NFI NTA

BILL HISTORY

1998

Aug. 24 Chaptered by Secretary of State - Chapter 352, Statutes of 1998.
 Aug. 24 Approved by the Governor.
 Aug. 10 Enrolled and to the Governor at 1:45 p.m.
 Aug. 6 Senate amendments concurred in. To enrollment. (Ayes 61. Noes 12. Page 8212.)
 Aug. 3 In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 5 pursuant to Assembly Rule 77.
 Aug. 3 Read third time, passed, and to Assembly. (Ayes 28. Noes 2. Page 5708.)
 July 6 Read second time. To third reading.
 July 2 Read third time, amended. To second reading.
 June 11 Read second time, amended, and to third reading.
 June 10 From committee: Amend, and do pass as amended. (Ayes 7. Noes 0.).
 May 19 Referred to Com. on JUD.
 May 11 In Senate. Read first time. To Com. on RLS. for assignment.
 May 11 Read third time, passed, and to Senate. (Ayes 63. Noes 11. Page 6699.)
 May 7 Read third time, amended, and returned to third reading.
 Mar. 18 Read second time. To third reading.
 Mar. 17 From committee: Do pass. (Ayes 12. Noes 1.) (March 17).
 Mar. 2 Referred to Com. on C.P.,G.E. & E.D.
 Feb. 13 From printer. May be heard in committee March 15.
 Feb. 12 Read first time. To print.

seven years. The state prosecutor accuses his opponent of padding for votes with an idea that is patently unconstitutional.

Checchi offered his proposal during his first

"I can tell you a 120 percent of the people agree with that," Lungren told a gathering of bankers in Sacramento last week. "It's easy to

Angeles prosecutor ar
test the issue before

CAPITOL NOTEBOOK / PETER BLUMBERG

DMV, AG at Odds On 'Lemon Law' Reform

SACRAMENTO — Perhaps nothing better defines consumer protection in California than the "lemon law," crafted in 1982 to protect buyers in disputes with manufacturers over defective automobiles.

Fifteen years after this groundbreaking law provided Californians with their own bill of rights in warranty disputes, state authorities field 600 phone calls each month from consumers wanting to know how the law works.

Last year, authorities recorded more than 10,000 lemon-law buyback transactions. Nationally, lemon complaints consistently rank as the No. 1 source of consumer contact with state government.

But California officials who enforce the lemon law — Department of Motor Vehicles director Sally Reed and Attorney General Daniel Lungren — could hardly speak with more different voices in the strategies they have adopted to help consumers.

On one end of the spectrum is Reed, who is making national history by pursuing a court trial against a Big Three automaker. At issue in this enforcement action, the largest case ever brought by DMV, are allegations that Chrysler re-sold more than 100 "lemons" in California without proper disclosure to the buyers.

An administrative law judge ruled against Chrysler and recommended an unprecedented sanction: suspension of the company's license to sell new cars in California for 60 days and three years of probation. (In a similar lawsuit against General Motors

Continued on Page 9



SFD J
- Feb 18 1998

'Lemon Law' Reforms Set AG, DMV on Different Courses

Continued From Page 1

The DMV settled for \$330,000 in damages in (1994).

Concern about the economic impact on dealers of a two-month suspension prompted DMV to lower the suspension period to 45 days. But Chrysler successfully appealed the ruling to an obscure nine-member DMV oversight panel that normally hears disputes between auto dealers and manufacturers.

Now, Reed is pushing to reinstate the 45-day suspension, and her appeal of the New Motor Vehicle Board decision will be heard in the Sacramento Superior Court sometime in the Spring.

Regardless of how they view the merits of the Chrysler case, industry observers are awed by the DMV director's aggressiveness.

"The DMV case is amazing, and it's right on," said Harry Snyder, a senior advocate with San Francisco-based Consumers Union. "It's the kind of stern enforcement that will bring about changes in practices that hurt consumers."

Larry Miles, a Sacramento attorney who represents dealers and publishes Auto World Legal newsletter, says he thinks a settlement is overdue and doesn't expect the DMV to prevail, but praises the agency's tenacity.

"There's no question when they feel something is egregious, they have the capacity and ability to make an impact," he said.

Lungren, meanwhile, is waging lemon warfare on a different front — and making enemies with consumer groups. He's endorsing the auto industry's proposal to undo a key lemon-law provision that prohibits manufacturers from going to court to appeal arbitration decisions won by consumers. Coupled with this, the industry and the attorney general would bar consumers from filing lemon lawsuits until they have completed the arbitration process.

Currently, arbitration is voluntary but arbitrators' decisions are binding on manufacturers, not

consumers. The rationale is that since the manufacturers administer and fund the arbitration process, they should have to live with the results when an arbitrator orders replacement of a defective car or a refund.

Critics reject Lungren's contention that the industry's approach will reduce "time-consuming and expensive litigation" and help consumers get speedier refunds, as he wrote in a letter last July that adopted proposals drafted by a Toyota lobbyist.

Rosemary Shahan, president of Sacramento-based Consumers for Auto Reliability and Safety, says customers would be penalized for using arbitration programs if Lungren's concept is adopted, allowing multibillion-dollar manufacturers to sue individual buyers.

"Allowing the auto manufacturer to appeal decisions rendered by its own dispute resolution program would undermine the entire process and allow manufacturers to intimidate consumers from even entering arbitration," Shahan said, noting that very few states' lemon laws allow appeals by manufacturers. "It would give manufacturers of defective products a rein to threaten their victims with lengthy and expensive litigation, regardless of how meritorious their case."

Disagreement over whether the laws that govern arbitration programs in California avert lawsuits or encourage them is nothing new.

Vehicle manufacturers and consumer groups have for years sparred in the Capitol over how to amend the dispute resolution process. And lemon reform legislation, much like its big cousin, tort reform, has never gone anywhere because the interested parties have not found middle ground.

The manufacturers have taken the position that there is simply too much lemon litigation. They argue the best deterrent is to force consumers to go through arbitration and preclude them from recovering civil penalties, including double damages for so-called willful violations of the law.

(Under the Lungren amendments, a manufacturer

who sues a consumer after arbitration and loses would remain subject to double damages.)

Consumer groups have sought to expand the scope of the existing law to give consumers additional protections. A pending bill sponsored by Shahan's group and authored by Sen. Charles Calderon, D-Montebello, would extend the lemon warranty period from one year to two years, lower the number of repair attempts before a car is labeled a lemon; give buyers a stronger voice in the arbitration process; and expand the lemon law from personal-use cars to include small fleets of commercial vehicles.

Lungren initially expressed unconditional support for Calderon's SB289 last April and jumped to the industry's side in July.

The attorney general's office declined comment, saying his letter speaks for itself, and Lungren declined a reporter's request to discuss the change at a recent news conference.

"Our office has long been an enthusiastic proponent of alternative dispute resolution," Lungren wrote to Calderon in July. "The proposed amendments appear to expand and fortify this process with respect to California's lemon law."

In addition to making arbitration mandatory for consumers and nonbinding on both parties, the Lungren amendments would require state certification of all manufacturer arbitration programs, in essence changing the system from voluntary to mandatory. In turn, Lungren would relieve manufacturers of civil liability as long as they comply with the state's rules. Currently, certification is optional, and most foreign car makers do not participate.

Industry lobbyists insist that manufacturers are not eager to win the right to sue consumers, but that courts would be unlikely to approve of a system where either party to a mandatory arbitration system would be denied that right.

Calderon says Lungren's amendments make a mockery of SB289, which won Senate approval last year and stalled in the Assembly Committee

on Consumer Protection, Governmental Efficiency and Economic Development. In an interview, the senator laughed at the notion of allowing manufacturers to sue consumers.

"It's real simple," he said. "If you buy a new car, you expect it to work, and if it doesn't work, you shouldn't suffer for it."

Automakers claim they suffer under existing California laws and will suffer more if Calderon's bill passes.

"SB289 not only contradicts liability reform, it compounds an already outrageous litigation and liability situation," six industry lobbyists wrote in a letter last year to legislators.

By the industry's count, lemon litigation payouts are, on average, 40 percent higher than the average payout in the rest of the country. To date, however, the industry has not disclosed any figures on the dollar amounts of these payouts, which are routinely kept secret as a settlement condition with consumers who sue.

Lemon lawyers say the industry exaggerates how often they go to court. A survey conducted within California's lemon-law bar, consisting of approximately 20 full-time lemon-law attorneys statewide, concluded that 1,545,611 new car and truck sales in 1996 resulted in 500 court complaints. That's a lawsuit rate of less than .5 percent. (Another 789 buyers who hired attorneys resolved their disputes prior to filing a lawsuit, the survey said.)

A 1996 survey of lemon arbitration participants by the state Department of Consumer Affairs doesn't resolve the statistical dispute. But it did find, not surprisingly, that customers who won in arbitration were generally enthusiastic about the process, and customers who lost generally were dissatisfied. The department got responses from one-third of the 4,400 participants who were surveyed.

"Overall, survey results affirmed that consumers perceive arbitration as a valuable alternative to litigation," the survey concluded. "Even

though approximately 40 percent of all consumers surveyed claimed to be dissatisfied with the arbitration process, only 12 percent of consumers filed a lawsuit after completing arbitration."

In theory, the automakers and the consumer groups have a common interest in reducing litigation as much as possible. Anytime a consumer goes to court, the process has failed. But each side accuses the other of trying to take away incentives to make arbitration successful.

The arguments over litigation statistics quickly deteriorate into name-calling. The consumer groups accuse the industry of a nationwide "stealth" campaign to gut lemon laws. The industry accuses consumer groups of allowing themselves to be co-opted by the "cottage industry" trial lawyers who make their living doing an end run around arbitration.

Neither side is willing to give up what it takes to get Calderon's SB289 out of the Assembly committee, where the bill last year had the support of most, but not all Democrats, and none of the Republicans. Calderon said he sees the bill as test of lawmaker courage.

"If there are enough members worrying about re-election, this goes down to the fundamental question of why people vote," said Calderon, who is himself a candidate for attorney general. "I personally would not want to go back and face my constituents and explain why I voted against the Calderon bill."

The industry, for its part, is in no hurry to do to the senator's demands.

"I think it's going to take more negotiation, give-and-take," said Paul Gladfely, a lobbyist with Nissan North America. "The consumer groups have to really focus on what's in the consumer's best interests as opposed to what's in the trial lawyer's best interests, and they are not always the same."

Giving Death Penalty to Sex Offenders Advocating Internet Literacy in the Law

Continued From Page 1

The case at the heart of the controversy involved Ehrlich Anthony Coker, who escaped from a Georgia prison where he was serving a triple-life sentence for rape and murder in the early 1970s. While on the run, Coker raped and kidnapped another woman. He was sentenced to death by a Georgia jury based on a statute that made the rape of an adult woman a capital crime under aggravating circumstances.

The U.S. Supreme Court overturned Coker's death sentence, finding that it was "grossly disproportionate and excessive punishment for the crime of rape and therefore forbidden by the Eighth Amendment as cruel and unusual."

Rosenthal argues much has changed since Justice Byron R. White authored the 1977 ruling: The public is less tolerant of sex offenders; states have adopted tougher laws, including one in Louisiana that makes child rape a capital offense, and the Supreme Court itself has demonstrated broader support for the death penalty.

"The easy choice is to say it's already been ruled on, and it's a dead issue," Rosenthal said in an interview.

a way as to satisfy the Supreme Court."

Weisberg and other experts expressed an array of concerns about Checchi's proposal beyond the narrow question of how to make it pass muster with the Supreme Court.

To John Costarinos, a defense attorney who litigates capital cases and teaches a class on the death penalty at the University of San Diego, Checchi's proposal conjures up grim memories of racial injustice.

"In 1972 [Furman v. Georgia, 408 U.S. 238], the Supreme Court ruled the death penalty unconstitutional because it was being arbitrarily and capriciously applied to the states," he said. "Between 1930 and 1972, 455 people were executed for rape and 405 were African-Americans."

Statistics showing disproportionate use of the death penalty against black men convicted of sexually assaulting white women were "a big concern of the court," he said, and again in the Coker case, Costarinos said.

"I'd hate to see us go down that path again," he said.

Gerald F. Uelmen, a law professor at Santa Clara University, said he wonders how California could handle

Continued From Page 1

on innumerable Web pages.

Those resources include immediate access to state and federal appellate court decisions, proposed state and federal legislation and rules, statutes, announcements by government agencies, corporate reports, public records of various kinds, and much more.

"The breadth and depth of resources available makes it almost reckless not to use the Internet in appropriate cases," Goldsholle said. "I'm not saying it means you should use it in every slip-and-fall accident case, but it does mean that if a noted expert was going to testify against you, not to use the Internet to check out the expert may be incompetence."

"Usage of the Internet and technology is as essential in California as the ability to bring up cases, to Shepardize or to craft legal documents," he said. "The Internet is at the point now where its use, when

Krakauer said he's also an advocate of the Internet, but said Goldsholle's statements might create unjustified expectations among clients and unreasonable problems for lawyers, in addition to increasing their overhead unnecessarily.

"I don't feel that this discussion, the way he is doing it, is productive," he said. "It doesn't inform attorneys about the lay of the land in terms of ethics and malpractice, and it's not consistent with current thinking about legal research."

Stanley W. Lamport, a land-use partner at Los Angeles' Cox, Castle & Nicholson and a special adviser to the State Bar's Committee on Professional Responsibility and Conduct, said the issue is access to resources rather than specific access to the Internet.

Lamport, who considers himself a heavy Internet user, doesn't use it for legal research because he has generally more reliable information available from the state's CD-ROM collection.

browse the Web to maintain competence. Malpractice probably only would concern when an attorney has client Internet interests, she said. "Then a duty to know the Internet, to be use it to attend to the client's matter — contracts, defamation, discovery involving E-mail — starting to mix the Web, but it doesn't make failure the Internet rise to the level of malice or incompetence," Ross said.

"That may change in the future," added. "By the time my 7-year-old becomes an attorney, he probably has a duty to browse the Web."

Even Kevin Thomason, a San Francisco lawyer and a former business partner of Goldsholle, cautions against believing Internet is essential in a law practice. Although he makes his living the legal profession, he doesn't think about Goldsholle's 1695

California is in a unique position to lead the nation in a trend



Consumers for Auto Reliability and Safety

March 13, 1998

Honorable Susan Davis
Chairperson, Assembly Committee on Consumer Protection, Governmental Efficiency
and Economic Development
Room 2013, State Capitol
Sacramento, CA 95814

RE: AB 1848—SUPPORT, as introduced
HEARING: Assembly Consumer Protection Committee, Tuesday, March 17

Dear Assemblywoman Davis:

Consumers for Auto Reliability and Safety (CARS) is a non-profit auto safety and consumer advocacy organization that works to promote auto safety and reduce motor vehicle-related fatalities, injuries, and economic losses. CARS also works with state and federal law enforcement officials to curb auto sales and service-related fraud.

CARS is listed as a resource for California consumers in the Department of Consumer Affairs publication *Lemon Aid for New Car Buyers* and *The Car Book* by Jack Gillis, and is regularly contacted by California lemon owners who desperately seek assistance in gaining relief from seriously faulty vehicles.

CARS supports your AB 1848 as introduced, as it is aimed at providing protection under California's Lemon Law for small business owners and individual entrepreneurs. Many other state lemon laws protect people who need safe, reliable transportation to make a living, and this extension of California's Lemon Law is long overdue.

As you know, this is also a key provision of SB 289 (Calderon), which has widespread support among consumer groups, the Better Business Bureau, the auto clubs, small businesses, and individual consumers. CARS does not see AB 1848 as a substitute for SB 289, which we continue to strongly support. In addition to extending the lemon law to protect small businesses, SB 289 also includes other important provisions to enhance vehicle safety and curb some of the worst abuses in auto industry-sponsored dispute resolution programs.

We remain concerned about the possibility of auto industry-drafted amendments which have been proposed in the past, which would gut protection for California vehicle owners under the Song-Beverly Consumer Warranty Act, signed into law by then-Governor Ronald Reagan, and in effect since 1970.

CARS and other consumer groups that have worked on auto lemon issues in California oppose amendments that would grant the auto industry a special exemption from the Song-Beverly Consumer Warranty Act, or encourage further abuses in the industry-funded arbitration programs.

Attn:
Dana
Mitchell

**CONSUMERS UNION* CONSUMER ACTION* CONSUMERS FOR AUTO
RELIABILITY AND SAFETY* CALPIRG**

July 7, 1998

Honorable Susan Davis
Chair, Assembly Committee on Consumer Protection, Governmental Efficiency
and Economic Development

Room 2013
State Capitol
Sacramento, CA 95814

RE: AB 1848 (Davis), as amended July 2, 1998: SUPPORT

Dear Assembly Member Davis:

We are pleased to reiterate our support for your AB 1848, which will expand protection under California's automobile lemon law to many individual entrepreneurs and small business owners who use their vehicles both for business purposes and for personal, family, and household use.

We would also like to thank you for addressing our previous concern about one amendment.

As it goes to the Senate Floor, AB 1848 promises to eliminate a distinction that always seemed nonsensical and arbitrary to affected consumers, and to help them go about their business and remain productive. This is indeed an important and worthwhile improvement to the lemon law.

Sincerely,

Rosemary Shahan, Consumers for Auto Reliability and Safety
Cher McIntyre, Consumer Action
Earl Lui, Consumers Union
Jon Golinger, CALPIRG

CC: Senator Burton, Senator Polanco, Coauthor Assembly Member Figueroa

Juan Williams

06/26/98 9:22 AM

RN9814567 PAGE 1

Substantive

29885

AMENDMENTS TO ASSEMBLY BILL NO. 1848
AS AMENDED IN SENATE JUNE 11, 1998

Amendment 1

On page 6, strike out lines 5 to 8, inclusive, and
insert:

used exclusively off the highways. A demonstrator is a

- 0 -

FILE ITEM
#175

SCHIFF -
FLOOR
JOCKEY

L15



20422

06/05/98 10:14 AM
RN9812649 PAGE 1
Substantive

AMENDMENTS TO ASSEMBLY BILL NO. 1848
AS AMENDED IN ASSEMBLY MAY 7, 1998

Amendment 1
Below line 1 of the heading, insert:

(Coauthor: Assembly Member Figueroa)

Amendment 2
On page 6, line 5, after "rating" insert:

, except a motor home

- 0 -

Q11



SENATE JUDICIARY COMMITTEE
Adam B. Schiff, Chairman
1997-98 Regular Session

AB 1848	A
Assemblymember Davis	B
As Amended May 7, 1998	
Hearing Date: June 9, 1998	1
Civil Code	8
DLM:cjt	4
	8

SUBJECT

Motor Vehicle Warrantees: Lemon Law

DESCRIPTION

This bill would expand the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for *both* personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

(This analysis reflects amendments to be presented to committee.)

BACKGROUND

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000 miles, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

CHANGES TO EXISTING LAW

Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill would expand the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought *for business* and personal, family, or

(more)

household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

The bill would provide that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

COMMENT

1. Statement of need for bill

Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes are included. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2. Amendments remove opposition:

a. Limiting coverage to joint family and business vehicles

According to supporters, 26 states have lemon laws that cover vehicles purchased for business use, some with narrowly drawn exceptions. They note that even Michigan, the home state of the industry, applies its lemon law to include commercial buyers who purchase less than 10 new motor vehicles per year. In response, the manufacturers note that lemon laws were specifically created to assist consumers, not businesses. Business vehicles receive different treatment than vehicles used for personal, family, or household use. Such vehicles are driven more frequently, loaded more heavily, and are generally not maintained in the same way as personal-use vehicles. As a result, this differing treatment could lead to defects caused by the usage of the vehicles, as opposed to manufacturing defects.

The bill was amended to address the above-stated concerns of automobile manufacturers. Where the bill originally would have extended the lemon presumption to all business fleets of five vehicles or less, it has been narrowed to cover only those vehicles which are used for both personal and business transportation.

b. Proposed amendment to be presented in committee would clarify that "weight limit" language does not cover motorhomes

The author has agreed to amend the bill to clarify that the language which states that "the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating" does not include motorhomes. The intention of the language was to address situations where, for instance, a business' worktruck is consistently overloaded. The amendment comes in response to concerns unique to the manufacturing process of motorhomes, which are also covered under the lemon law.

In motorhome manufacturing, there is often a two-part construction process, where one manufacturer will build the chassis, and another company will build the coach (home) aspect of the vehicle, and place it upon the chassis. The opposition was based upon the concern that some motorhome coaches exceed the weight limit for the chassis recommended by the manufacturer, creating a non-conforming vehicle which would not be subject to the lemon law under the current language. The author has agreed to amend the bill to clarify that this section of the bill does not include motorhomes. As a result of this amendment, there is no longer any opposition to the bill.

3. Related competing legislation

SB 289 (Calderon) pending in Assembly C.P., G.E, & E.D Committee, was heard in this committee April 1, 1997 and passed on a 6-1 vote. SB 289 would expand the definition of new motor vehicle under the lemon law to include new motor vehicles used for business purposes by persons with fewer than five registered vehicles. This is a broader class of coverage than that proposed in this bill (vehicles used for both business and personal travel.) In addition to this provision, as passed by this committee SB 289 would make the following changes to law:

- extend the number of miles and the period of time during which an automobile may be presumed to be a lemon from the current 12 months/12,000 miles to 24 months/24,000 miles;
- create a new category of nonconformity for "safety defects," defined as a "nonconformity that is likely to cause death or bodily injury if the motor vehicle is operated for ordinary purposes," and reduce the number of repair attempts which qualify a new motor vehicle as a lemon from four to two in the case of safety defects;

- require auto manufacturers who have arbitration as part of their warranty dispute resolution process to allow consumers to fully participate in any arbitration hearing;
- require manufacturers to clearly state in all print advertising and written sales promotional material if they do not provide a certified arbitration program.

4. Chaptering out amendments are needed

Both SB 289 and AB 1848 would amend Civil Code section 1793.22. Amendments will be needed in order to avoid chaptering out in the event each bill is passed and signed.

Support: California District Attorneys Association; California Attorney General's Office; Consumer Attorneys of California; Consumers for Auto Reliability and Safety; Consumers Union; USD Center for Public Interest Law; Granite Excavation and Demolition, Inc.; California Public Interest Research Group (CalPIRG)

Opposition: None known

HISTORY

Source: Author

Related Pending Legislation: SB 289 (Calderon) pending in Assembly C.P., G.E, & E.D Committee

Prior Legislation: None Known

Prior Votes: Assembly C.P., G.E, & E.D. (12-1) Assembly Floor (63-11)

SENATE JUDICIARY COMMITTEE
Adam B. Schiff, Chairman
1997-98 Regular Session

DRAFT

AB 1848	A
Assemblymember Davis	B
As Amended May 7, 1998	
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(more)

1704

household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

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are included

b. Proposed amendment to be presented in committee would clarify that "weight limit" language does not cover motorhomes

The author has agreed to amend the bill to clarify that the language which states that "the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating" does not include motorhomes. The intention of the language was to address situations where, for instance, a business' worktruck is consistently overloaded. The amendment comes in response to concerns unique to the manufacturing process of motorhomes, which are also covered under the lemon law.

In motorhome manufacturing, there is often a two-part construction process, where one manufacturer will build the chassis, and another company will build the coach (home) aspect of the vehicle, and place it upon the chassis. The opposition was based upon the concern that some motorhome coaches exceed the weight limit for the chassis recommended by the manufacturer, creating a non-conforming vehicle which would not be subject to the lemon law under the current language. The author has agreed to amend the bill to clarify that this section of the bill does not include motorhomes. As a result of this amendment, there is no longer any opposition to the bill.

3. Related ^{competing (?)} pending legislation

SB 289 (Calderon) pending in Assembly C.P., G.E. & E.D Committee, was heard in this committee April 1, 1997 and passed on a 6-1 vote. SB 289 would, ~~among its other provisions,~~ expand the definition of new motor vehicle under the lemon law to include new motor vehicles used for business purposes by persons with fewer than five registered vehicles. *It would also broaden the Lemon Law to . . .*

Support: California District Attorneys Association; California Attorney General's Office; Consumer Attorneys of California; Consumers for Auto Reliability and Safety; Consumers Union; USD Center for Public Interest Law; Granite Excavation and Demolition, Inc.; California Public Interest Research Group (CalPIRG)

Opposition: None known

HISTORY

Source: Author

Related Pending Legislation: SB 289 (Calderon) pending in Assembly C.P., G.E. & E.D Committee

This is a competing purpose

If both bills amend § 1793.22. Amendments are needed to avoid chapter 19 problems

Prior Legislation: None Known

Prior Votes: Assembly C.P., G.E, & E.D. (12-1) Assembly Floor (63-11)

June 3, 1998

The Honorable Adam Schiff
Chairman, Senate Judiciary Committee
Room 2205, California State Capitol
Sacramento, CA 95814

Re: AB 1848 (Davis), Small Business Lemon Law - SUPPORT

Dear Chairman Schiff:

The California Public Interest Research Group (CALPIRG), a consumer and environmental watchdog group with 60,000 members across the state, supports AB 1848 by Assemblymember Susan Davis. This bill would expand California's Lemon Law to cover small business owners.

For more than a decade, the Lemon Law has been one of the cornerstones of consumer protection law in California. By requiring auto manufacturers to replace or provide a refund for vehicles that fail to operate properly during the life of the warranty, the Lemon Law has helped save thousands of consumers time and money, as well as prevent many of them from needlessly endangering their health.

Unfortunately, today the California Lemon Law is sorely in need of its' own tune-up. Among the numerous loopholes that have developed in Lemon Law coverage over the years has been the failure of the law to extend protections to small business owners. Just as any individual car owner usually makes a major investment in the vehicle and relies heavily on it for the ability to make a living, so too do small business owners and entrepreneurs.

AB 1848 would extend the Lemon Law to cover small business owners by "redefining" the definition of new motor vehicles in the law to include up to 5 vehicles bought or used for business purposes. This important change will help many business owners who, today, are often told they are ineligible for a replacement vehicle or refund when their new car consistently breaks down.

While we continue to support SB 289 by Senator Charles Calderon, which includes the provisions of this bill and strengthens the Lemon Law in several other areas as well, we also believe that AB 1848 is a useful consumer protection measure. For these reasons, we urge you and members of the Senate Judiciary Committee to vote "Aye" on AB 1848 when it is heard in your Committee.

Thank you for your time and consideration.

Sincerely,


Jon Golinger
Consumer Advocate

cc: Members of the Senate Judiciary Committee
Assemblymember Susan Davis

RECEIVED
JUN 3 1998



OFFICE OF LEGISLATIVE COUNSEL

May 29, 1998

Honorable Susan A. Davis

A.B. 1848 — Conflict

The above measure, introduced by you, which is now set for hearing in the
Senate Judiciary Committee
appears to be in conflict with the following other measure(s):

A.B. 2277 - Kuykendall

S.B. 289 - Calderon

**ENACTMENT OF THESE MEASURES IN THEIR PRESENT FORM MAY GIVE RISE TO
A SERIOUS LEGAL PROBLEM WHICH OFTEN CAN BE AVOIDED BY APPROPRIATE
AMENDMENTS.**

**WE URGE YOU TO CONSULT OUR OFFICE IN THIS REGARD AT YOUR EARLIEST
CONVENIENCE.**

Very truly yours,
BION M. GREGORY
LEGISLATIVE COUNSEL

By: Corrections Section
PH: 5-0430

cc: Committee
named above
Each lead author
concerned

BACKGROUND INFORMATION FOR AB 1848 (DAVIS)

- 1a. The author is the source and sponsor of the bill. No person, organization, or governmental entity requested introduction.
- 1b. There are two other bills pending in the Legislature directly relating to lemon law:
SB 289 (Calderon) – Contains numerous provisions expanding the scope of the lemon law; currently at Assembly Consumer Protection Committee
AB 2277 (Kuykendall) – Limited lemon law expansion relating to motor homes; to be heard at Senate Judiciary on June 9.
- 1c. There has not been an interim committee report on AB 1848.
2. Current law does not include vehicles purchased by small businesses in the scope of the lemon law. Existing law defines "new motor vehicle" for purposes of the lemon law as one that is "used or bought for use primarily for personal, family, or household purposes." This has the practical effect of excluding vehicles purchased by businesses from the lemon law. The author believes that vehicles purchased by a small business should be held to the same standards and expectations as those purchased by individual consumers. Therefore, AB 1848 expands the definition of "new motor vehicle" in the lemon law to include up to five vehicles purchased by businesses, as detailed in the bill.
3. No additional background material is attached. If any additional information is sought, please call Robert Herrell at 319-2089.
4. Letters of support and opposition are attached. Please note that all auto manufacturers are now neutral on the bill, following the May 7 amendments to the bill.
5. We do not plan any amendments to the bill prior to hearing. We do anticipate taking chaptering out amendments at some point prior to the bill reaching the Governor's desk.
6. We anticipate having 1-2 small business owners testify, as well as representatives from consumer groups that support the bill.
7. The staff contact on the bill is Robert Herrell. He may be reached at 319-2089.

SENATE COMMITTEE ON JUDICIARY
SENATOR ADAM B. SCHIFF, CHAIRMAN

BACKGROUND INFORMATION REQUEST

Measure: AB 1848

Author : Assemblywoman Davis

1. Origin of the bill:

- a. Who is the source of the bill? What person, organization, or governmental entity requested introduction?
-
-

- b. Has a similar bill been before either this session or a previous session of the legislature? If so, please identify the session, bill number and disposition of the bill.
-

- c. Has there been an interim committee report on the bill? If so, please identify the report.
-

2. What is the problem or deficiency in the present law which the bill seeks to remedy?

3. Please attach copies of any background material in explanation of the bill, or state where such material is available for reference by committee staff.
-

4. Please attach copies of letters of support or opposition from any group, organization, or governmental agency who has contacted you either in support or opposition to the bill.

5. If you plan substantive amendments to this bill prior to hearing, please explain briefly the substance of the amendments to be prepared.
-

6. List the witnesses you plan to have testify.
-
-
-

RETURN THIS FORM TO: SENATE COMMITTEE ON JUDICIARY
Phone 445-5957

STAFF PERSON TO CONTACT: _____



CALIFORNIA DISTRICT ATTORNEYS ASSOCIATION

731 K Street, Third Floor • Sacramento, CA 95814 • (916) 443-2017

April 7, 1998

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The Honorable Susan Davis
California State Assembly
State Capitol, Room 2013
Sacramento, CA 95814

Re: AB 1848--Support

Dear Assemblymember Davis:

The California District Attorneys Association is pleased to offer its support of your measure, AB 1848 as introduced on February 12, 1998. The Tanner Consumer Protection Act (lemon law) has been of significant benefit to consumers involved in warranty disputes regarding motor vehicles. It has helped to clarify a consumer's warranty rights and promoted qualified third party dispute resolution as an alternative to litigation. AB 1848 would expand the coverage of the lemon law to include vehicles purchased by small businesses. This is a logical and appropriate extension of an effective law. It should help small business and ease congested court calendars.

If you have any questions, please do not hesitate to contact me or John Wilson, Deputy District Attorney at 650/363-4098.

Very truly yours,

Lawrence G. Brown
Executive Director

LGB/jw/klh



1300 I STREET, SUITE 125

P.O. BOX 944255

SACRAMENTO, CA 94244-2550

Public: (916) 445-9555

Facsimile: (916) 322-2630

(916) 324-5477

March 30, 1998

The Honorable Susan Davis
California State Assembly
State Capitol, Room 2013
Sacramento, CA 95814

RE: Support for your measure, AB 1848 -- As Amended February 12, 1998

Dear Assembly Member Davis:

The Attorney General's Office is pleased to support your measure, AB 1848.

If we can be of any further assistance, please do not hesitate to contact us.

Sincerely,

DANIEL E. LUNGREN
Attorney General

JACK R. STEVENS
Assistant Attorney General
Legislative Affairs

JRS:let

cc: Mr. Charles Fennessey, Governor's Office
Mr. David Shaw, OCJP
Ms. Leslie McGill, CPOA
Senate Republican Caucus

CONSUMER ATTORNEYS OF CALIFORNIA

Rick Simons
President

Mark P. Robinson, Jr.
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Donald C. Green
Chief Legislative Advocate

Nancy Drabble
Senior Legislative Counsel

Nancy Peverini
Legislative Counsel

Lea-Ann Tratten
Legal Counsel

March 11, 1998

The Honorable Susan Davis
State Capitol, Room 2013
Sacramento, Ca. 95814

Dear Assembly Member Davis:

Consumer Attorneys of California is pleased to support AB 1848, which is set to be heard before the Consumer Protection, Governmental Efficiency and Economic Development Committee on March 17, 1998.

This bill would give small business owners the protection of California's lemon law. Under the measure, a fleet of five vehicles or less would be covered by the lemon law. We believe that this is an important consumer protection that will help small businesses that are saddled with a lemon. We also support Senator Calderon's bill, SB 289, which contains a number of significant improvements in the lemon law.

If you have have any questions, please feel free to contact one of our legislative advocates in Sacramento.

Sincerely,



Rick Simons
President

Legislative Department

980 9th Street, Suite 200, Sacramento, CA 95814-2721 • (916) 442-6902 • FAX (916) 442-7734
info@caoc.org • <http://www.caoc.com>



HONORABLE SUSAN DAVIS

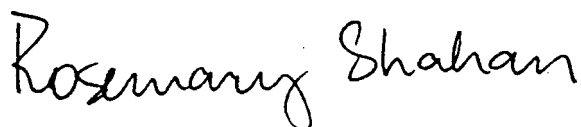
AB 1848

March 13, 1998

CARS also strongly opposes any amendment that would allow auto manufacturers to bring suits against consumers, by appealing favorable decisions rendered in their own programs. Current California law requires manufacturers who offer dispute resolution programs to be bound by the decisions rendered by those programs. Given the enormous disparity between the parties, that provision is needed to protect consumers, particularly when they are already burdened with an unsafe or inoperable vehicle.

Thank you for this opportunity to express our support.

Sincerely,



Rosemary Shahan
President

CC: Honorable George Runner, Vice Chairman
Honorable Elaine Alquist
Honorable Gilbert Cedillo
Honorable Elizabeth Figueroa
Honorable Brooks Firestone
Honorable Peter Frusetta
Honorable Mike Machado
Honorable Jim Morrissey
Honorable Grace Napolitano
Honorable Virginia Strom-Martin
Honorable Nao Takasugi
Honorable Scott Wildman



Publisher of Consumer Reports

March 11, 1998

The Honorable Susan Davis
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0001

Re: **AB 1848 (Davis): SUPPORT**
Hearing: Assembly Consumer Protection Committee, March 17

Dear Assembly Member Davis:

Consumers Union, the nonprofit publisher of *Consumer Reports* magazine, supports your AB 1848. This bill would add a much needed provision to California's new car "lemon law."

The bill would extend lemon law coverage to small businesses and self-employed persons. Many other states already have similar provisions, including Michigan, where businesses with up to 10 vehicles are covered. The bill entitles small business persons to use available arbitration programs, rather than having to resort to litigation, thus *decreasing* litigation. Small business persons and the self-employed deserve lemon law protection in part because they are similar to individual consumers in terms of bargaining power with auto companies.

As you know, the small business provision is also included in SB 289 (Calderon), a bill that is presently with the Consumer Protection Committee. While we are pleased to support AB 1848, we continue to believe the other provisions of SB 289 are needed to improve consumer protections in the lemon law.

Very truly yours,

Earl Lui
Staff Attorney

cc: Members, Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee



University of San Diego

Center for Public Interest Law

Robert C. Fellmeth, Director

March 12, 1998

Honorable Susan Davis, Chair
Assembly Committee on Consumer Protection,
Government Efficiency and Economic Development
State Capitol, Room 2013
Sacramento, California 95814

Re: Assembly Bill 1848 (Davis) SUPPORT

Dear Assemblywoman ~~Davis~~ *Susan*:

The Center for Public Interest Law (CPIL) supports your AB 1848, which would expand California's "Lemon Law" to include vehicles purchased for business purposes by individuals or companies which have no more than five vehicles registered in the state. This provision was included in a broader lemon law reform measure introduced last year: SB 289 (Calderon), which CPIL also supported.

The Tanner Consumer Protection Act, more commonly referred to as the "Lemon Law," has provided an important avenue for individual consumers to arbitrate conflicts or obtain replacement vehicles for inherently flawed vehicles for the past 15 years. Unfortunately, small business owners often find themselves in the same frustrating bind, with lemon vehicles purchased for business purposes. Yet under current law, they are unable to benefit from this important consumer protection.

AB 1848 corrects this inequity for small business owners who, similarly to individuals, likely have few resources to otherwise successfully resolve disputes over costly lemon vehicles. It is a tired but true cliché: small businesses drive California's economic engine, generating the lion's share of California's new jobs. CPIL looks forward to working with you this year to achieve this important consumer protection for small businesses.

Sincerely,

Kathryn Dresslar
Senior Policy Advocate

cc: Members of the Assembly Committee on Consumer Protection
Robert Herell, Consultant

GRANITE EXCAVATION & DEMOLITION INC.
117 CLEMENT STREET
SAN FRANCISCO
CA 94118

TEL: 415 752-5522
FAX: 415 221-9577

March 11, 1998

Assemblywoman Susan A. Davis
Chair, Assembly Committee on Consumer Protection,
Governmental Efficiency, and Economic Development
State Capitol, Room 2013
Sacramento, CA 95814

Dear Assemblywoman Davis:

RE: AB 1848 (Davis) Support – Small Business Coverage in Lemon Law.

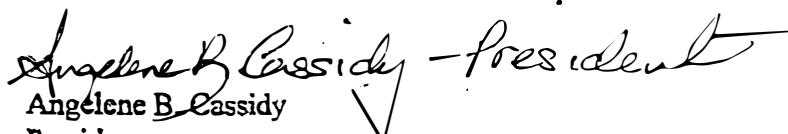
I am pleased to support your AB 1848, which would expand California's lemon law to include small businesses.

As a small business owner, I believe I am entitled to the same quality of vehicle as any other California consumer. Yet under our current lemon law I am excluded, even if I own a vehicle which is clearly a lemon.

This exclusion of small businesses is unfair. I am glad that you are seeking to correct this injustice with AB 1848. Things are tough enough already for small businesses like mine.

Please give California businesses and consumers more protection from lemons by supporting AB 1848.

Sincerely,


Angelene B. Cassidy
President
Granite Excavation & Demolition Inc.

American Automobile Manufacturers Association



May 11, 1998

Honorable Susan Davis
State Capitol, Room 2013
Sacramento, California 95814

Re: AB 1848 - Neutral

Dear Susan:

This is to advise you that based on the May 7 amendments to your bill, the American Automobile Manufacturers Association (General Motors Corporation, Ford Motor Company, and Chrysler Corporation) has removed its opposition and is neutral on the bill.

If you or your staff have any questions, please give me a call.

Thank you!

Sincerely,

James W. Austin
Government Affairs Manager
Pacific Coast Region

JWA/eb

HEADQUARTERS

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1719



MACK TRUCKS, INC.
WORLD HEADQUARTERS
2100 MACK BOULEVARD
BOX M
ALLENTOWN, PA 18105-5000
TELEPHONE: 610.709.3011

ROBIN CRAWFORD
DIRECTOR
CORPORATE & PUBLIC AFFAIRS

610-709-3121

March 30, 1998

Assembly Member Susan Davis
State Capitol, Room 2013
Sacramento, CA 95814

Dear Assemblywoman Davis:

I recently learned that you are the prime sponsor of CA 1848, which proposes to amend California's Automobile Lemon Law to include new motor vehicles purchased or used for a business purpose (up to a limit of 5).

Mack Trucks, Inc. is one of North America's largest producers of heavy-duty trucks, in addition to major product components. We have reviewed CA 1848 and are concerned by its attempt to broaden the scope of the existing motor vehicle lemon law provision to include heavy-duty trucks. The effect would be somewhat inconsistent with the intent of such laws, which is to protect consumers and to deal with certain abuses in automobile sales—not to regulate the sale of commercial vehicles. In all but three states—Nebraska, Texas and Wisconsin—motor vehicle lemon laws have taken this distinction into account.

Clearly, there are some significant factors that make heavy-duty trucks unique in the motor vehicle industry:

1. A heavy-duty truck sale is a joint effort between the customer and the dealer. Very few trucks are sold from stock; almost all are ordered to the customer's specifications, taking into account such things as vocational needs, terrain, and load type and weight. Our trucks are frequently specified right down to the type of brakes the customer needs. While truck manufacturers provide guidance to customers about which truck configurations will perform best in specific applications, it is the customer who chooses how the truck will be equipped. Truck manufacturers have less control than do car manufacturers over the uses to which their products will be put. In the end, they have no way of preventing customers from trying to make their truck perform tasks they were not built to perform—and running the risk of major and repeated breakdowns for that reason. When that happens, it makes more sense for both customer and manufacturer to replace the vehicle in question with a correctly-specified

model, rather than a model identical to the one with the problem. This is obviously not the case with automobile sales, as most cars are sold directly from the showroom floor. In short, the average truck buyer knows what he's getting under the hood and is a much more informed purchaser than the average automobile buyer, who has very little specific automotive component knowledge.

2. Because of the very tight competition that exists in the relatively small heavy-duty truck market, customers have a great deal of price bargaining power. The unit sales projection each year, divided among the seven major manufacturers of heavy-duty trucks, is almost insignificant when compared with the hundreds of thousands of automobile sales per year for California. That makes every truck customer more important to us—we do not want to lose a potential customer either the first time around or when he comes back to buy his second truck.
3. The heavy-duty manufacturers' warranties are another example of just how wide the gap is between passenger cars and commercial vehicles. Where the average automobile warranty offers 5 year or 50,000 mile protection, Mack offers 3 year or 300,000 mile protection on our engines, transmissions, and rear axle carriers. In addition, many components are warranted for 5 years or 500,000 miles, including parts and labor. These warranties go a long way toward proving that we stand behind our products without the need for lemon law protection.
4. In contrast to automobiles, heavy-duty trucks are usually built in more than one stage and by more than one manufacturer: that is, the cab, drivetrain, and chassis are assembled by the truck manufacturer. The vocational body (that is, a dumper, a mixer barrel, and so forth) is supplied by another company. This further diminishes the control a manufacturer can exercise over the ultimate use of the truck. In addition, most truck manufacturers do not themselves manufacture all the major components of the truck. For instance, a Mack heavy-duty truck may have a Caterpillar engine, a Fuller transmission, and an Eaton rear axle. While the truck manufacturer may cover some of these components under warranty, the warranty does not require the manufacturer to supply an entirely new truck if one major component cannot be made to perform as required. The problem can usually be resolved by replacing the failing component with an entirely different kind of component. Also, some major components are covered by their own manufacturers' warranties, rather than by that of the truck manufacturer. In such cases, requiring replacement of a vehicle with an entire new vehicle makes no sense.
5. Lastly, the time periods written into most "lemon car" laws are meaningless when applied to heavy-duty trucks, and would needlessly expose truck manufacturers to penalties designed with passenger cars in mind. Trucks, and especially over-the-highway line-haul trucks, run up tremendous mileage each year. A line-haul truck may easily travel 12,000 miles in a single month. Similarly, commercial vehicles are also exposed to much more rigorous operating conditions than passenger cars. This means it is not unusual for a truck to undergo normal maintenance and servicing and experience "down" time in excess of 30 days per year.

For these reasons, we urge you to reconsider the merits of CA 1848, and withdraw it from legislative consideration. Thank you for reviewing our views on this issue. If you have any questions or concerns, please call me at (610) 709-3121.

Sincerely,

A handwritten signature in cursive script that reads "Robin Crawford". The signature is written in black ink and is positioned above the printed name.

Robin Crawford

California Alliance for Consumer Protection

1808 Sherwood Ave. • Sacramento, California 95822 • (916) 456-7311 • mross@calweb.com • fax (916) 456-9551 • www.consumers.com

"Going Where No Consumer Advocacy Group Has Gone Before"

Honorable Susan Davis
Member of the Assembly
State Capitol - Room 2013
Sacramento, CA 95814

March 17, 1998

RE: AB 1848 - OPPOSE

Dear Assemblymember Davis:

On behalf of the California Alliance For Consumer Protection we would like to go on record as opposing AB 1848.

We oppose you measure because we believe that the Lemon Automobile Bill, known as the Tanner Consumer Protection Act, was meant for families who have car problems not companies that are fortunate enough to have a "fleet" of cars, driven by many individuals. And how do we know? Simple, we were the ones who wrote the original bill!

At this point, please don't take our position wrong - we believe that the auto dealers need to continue to enhance the quality of their products if we as a country are going to compete against the foreign market.

As a result of this position we would like to suggest that you lower the numbers of motor vehicles regulated from 5 to 3 or that you allow an individual who uses their car for work and pleasure to be covered

In closing, I look forward to talking to you or your staff about this amendment.

Sincerely,



MICHAEL ROSS
Consumer Advocate

Robert T. Monagan
Counselor
David G. Ackerman
DGA Associates
P. Gladfelty
Gladfelty Government Relations
Jamie Khan
Governmental Relations/Consulting



U.S. Bank Plaza
980 9th Street, Suite 1580
Sacramento, California
95814
T. (916) 444-3116
F. (916) 444-7841

March 13, 1998

The Honorable Susan Davis, Chair
Assembly Consumer Protection, Governmental
Efficiency and Economic Development Committee
State Capitol, Room 2013
Sacramento, CA 95814

Dear Assemblywoman ^{Susan} Davis:

On behalf of our client, Nissan North America, this letter is to express our concerns on your bill, AB 1848, which would extend coverage of the state "lemon law" to vehicles used for business purposes by a person who has no more than five vehicles registered in California.

Nissan, which is a California-based corporation, has participated in an active dialogue over the last six years on lemon law reform. Nissan has consistently supported balanced revision to the lemon law which would benefit California consumers--and which would limit the unreasonable and exorbitant litigation costs associated with the lemon law in this state.

In that regard, Nissan remains opposed to expanding the lemon law to commercial fleet vehicles. The intent of the original California lemon law was to protect and assist consumers, not businesses who have the means, ability, and resources to resolve their auto warranty differences for commercial purchases. In addition, lemon law coverage of the business use of vehicles in a fleet of any size is objectionable, because it is Nissan's view that such vehicles are not given the same care as vehicles belonging to consumers in general.

However, Nissan would not object to a bill which expands lemon law coverage for the business use of personal vehicles used by individuals in the normal course of their own business. There are ways to draft your measure that expand the existing law to the small business owner using his or her vehicle for business use, without unnecessarily expanding the definition into areas the lemon law was never intended nor should cover. We would be pleased to work with your staff or discuss this matter with you further at your earliest convenience.

Sincerely,


Paul P. Gladfelty

cc: Members of the Assembly Consumer Protection, Governmental
Efficiency and Economic Development Committee



Consumers for Auto Reliability and Safety

FAX TRANSMISSION

DATE: 6/15/98
TO: Dana Mitchell
FROM: Rosemary Shahan
Number of Pages (including this one): 5

Comments:

RE: AB 1848 (Davis), our letter, FYI—

Plus, RE AB 2277 (Kuykendall, motor homes)

Here is background about why we want to keep the manufacturers on their toes. We want them to invest in the infrastructure of building better cars, and maintaining them properly. Now that they cannot launder lemons so easily, they are investing billions in technician training, diagnostic equipment, repair parts, delivery and distribution systems, parts plants, etc. All this is good for consumers, workers, the economy, and ultimately the companies themselves.

But it breaks down if all they have to do is fix "potholes" for the minority of consumers who persist, and who complain loudly and often enough, and to just the right people, and in just the right way, so the manufacturers can take their time and address just those complaints.

**CALPIRG
CONSUMER ACTION
CONSUMERS FOR AUTO RELIABILITY AND SAFETY
CONSUMERS UNION**

June 15, 1998

Honorable Susan Davis
Chair, Assembly Committee on Consumer Protection, Governmental Efficiency and Economic
Development
State Capitol
Sacramento, CA 95814

RE: AB 1848 (Davis)

Dear Assemblywoman Davis:

While our organizations have been in support of your AB 1848, to improve California's auto lemon law, we regret that we may be forced to oppose the bill, unless it is further amended to address the more recent provision that would potentially harm all auto lemon owners.

It is unfortunate that we did not catch this problem with the amendment sooner, but since it is your intent to help consumers, we hope that this input will be viewed as a friendly effort to head off potential harm to consumers. If you wish, we would be happy to discuss the problem with you and your staff before any vote on the Senate floor.

The way AB 1848 is currently worded, it changes the entire definition of new motor vehicle to exclude "a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating [GVWR], except a motor home." While apparently aimed at instances of abuse by consumers, that provision could lead in many cases to absurd and harmful results. In effect, it would open a new "lemon loophole" for auto manufacturers to exploit, at the expense of consumers.

Unless further amended, AB 1848 would allow auto manufacturers to refuse to give lemon owners refunds for seriously defective vehicles, even when the defects are totally unrelated to the issue of weight. For example, a consumer who buys a new minivan with a chronically defective fuel injection system could be denied a refund, simply because she had once overloaded it, even though the overloading caused no damage and was unrelated to the fuel injectors. That unfair result could occur, although the defect may be common to that particular model, and the manufacturer openly acknowledges that the defect is the result of a design flaw or faulty parts from a supplier. Under AB 1848, that minivan would no longer be a new motor vehicle, for purposes of obtaining a refund under the warranty.

AB 1848's re-definition also fails to take into account cases where the manufacturers' faulty design(s) contributed to the problem. For example, if a pickup's transmission was poorly engineered, and inadequate for towing loads well below the GVWR, that may be the leading cause of severe and chronic transmission problems that arise. But under AB 1848, the

consumer could be severely penalized, even for once slightly exceeding the GVWR, while the manufacturer could evade any liability whatsoever for its bad design.

Particularly since the bill was narrowed so that it no longer protects small business owners, unless they also use their vehicles for personal use, if the bill continues to contain this provision, on balance it would be a loss for California consumers.

We believe that any legitimate concerns about consumers overloading their vehicles, when used for business purposes, would be better addressed by a more narrow, focused amendment that does not give auto manufacturers a new lemon loophole for defective vehicles.

We also believe that the amendment proposed below more fairly addresses the issue of motor homes and other vehicles, some with multiple manufacturers, where one manufacturer has nearly exceeded the GVWR, so that if the vehicle is used as intended, and as reasonably foreseen, the owner would of necessity exceed the GVWR.

Our suggestion is to delete AB 1848's amended definition of "new motor vehicle" (as quoted above), and instead insert the following amendment to the definition of "nonconformity" at Civil Code Section 1793.22 (e)(1):

"This section does not apply to new motor vehicles used for business and personal, family, and household purposes when a nonconformity is caused solely by the negligent and unreasonable transport of property above a manufacturer's gross vehicle weight rating."

Thus, if a consumer negligently and unreasonably overloads a vehicle, and that causes a problem with the vehicle, that problem would not count as a "nonconformity," and would not trigger a refund. However, if the manufacturer(s) contributed to the problem, and/or the use was reasonable, the weight issue would not become a trap for innocent consumers.

As we noted above, we would welcome the opportunity to discuss this further with you and your staff. Unless we hear from you by Thursday June 18th, we regretfully will have to oppose the bill.

As you know, we have long advocated expanding the lemon law to protect people who use their vehicles for business purposes, and hope that we can arrive at a way to accomplish that laudable goal without taking away existing protection for all California new car buyers.

Sincerely,

Rosemary Shahan, CARS
Jon Golinger, CALPIRG
Earl Lui, Consumers Union
Cher McIntyre, Consumer Action

Cc: Honorable John Burton, Office of Senate Floor Analyses

One benefit of an effective
union law -

SACRAMENTO BEE, January 16, 1997

Toyota plans \$75 million parts center in California

Associated Press

TOKYO - Japanese auto giant Toyota Motor Corp. said Thursday it is opening a new parts center in Ontario that will cut parts delivery lead time from 40 days to just one week.

The center will supply parts for manufacturing and service for Toyota and Lexus vehicles in North America, the company said. It said the \$75 million facility will create 450 new jobs.

From: Consumers for Auto Reliability and Safety (CARS)

AUTOMOTIVE NEWS March 20, 1997

COMPANY COMMITMENT

Eaton said the company must do its part to help the dealers — that the company bears some of the responsibility for problems at the dealerships. He said Chrysler is working on some of those problems.

For example, the company just added 50 people in the customer service area at corporate headquarters. "If that's not enough, we will add more," Eaton said.

The chairman also said Chrysler is spending \$230 million to develop new equipment that hits dealerships this fall that will make it easier for service personnel to accurately detect defects in vehicles. "If that doesn't work, we will put \$500 million in," Eaton said.

Last year, 1,180 of Chrysler's 4,600 dealerships qualified for the Five Star rating. The company wants that number to top 3,000 by 2000.

Holden said it's imperative that dealers improve their operations if they don't want to lose their retail businesses in the same way aftermarket stores have stolen much of the service business in oil changes and muffler repairs.

"This is not a phase where customers want to be smart for a few years," Holden said. "This is not like wearing bell bottoms. They're not going back to being stupid." **AN**

29885

06/26/98 9:22 AM
RN9814567 PAGE 1
Substantive

AMENDMENTS TO ASSEMBLY BILL NO. 1848
AS AMENDED IN SENATE JUNE 11, 1998

Amendment 1

On page 6, strike out lines 5 to 8, inclusive, and
insert:

used exclusively off the highways. A demonstrator is a

- 0 -

L15



1997-1998

COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 1848
 AUTHOR : Davis
 TOPIC : Warranties: motor vehicle manufacturers.
 TYPE OF BILL :

ACTIVE BILL
 NON-APPROPRIATION
 NON-STATE-MANDATED LOCAL PROGRAM
 NON-TAX-LEVY

NON-URGENCY
 MAJORITY VOTE
 NON-FISCAL

BILL HISTORY

1998

May 19 Referred to Com. on JUD.
 May 11 In Senate. Read first time. To Com. on RLS. for assignment.
 May 11 Read third time, passed, and to Senate. (Ayes 63. Noes 11. Page 6699.)
 May 7 Read third time, amended, and returned to third reading.
 Mar. 18 Read second time. To third reading.
 Mar. 17 From committee: Do pass. (Ayes 12. Noes 1.) (March 17).
 Mar. 2 Referred to Com. on C.P., G.E. & E.D.
 Feb. 13 From printer. May be heard in committee March 15.
 Feb. 12 Read first time. To print.

Unofficial Ballot

Bill: AB 1848 1997-1998

Author: Davis

Topic: Warranties: motor vehicle manufacturers.

05/11/98 ASM. FLOOR

AB 1848 DAVIS THIRD READING

AYES 63 NOES 11 (PASS)

03/17/98 ASM. C.P., G.E. & E.D.

Do pass.

AYES 12 NOES 1 (PASS)

AB 1848

Page 1

ASSEMBLY THIRD READING
AB 1848 (Davis)
As Amended May 7, 1998
Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY: Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally states that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW:

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has

at least once directly notified the manufacturer of the need for repair of the nonconformity; or

b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.

- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for

AB 1848

Page 2

arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.

- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances."
- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT: None

COMMENTS:

- 1) The author's intention with this bill is to simply include

small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions.

Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

AB 1848

Page 3

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

3) The May 7 amendments to the bill are the result of negotiations between the author's office and the automobile manufacturers. The amendments directly respond to concerns raised by the

manufacturers.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

FN

038124

AB 1848

Page 1

ASSEMBLY THIRD READING

AB 1848 (Davis)

As Introduced February 12, 1998

Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY: Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

EXISTING LAW:

- 1) Defines new motor vehicle as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of

nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.

- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in

AB 1848

Page 2

relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances."

- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT : None

COMMENTS :

- 1) The author's intention with this bill is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that

businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions.

Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

FN

037615

SENATE RULES COMMITTEE

AB 1848

Office of Senate Floor Analyses

1020 N Street, Suite 524

(916) 445-6614 Fax: (916) 327-4478

THIRD READING

Bill No: AB 1848
Author: Davis (D)
Amended: 7/2/98 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 7-0, 6/9/98

AYES: Burton, Leslie, Lockyer, O'Connell, Sher, Wright, Schiff

NOT VOTING: Calderon, Haynes

ASSEMBLY FLOOR: 63-11, 5/11/98 - See last page for vote

SUBJECT: Motor vehicle warrantees: Lemon Law

SOURCE: Author

DIGEST: This bill expands the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

Senate Floor Amendments of July 1, 1998, removed redundant language.

ANALYSIS: Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

CONTINUED

This bill expands the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for business and personal, family, or household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

This bill provides that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.

Background

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Related Legislation

SB 289 (Calderon), pending in Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee, expands the definition of a new motor vehicle under the Lemon Law to include new motor vehicles used for business persons by persons with fewer than five registered vehicles.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 7/6/98)

California District Attorneys Association
California Attorney General's Office
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
USD Center for Public Interest Law
Granite Excavation and Demolition, Inc.

ARGUMENTS IN SUPPORT: Currently, small businesses are not included under the Lemon Law; only vehicles used primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

ASSEMBLY FLOOR:

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzone, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa

NOES: Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson

NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 7/6/98 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

CONCURRENCE IN SENATE AMENDMENTS
AB 1848 (Davis)
As Amended July 2, 1998
Majority vote

ASSEMBLY: 63-11 (May 11, 1998) SENATE: 28-2 (August 3, 1998)

Original Committee Reference: CONPRO

SUMMARY: Includes small business vehicles in the "lemon law" by redefining "new motor vehicle" for purposes of the lemon law to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

The Senate amendments delete a provision stating that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW:

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (i.e., lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission (FTC) minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant FTC regulations, and any other "equitable considerations appropriate in the circumstances."
- 6) States that if a qualified dispute resolution process exists, then the

consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

AS PASSED BY THE ASSEMBLY, this bill redefined "new motor vehicle" for purposes of the Tanner Consumer Protection Act (i.e., lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally stated that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

FISCAL EFFECT: None

COMMENTS:

- 1) This bill includes small business vehicles purchased under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions.
- 2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

- 3) The Senate amendments relate to the issue of abusing a vehicle by overloading it and then claiming a vehicle is a lemon. The author, consumer groups, and auto manufacturers all agreed that current law's prohibition against abuse of vehicle is sufficient to deny such claims, thereby making language previously included in the bill unnecessary.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089



Consumers for Auto Reliability and Safety

FAX TRANSMISSION

DATE: June 15, 1998

TO: Bob Graham

FROM: Rosemary Shahan

Number of Pages (including this one): 3

Comments:

RE: AB 1848 (Davis)—next vote: Senate Floor

If you would like to check with the other organizations that signed onto the joint letter:

Jon Golinger, CALPIRG 916-448-4516

Earl Lui, Consumers Union 415-431-6747

Cher McIntyre, Consumer Action 213-624-8327

**CALPIRG
CONSUMER ACTION
CONSUMERS FOR AUTO RELIABILITY AND SAFETY
CONSUMERS UNION**

June 15, 1998

Honorable Susan Davis
Chair, Assembly Committee on Consumer Protection, Governmental Efficiency and Economic
Development
State Capitol
Sacramento, CA 95814

RE: AB 1848 (Davis)

Dear Assemblywoman Davis:

While our organizations have been in support of your AB 1848, to improve California's auto lemon law, we regret that we may be forced to oppose the bill, unless it is further amended to address the more recent provision that would potentially harm all auto lemon owners.

It is unfortunate that we did not catch this problem with the amendment sooner, but since it is your intent to help consumers, we hope that this input will be viewed as a friendly effort to head off potential harm to consumers. If you wish, we would be happy to discuss the problem with you and your staff before any vote on the Senate floor.

The way AB 1848 is currently worded, it changes the entire definition of new motor vehicle to exclude "a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating [GVWR], except a motor home." While apparently aimed at instances of abuse by consumers, that provision could lead in many cases to absurd and harmful results. In effect, it would open a new "lemon loophole" for auto manufacturers to exploit, at the expense of consumers.

Unless further amended, AB 1848 would allow auto manufacturers to refuse to give lemon owners refunds for seriously defective vehicles, even when the defects are totally unrelated to the issue of weight. For example, a consumer who buys a new minivan with a chronically defective fuel injection system could be denied a refund, simply because she had once overloaded it, even though the overloading caused no damage and was unrelated to the fuel injectors. That unfair result could occur, although the defect may be common to that particular model, and the manufacturer openly acknowledges that the defect is the result of a design flaw or faulty parts from a supplier. Under AB 1848, that minivan would no longer be a new motor vehicle, for purposes of obtaining a refund under the warranty.

AB 1848's re-definition also fails to take into account cases where the manufacturers' faulty design(s) contributed to the problem. For example, if a pickup's transmission was poorly engineered, and inadequate for towing loads well below the GVWR, that may be the leading cause of severe and chronic transmission problems that arise. But under AB 1848, the

consumer could be severely penalized, even for once slightly exceeding the GVWR, while the manufacturer could evade any liability whatsoever for its bad design.

Particularly since the bill was narrowed so that it no longer protects small business owners, unless they also use their vehicles for personal use, if the bill continues to contain this provision, on balance it would be a loss for California consumers.

We believe that any legitimate concerns about consumers overloading their vehicles, when used for business purposes, would be better addressed by a more narrow, focused amendment that does not give auto manufacturers a new lemon loophole for defective vehicles.

We also believe that the amendment proposed below more fairly addresses the issue of motor homes and other vehicles, some with multiple manufacturers, where one manufacturer has nearly exceeded the GVWR, so that if the vehicle is used as intended, and as reasonably foreseen, the owner would of necessity exceed the GVWR.

Our suggestion is to delete AB 1848's amended definition of "new motor vehicle" (as quoted above), and instead insert the following amendment to the definition of "nonconformity" at Civil Code Section 1793.22 (e)(1):

"This section does not apply to new motor vehicles used for business and personal, family, and household purposes when a nonconformity is caused solely by the negligent and unreasonable transport of property above a manufacturer's gross vehicle weight rating."

Thus, if a consumer negligently and unreasonably overloads a vehicle, and that causes a problem with the vehicle, that problem would not count as a "nonconformity," and would not trigger a refund. However, if the manufacturer(s) contributed to the problem, and/or the use was reasonable, the weight issue would not become a trap for innocent consumers.

As we noted above, we would welcome the opportunity to discuss this further with you and your staff. Unless we hear from you by Thursday June 18th, we regretfully will have to oppose the bill.

As you know, we have long advocated expanding the lemon law to protect people who use their vehicles for business purposes, and hope that we can arrive at a way to accomplish that laudable goal without taking away existing protection for all California new car buyers.

Sincerely,

Rosemary Shahan, CARS
Jon Golinger, CALPIRG
Earl Lui, Consumers Union
Cher McIntyre, Consumer Action

Cc: Honorable John Burton, Office of Senate Floor Analyses

Jud

AMENDMENTS TO ASSEMBLY BILL NO. 1848
AS AMENDED IN ASSEMBLY MAY 7, 1998

Amendment 1
Below line 1 of the heading, insert:

(Coauthor: Assembly Member Figueroa)

Amendment 2
On page 6, line 5, after "rating" insert:

, except a motor home

- 0 -

Q11



STATE AND CONSUMER SERVICES AGENCY

SUMMARY ANALYSIS OF AMENDED BILL

Department CONSUMER AFFAIRS	Author Davis	Bill Number AB 1848
Sponsor Author	Related Bills SB 289	Amended Date 5/7/98
Analyst: Weber, Dennis	Telephone 324-5402	
Subject: Warranties: Motor Vehicle Manufacturers		

DEPARTMENT'S AMENDMENTS ACCEPTED. Amendments reflect suggestions of analysis for the _____ version.

AMENDMENTS HAVE A FISCAL IMPACT. A new fiscal analysis is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the analysis for the _____ version.

MORE AMENDMENTS NECESSARY - See comments below.

DEPARTMENT RECOMMENDS POSITION BE CHANGED TO **NEUTRAL**.

REMAINDER OF ANALYSIS FOR _____ VERSION STILL APPLIES.

OTHER - See comments below.

SUMMARY: CHANGE OF POSITION

AB 1848 would include vehicles purchased and used for small businesses in the definition of vehicles covered by the Tanner Consumer Protection Act, otherwise known as the "Lemon Law". The Lemon Law would be expanded to business persons with five or fewer vehicles.

Amendments of 5/7/98 modify the definition of a business vehicle covered by the Lemon Law to require the vehicle be also used for personal, family or household use as well as business. Amendments also exclude from lemon law claims any new motor vehicle that has been used to transport property in excess of the manufacturer's gross vehicle weight limit.

Amendments remove the Department of Consumer Affairs' concerns regarding the definition of a business vehicle subject to the Lemon Law. The Department recommends a change of position to **NEUTRAL** on AB 1848.

DEPARTMENTS THAT MAY BE AFFECTED

DMV

STATE MANDATE / /

GOVERNOR'S APPOINTMENT / /

DEPARTMENT DIRECTOR POSITION <input type="checkbox"/> S <input type="checkbox"/> O <input type="checkbox"/> SIA <input type="checkbox"/> OUA <input checked="" type="checkbox"/> N <input type="checkbox"/> NP <input type="checkbox"/> NIA <input type="checkbox"/> NAR <input type="checkbox"/> DEFER TO _____	AGENCY SECRETARY POSITION <input type="checkbox"/> S <input type="checkbox"/> O <input type="checkbox"/> SIA <input type="checkbox"/> OUA <input checked="" type="checkbox"/> N <input type="checkbox"/> NP <input type="checkbox"/> NIA <input type="checkbox"/> NAR <input type="checkbox"/> DEFER TO _____	GOVERNOR'S OFFICE USE POSITION APPROVD. _____ POSITION DISAPP. _____ POSITION NOTED _____ BY: DATE:
---	--	--

DEPARTMENT DIRECTOR DATE: *5/20/98*
 AGENCY SECRETARY DATE: *JUN .. 5 1998*
Henry Brown
 ORIGINAL SIGNED BY
 DEPUTY SECRETARY
 LEGISLATION

**DEPARTMENT OF CONSUMER AFFAIRS
FISCAL ANALYSIS OF LEGISLATION**

DISTRIBUTED
5-19-98

DUE DATE: May 21, 1998 DATE ASSIGNED: May 7, 1998

Prepared By: Tammy Massengale Bill Number: AB 1848

Phone number: 323-1100 Author: Davis

Approved by: *Brian Steyer* Date Approved: 5/18/98

FISCAL ANALYSIS AS AMENDED: 5/7/98 Short Title: Warranties: motor vehicle manufacturers *B* 5-19-98

OFFICE OF INFORMATION SERVICES: Fiscal impact? YES NO *If "Yes, attach OIS fiscal analysis and assumptions.*

OIS Reviewer: Patti Mayer DATE: 5/14/98

ANALYSIS AND FISCAL ASSUMPTIONS:

SEE ATTACHED

SUMMARY OF FISCAL IMPACT:	
<input checked="" type="checkbox"/>	Insignificant fiscal impact (under \$10,000).
	Minor fiscal impact. One-time cost of: \$ _____ . Can be absorbed within existing resources.
	Ongoing costs of: \$ _____ . Can be absorbed within existing resources.
	See below for fiscal impact.
	(Other:)

	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>Ongoing</u>
EXPENDITURES	\$ 0	\$ 0	\$ 0	0
REVENUE	\$ 0	\$ 0	\$ 0	0

PROGRAM CONTACT: Nancy Fuller Phone number: 323-3406

PROGRAM CONCURS: YES NO (If no, note differences as appropriate.)

SUMMARY OF LEGISLATION

Under the Tanner Consumer Protection Act, a new motor vehicle is defined as a vehicle that is used or bought for use primarily for personal, family or household purposes.

This bill would revise the definition of a new motor vehicle to include a new motor vehicle bought or used for business and personal, family, or household purposes by a person, including a legal entity, to which no more than five motor vehicles are registered in California. In addition, the definition of a new motor vehicle would exclude a vehicle that is used for the transport of property above the manufacturer's gross vehicle weight limit.

ASSUMPTIONS

This analysis is based on the following assumptions:

1. This proposal would be chaptered in September 1998 and become effective January 1, 1999.
2. The increase in the number of cases filed would be handled through the dispute resolution process.

REVENUE IMPACT

This bill would have no impact on revenue.

ESTIMATED WORKLOAD

This bill would increase the number of individuals eligible for arbitration. The program indicates that the workload increase would be insignificant and absorbable.

SUMMARY OF FISCAL IMPACT

This bill may increase workload minimally and any additional costs would be absorbable.

ASSEMBLY THIRD READING
AB 1848 (Davis)
As Amended May 7, 1998
Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY: Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally states that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW:

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations,

and any other "equitable considerations appropriate in the circumstances."

- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT: None

COMMENTS:

- 1) The author's intention with this bill is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.
- 2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

- 3) The May 7 amendments to the bill are the result of negotiations between the author's office and the automobile manufacturers. The amendments directly respond to concerns raised by the manufacturers.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

FN 038124

SENATE JUDICIARY COMMITTEE
Adam B. Schiff, Chairman
1997-98 Regular Session

AB 1848	A
Assemblymember Davis	B
As Amended May 7, 1998	
Hearing Date: June 9, 1998	1
Civil Code	8
DLM:cjt	4
	8

SUBJECT

X- Motor Vehicle Warrantees: Lemon Law

DESCRIPTION

A { This bill would expand the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for *both* personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

(This analysis reflects amendments to be presented to committee.)

BACKGROUND

B3 { The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000 miles, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

CHANGES TO EXISTING LAW

TS { Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill would expand the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought *for business* and personal, family, or

(more)

household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

The bill would provide that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, *except a motor home.*

COMMENT

1. Statement of need for bill

Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes are included. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2. Amendments remove opposition:

a. Limiting coverage to joint family and business vehicles

According to supporters, 26 states have lemon laws that cover vehicles purchased for business use, some with narrowly drawn exceptions. They note that even Michigan, the home state of the industry, applies its lemon law to include commercial buyers who purchase less than 10 new motor vehicles per year. In response, the manufacturers note that lemon laws were specifically created to assist consumers, not businesses. Business vehicles receive different treatment than vehicles used for personal, family, or household use. Such vehicles are driven more frequently, loaded more heavily, and are generally not maintained in the same way as personal-use vehicles. As a result, this differing treatment could lead to defects caused by the usage of the vehicles, as opposed to manufacturing defects.

The bill was amended to address the above-stated concerns of automobile manufacturers. Where the bill originally would have extended the lemon presumption to all business fleets of five vehicles or less, it has been narrowed to cover only those vehicles which are used for both personal and business transportation.

b. Proposed amendment to be presented in committee would clarify that "weight limit" language does not cover motorhomes

The author has agreed to amend the bill to clarify that the language which states that "the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating" does not include motorhomes. The intention of the language was to address situations where, for instance, a business' worktruck is consistently overloaded. The amendment comes in response to concerns unique to the manufacturing process of motorhomes, which are also covered under the lemon law.

In motorhome manufacturing, there is often a two-part construction process, where one manufacturer will build the chassis, and another company will build the coach (home) aspect of the vehicle, and place it upon the chassis. The opposition was based upon the concern that some motorhome coaches exceed the weight limit for the chassis recommended by the manufacturer, creating a non-conforming vehicle which would not be subject to the lemon law under the current language. The author has agreed to amend the bill to clarify that this section of the bill does not include motorhomes. As a result of this amendment, there is no longer any opposition to the bill.

3. Related competing legislation

64 { SB 289 (Calderon) pending in Assembly C.P., G.E. & E.D Committee, ~~was heard in this committee April 1, 1997 and passed on a 6-1 vote.~~ SB 289 would expand the definition of new motor vehicle under the lemon law to include new motor vehicles used for business purposes by persons with fewer than five registered vehicles. ~~This is a broader class of coverage than that proposed in this bill (vehicles used for both business and personal travel.)~~ In addition to this provision, as passed by this committee SB 289 would make the following changes to law:

- extend the number of miles and the period of time during which an automobile may be presumed to be a lemon from the current 12 months/12,000 miles to 24 months/24,000 miles;
- create a new category of nonconformity for "safety defects," defined as a "nonconformity that is likely to cause death or bodily injury if the motor vehicle is operated for ordinary purposes," and reduce the number of repair attempts which qualify a new motor vehicle as a lemon from four to two in the case of safety defects;

- require auto manufacturers who have arbitration as part of their warranty dispute resolution process to allow consumers to fully participate in any arbitration hearing;
- require manufacturers to clearly state in all print advertising and written sales promotional material if they do not provide a certified arbitration program.

4. Chaptering out amendments are needed

Both SB 289 and AB 1848 would amend Civil Code section 1793.22. Amendments will be needed in order to avoid chaptering out in the event each bill is passed and signed.

Support: California District Attorneys Association; California Attorney General's Office; Consumer Attorneys of California; Consumers for Auto Reliability and Safety; Consumers Union; USD Center for Public Interest Law; Granite Excavation and Demolition, Inc.; California Public Interest Research Group (CalPIRG)

Opposition: None known

HISTORY

Source: Author

4/10/98 21-14


Related Pending Legislation: SB 289 (Calderon) pending in Assembly C.P., G.E, & E.D Committee

Prior Legislation: None Known

Prior Votes: Assembly C.P., G.E, & E.D. (12-1) Assembly Floor (63-11)

LEGISLATIVE ANALYSIS

Business, Transportation & Housing Agency

DEPARTMENT 	AUTHOR Davis	BILL NO. AB 1848
SPONSOR Author	RELATED BILLS SB 289	AMENDED DATE Original
SUBJECT Warranties: motor vehicle manufacturers		

SUMMARY: AB 1848 would extend the provisions of the "Lemon Law" to vehicles purchased by small businesses.

DETAILED ANALYSIS: Existing law requires motor vehicle manufacturers to promptly replace a vehicle or to make restitution to the buyer when, after a reasonable number of attempts, the manufacturer does not or is not able to conform the vehicle to applicable express warranties. Existing law limits the new motor vehicles to which these "Lemon Law" requirements apply to those used or bought for use primarily for personal, family, or household purposes.

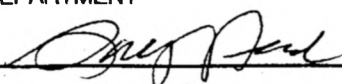
AB 1848 would expand the applicability of the "Lemon Law" provisions to include motor vehicles bought or used for business purposes by a person, including a legal entity, to which not more than five motor vehicles are registered in this state.

COST ANALYSIS: AB 1848 would have a minimal and absorbable fiscal impact on DMV.

AB 1848 could generate an unknown number of additional complaints from buyers not currently protected under the "Lemon Law" provisions. Also, AB 1848 could result in an increased number of vehicles deemed "lemons" which would result in the branding of the vehicle's title and a transfer of ownership from the buyer to the manufacturer. Programs are already in place to process this workload.

LEGISLATIVE HISTORY: AB 1848 is sponsored by the author.

Related Legislation: SB 289, Calderon, a current bill, would, among other provisions, also extend the "Lemon Law" to include motor vehicles purchased for business use by persons who own no more than five such vehicles. DMV's recommended position is Neutral.

VOTE: SENATE FLOOR Aye _____ No _____ Policy Comte. Aye _____ No _____		VOTE: ASSEMBLY FLOOR Aye _____ No _____ Policy Comte. Aye _____ No _____	
DEPARTMENTS THAT MAY BE AFFECTED:			
STATE MANDATE _____		GOVERNOR'S APPOINTMENT _____	
		LEGISLATIVE APPOINTMENT _____	
DEPARTMENT POSITION ____ S _____ O ____ SA _____ OUA <u>X</u> N _____ NP ____ NA _____ NAR ____ _____ DEFER		AGENCY POSITION ____ S _____ O ____ SA _____ OUA <u>X</u> N _____ NP ____ NA _____ NAR ____ _____ DEFER	
		GOVERNOR'S OFFICE USE Position Approved _____ Position Disapproved _____ Position Noted _____	
DEPARTMENT 	DATE 3-2-98	AGENCY Original Signed by Donna M. Campbell	DATE 5/5/98
		BY:	DATE:

bp

SB 2052, Calderon (95/96 RS), in its final version, contained provisions identical to SB 289, including the extension of the "Lemon Law" to vehicles purchased for business purposes. DMV's recommended position was **OPPOSE UNLESS AMENDED, THEN NEUTRAL**. SB 2052 failed passage in the Assembly Committee on Consumer Protection, Governmental Efficiency, and Economic Development.

ARGUMENTS FOR: Small businesses owning five or fewer vehicles can no more afford to cope with a nonconforming vehicle than the average owner of a "personal" vehicle. If subject to the same warranty, such vehicles should be subject to the same criteria as "lemons."

There is no reason to assume that because a motor vehicle is driven for business purposes, it is more likely to develop defects that the manufacturer is unable to repair after a reasonable number of attempts, than one driven for personal use. Generally, the only difference in personal or business use for a particular type of vehicle would be that the mileage limitation could be reached in a shorter period of time on the business vehicle, in which case, the warranty and "Lemon Law" provisions would no longer apply.

Support for AB 1848 may be expected to include those who support SB 289:

Consumer for Auto Reliability and Safety (sponsor), Attorney General Dan Lungren, Automobile Club of Southern California, California Public Interest Research Group, California State Automobile Association, Center for Auto Safety, Council of Better Business Bureaus, Los Angeles Center for Law and Justice, Mexican American Health and Education Services Center, University of San Diego Center for Public Interest Law, and various consumer groups

ARGUMENTS AGAINST: Manufacturers would argue that warranty coverage of these vehicles is adequate consumer protection and that they could not afford to replace or make restitution for the business vehicles covered by AB 1848 without passing on their increased costs to all new vehicle purchasers. Historically, manufacturers have argued that this measure would greatly increase litigation in the state which currently has the most "Lemon Law" litigation. Manufacturers may claim that some "goodwill" buybacks are already made of vehicles addressed by AB 1848 and that it is more economical for all concerned to continue in that manner.

Opposition to AB 1848 may be expected from those who oppose SB 289:

American Automobile Manufacturers Association, Association for California Tort Reform, Association of Internal Automobile Manufacturers, California Chamber of Commerce, California Manufacturers Association, and various vehicle manufacturers

RECOMMENDED POSITION: DMV's recommended position is **NEUTRAL**.

AB 1848 would expand the applicability of the "Lemon Law" provisions to include motor vehicles bought or used for business purposes by a person, including a legal entity, to which not more than five motor vehicles are registered in this state.

While AB 1848 may greatly benefit some new vehicle buyers, it would have no significant impact on DMV.

For further information, please contact:

Karen Schweizer
Legislative Office
657-6518

**DEPARTMENT OF CONSUMER AFFAIRS
FISCAL ANALYSIS OF LEGISLATION**

DISTRIBUTED
3-10-98

DUE DATE: March 6, 1998 **DATE ASSIGNED:** March 2, 1998

Prepared By: Tammy Massengale **Bill Number:** AB 1848

Phone number: 323-1100 **Author:** Davis

Approved by: *Robin Kalthoff* **Date Approved:** 3/10/98

FISCAL ANALYSIS AS INTRODUCED: 2/12/98 **Short Title:** Warranties: motor vehicle manufacturers

OFFICE OF INFORMATION SERVICES: Fiscal impact? YES NO *If "Yes, attach OIS fiscal analysis and assumptions.*

OIS Reviewer: Patty Mayer **DATE:** 9/10/97

ANALYSIS AND FISCAL ASSUMPTIONS:

SEE ATTACHED

SUMMARY OF FISCAL IMPACT:	
<input checked="" type="checkbox"/>	Insignificant fiscal impact (under \$10,000).
	Minor fiscal impact. One-time cost of: \$ _____ . Can be absorbed within existing resources.
	Ongoing costs of: \$ _____ . Can be absorbed within existing resources.
	See below for fiscal impact.
	(Other:)

	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>Ongoing</u>
EXPENDITURES	\$ 0	\$ 0	\$ 0	0
REVENUE	\$ 0	\$ 0	\$ 0	0

PROGRAM CONTACT: Nancy Fuller **Phone number:** 323-3406

PROGRAM CONCURS: YES NO (If no, note differences as appropriate.)

DEPARTMENT OF CONSUMER AFFAIRS

Fiscal Analysis of AB 1848 (Davis), Warranties: motor vehicle manufacturers

Page 2

SUMMARY OF LEGISLATION

Under the Tanner Consumer Protection Act, a new motor vehicle is defined as a vehicle that is used or bought for use primarily for personal, family or household purposes.

This bill would revise the definition of a new motor vehicle to include a new motor vehicle bought or used for business purposed by a person, including a legal entity, to which no more than five motor vehicles are registered in California.

ASSUMPTIONS

This analysis is based on the following assumptions:

1. This proposal would be chaptered in September 1998 and become effective January 1, 1999.
2. The increase in the number of cases filed would be handled through the dispute resolution process.

REVENUE IMPACT

This bill would have no impact on revenue.

ESTIMATED WORKLOAD

The bill would increase the number of individuals eligible for arbitration. The program indicates that the increase would be very minor and absorbable.

SUMMARY OF FISCAL IMPACT

This bill may increase workload minimally and any costs would be absorbable.

STATE AND CONSUMER SERVICES AGENCY

BILL ANALYSIS

Department CONSUMER AFFAIRS	Author Davis	Bill Number AB 1848
Sponsor Author	Related Bills SB 289	Amended Date Intro 2-12-98
Subject Warranties: Motor Vehicle Manufacturers		

Summary:

AB 1848 would include vehicles purchased and used for small businesses in the definition of vehicles covered by the Tanner Consumer Protection Act, otherwise known as the "Lemon Law". The Lemon Law would be expanded to business persons with five or fewer vehicles.

Bill Description:

Existing law:

1. Authorizes each manufacturer of motor vehicles to provide for a qualified third-party dispute resolution process for resolution of disputes brought by buyers or lessees of new motor vehicles. Participating in a dispute resolution program is voluntary. These programs may seek certification by the Department of Consumer Affairs (Department). (Business and Professions Code Section 472.2)
2. The Tanner Consumer Protection Act, commonly known as the Lemon Law, presumes that a reasonable number of attempts have been made to conform a new motor vehicle to applicable express warranties if within one year or 12,000 miles if it either: 1) the same nonconformity has been subject to repair four or more times; 2) the vehicle is out of service due to repair of a nonconformity by the manufacturer for 30 days in a 12-month period. (Civil Code § 1793.22)
3. Defines a new motor vehicle for purposes of the Lemon Law to mean a new motor vehicle which is used or bought for use primarily for personal, family or household purposes. (Civil Code § 1793.22)

This bill would:

1. Revise the definition of a new motor vehicle, for purposes of the Tanner Consumer Protection Act, to include a new motor vehicle bought or used for business purposes by a person, including a legal entity, to which no more than five motor vehicles are registered in California.

FEE / / FISCAL / / REPORT / /

DEPARTMENTS THAT MAY BE AFFECTED

STATE MANDATE / /		GOVERNOR'S APPOINTMENT / /		GOVERNOR'S OFFICE USE
DEPARTMENT	DIRECTOR POSITION	AGENCY SECRETARY POSITION		
___	S O	___	S O	POSITION APPROVD. ___
___	SIA OUA	___	SIA OUA	POSITION DISAPP. ___
XX	N NP	<input checked="" type="checkbox"/>	N NP	POSITION NOTED ___
___	NIA NAR	___	NIA NAR	
___	DEFER	___	DEFER	

ORIGINAL SIGNED BY
HAPPY CHASTAIN

DEPARTMENT DIRECTOR DATE: AGENCY SECRETARY **MAR 15 1998**

Handwritten signature and date: 3/9/98

DEPUTY SECRETARY

Background:

New motor vehicles subject to this act are vehicles bought primarily for use for personal, family or household purposes. Under existing law, vehicles purchased for small businesses are not protected by the Lemon Law. The author indicates these persons have five or fewer registered vehicles, often only one, and should have protection from new car lemons. Unlike larger businesses which have leverage with manufacturers because of the volume of vehicles purchased, small businesses lack clout to force resolution of disputes, much like individual consumers.

These provisions were included in SB 289 (Calderon, 1997) which is stalled in the Assembly Consumer Protection Committee by opposition from motor vehicle manufacturers.

Previous legislation

SB 289 (Calderon, 1997) - Would extend the period of time a vehicle is covered under the Lemon Law, requires motor vehicle manufacturers who do not offer third-party arbitration to advertise that fact, provides for oral presentations to arbitrators and creates an alternative presumption for safety defects.

SB 2052 (Calderon, 1996) - Identical to SB 289, this bill failed the Assembly Consumer Protection, Economic Development and Government Organization Committee on a straight party vote with Republicans opposing.

AB 1383 (c. 722, stats. 1996 Speier) - Would have made the existing dispute resolution process for new motor vehicles inoperative for four years and create an alternative process. The alternative would require the Department to contract with private entities to conduct dispute resolution on new motor vehicles, increase the presumption period to two years or 24,000 miles, and would charge \$2 on each new vehicle to pay for the alternative (the current charge is up to \$1 to fund the Department's Arbitration Review Program). These provisions were opposed by new motor vehicle manufacturers. The bill was gutted and recast to require the Department of Motor Vehicles to develop an Internet website to provide information to consumers who plan to purchase or have purchased a new motor vehicle. This version became law.

AB 3333 (Speier, 1994) - Would have established a comprehensive "Lemon Law" arbitration program within the Department. The bill failed the Senate Appropriations Committee.

AB 211 (Tanner, c. 689, stats. 1991) - Transferred administration of the third-party dispute resolution program from the Bureau of Automotive Repair (BAR) to the Department.

AB 1367 (Tanner, c. 203, stats. 1988) - An urgency statute that revised the method of collecting fees from motor vehicle manufacturers and distributors to fund the certification program for new vehicle third-party dispute resolution.

AB 3540 (Tanner, c. 841, stats. 1988) - Clean-up legislation that modified the certification process for third-party dispute resolution.

AB 2057 (Tanner, c. 1280, stats. 1987) - Required the BAR to certify third-party dispute resolution processes for new motor vehicles. The program was based on Federal Trade Commission Rule 703.

Specific Findings:

Why small businesses need inclusion

Under existing law, vehicles purchased for small businesses are not protected by the Lemon Law. The author indicates these persons have five or fewer registered vehicles, often only one, and should have protection from new car lemons. These businesses have no more power to resolve disputes with large automobile manufacturers than individual consumers.

Other states include small business vehicles in their Lemon Law provisions. Michigan, for example, allows businesses with up to 10 vehicles to seek redress under the Lemon Law.

Many consumers have as many or more vehicles registered to them as a small businessperson. Small businesspersons often use vehicles for both personal and business purposes. This provision would expand the Lemon Law protection and likely result in more vehicle replacement and refunds by manufacturers.

Impact difficult to measure

According to the Department of Consumer Affairs' Arbitration Review Program (ARP), it would be difficult to determine how many additional motor vehicles would be covered by the Lemon Law as a result of this bill. Whether motor vehicles such as cars, vans and small pickups are used for business purposes is not recorded by the Department of Motor Vehicles. Additionally, many vehicles that end up in arbitration may actually be used for business, but the consumer simply hasn't disclosed that fact. The ARP indicates that many of the existing third-party arbitration programs already voluntarily allow small businesspersons to use this service for their business vehicles.

Industry concerns

The American Automobile Manufacturers Association indicates it recognizes the need for protection for small business persons who use their vehicles for both business and personal use such as attorneys, Realtors, etc. The Association is concerned, however, that a distinction be made between these semi-commercial vehicles and pool or fleet vehicles which may be used by multiple employees, such as pick-up trucks for contractors or delivery vans. Lemon laws in Idaho and Hawaii make this distinction.

Auto manufacturers previously argued against this provision in SB 289 noting that the Song-Beverly Consumer Warranty Act was intended to benefit consumers only.

Additionally, manufacturers contend that business vehicles are used more frequently, loaded more heavily and generally are not maintained in the same way as personal use vehicles. This differing treatment could lead to additional defects caused by usage as opposed to manufacturing defects.

Fiscal Impact:

No significant fiscal impact on the Department of Consumer Affairs' ARP. Indeterminate impact to automobile manufacturers who participate in third-party dispute resolution as this bill would increase the number of vehicles eligible for arbitration and presumably the number of arbitration cases.

Support:

None identified. (Verified 3-5-98)

Opposition:

None identified (Verified 3-5-98)

Arguments:

Pro:

AB 1848 would provide Lemon Law protection to owners of vehicles who are small business persons and entrepreneurs.

This bill would amend California's Lemon Law regarding commercial vehicles to match the protections afforded small businesses by many other states.

Many third-party dispute resolution programs already voluntarily allow defective commercial vehicle disputes to be addressed by their programs.

Con:

AB 1848 should make a distinction between vehicles used for both business and personal use and those that are strictly commercial, such as fleet vehicles.

Small business vehicles are used and maintained differently than personal vehicles, which could lead to a disproportionate number of usage-related defects.

Recommendation:

The Department of Consumer Affairs recommends a NEUTRAL position on AB 1848.

Prepared by: Dennis Weber, Analyst

Telephone: 324-5402

Ray Saatjian, Deputy Director

Telephone: 327-5196

SENATE FLOOR AMENDMENTS COMMITTEE ANALYSIS

Bill No: AB 1848
Author: Davis
RN: 9814567
Set: 1
Submitted by: Schiff

SUBJECT OF BILL: Automobile warrantees: Tanner Consumer Protection Act, a.k.a. the lemon law

Subject of Amendments: Remove redundant language

Amendments are: Technical / Substantive / Re-write Bill / New Bill

Were these amendments discussed in committee? No
If yes, were they defeated? NA

Likely opposition to amendments? None known
If yes, from whom?

Purpose of Amendments: To remove redundant language referencing overloading as a misuse of a vehicle.

ANALYSIS: This bill would allow for business vehicles to be covered under the lemon law when the vehicle is part of a fleet of fewer than five autos, and is also used for personal transportation. The automobile industry feared that some business owners might overload their vehicles, and cause nonconformity (a defect) by the misuse--yet claim the damage was covered under the lemon law. To address these fears, the author amended the bill to clarify that overloaded vehicles would not qualify for application of the lemon law. This change had many negative unintended consequences. The author, sponsor, and automobile manufacturers all agree that overloading is misuse, and under existing law misused vehicles are not covered by the lemon law. Therefore, and with approval of all parties, the bill is being amended to remove this troublesome and duplicative language.

By: Senate Judiciary Committee, Dana Mitchell
Date: July 2, 1998

**** END ****

SENATE FLOOR AMENDMENTS COMMITTEE ANALYSIS

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By: Senate Judiciary Committee, Dana Mitchell
Date: July 2, 1998

**** END ****

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RN9814567 PAGE 1
Substantive

JWS
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Juan R. Davis

AMENDMENTS TO ASSEMBLY BILL NO. 1848
AS AMENDED IN SENATE JUNE 11, 1998

Amendment 1

On page 6, strike out lines 5 to 8, inclusive, and
insert:

used exclusively off the highways. A demonstrator is a
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Susan R. Davis

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Substantive

AMENDMENTS TO ASSEMBLY BILL NO. 1848
AS AMENDED IN SENATE JUNE 11, 1998

Amendment 1

On page 6, strike out lines 5 to 8, inclusive, and
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FLOOR
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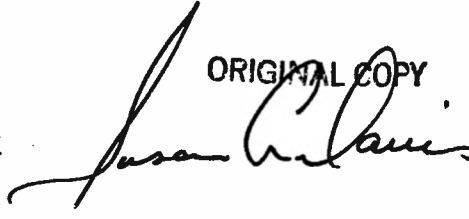
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Substantive

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AMENDMENTS TO ASSEMBLY BILL NO. 1848
AS AMENDED IN SENATE JUNE 11, 1998

Amendment 1

On page 6, strike out lines 5 to 8, inclusive, and
insert:

used exclusively off the highways. A demonstrator is a
- 0 -

FILE ITEM
#175

SCHIFF -
FLOOR
JOCKEY

L15



SENATE RULES COMMITTEE

AB 1848

Office of Senate Floor Analyses

1020 N Street, Suite 524

(916) 445-6614 Fax: (916) 327-4478

TAT

THIRD READING

Bill No: AB 1848

Author: Davis (D)

Amended: ~~6/11/98~~ in Senate *7/2*

Vote: 21

SENATE JUDICIARY COMMITTEE: 7-0, 6/9/98

AYES: Burton, Leslie, Lockyer, O'Connell, Sher, Wright, Schiff

NOT VOTING: Calderon, Haynes

ASSEMBLY FLOOR: 63-11, 5/11/98 - See last page for vote

SUBJECT: Motor vehicle warrantees: Lemon Law

SOURCE: Author

DIGEST: This bill expands the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

SPAD 7/2 removed redundant language

ANALYSIS: Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill expands the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for business and personal, family, or household purposes by a person, including a partnership, limited liability

company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

This bill provides that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.

Background

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Related Legislation

SB 289 (Calderon), pending in Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee, expands the definition of a new motor vehicle under the Lemon Law to include new motor vehicles used for business persons by persons with fewer than five registered vehicles.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified ^{7/2} 6/15/98)

California District Attorneys Association
California Attorney General's Office
Consumer Attorneys of California
USD Center for Public Interest Law
Granite Excavation and Demolition, Inc.

ARGUMENTS IN SUPPORT: Currently, small businesses are not included under the Lemon Law; only vehicles used primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual

consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

ASSEMBLY FLOOR:

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzone, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa

NOES: Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson

NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 6/15/98 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

SENATE RULES COMMITTEE

AB 1848

Office of Senate Floor Analyses

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THIRD READING

Bill No: AB 1848

Author: Davis (D)

Amended: ~~6/11/98~~ in Senate 7/2

Vote: 21

SENATE JUDICIARY COMMITTEE: 7-0, 6/9/98

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company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

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FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified ^{6/15} 6/11/98)

California District Attorneys Association
 California Attorney General's Office
 Consumer Attorneys of California
~~Consumers for Auto Reliability and Safety~~
~~Consumers Union~~
 USD Center for Public Interest Law
 Granite Excavation and Demolition, Inc.
~~California Public Interest Research Group~~

ARGUMENTS IN SUPPORT: Currently, small businesses are not included under the Lemon Law; only vehicles used primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

ASSEMBLY FLOOR:

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzone, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa

NOES: Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson

NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 6/11/98 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

**CALPIRG
CONSUMER ACTION
CONSUMERS FOR AUTO RELIABILITY AND SAFETY
CONSUMERS UNION**

June 15, 1998

Honorable Susan Davis
Chair, Assembly Committee on Consumer Protection, Governmental Efficiency and Economic
Development
State Capitol
Sacramento, CA 95814

RE: AB 1848 (Davis)

Dear Assemblywoman Davis:

While our organizations have been in support of your AB 1848, to improve California's auto lemon law, we regret that we may be forced to oppose the bill, unless it is further amended to address the more recent provision that would potentially harm all auto lemon owners.

It is unfortunate that we did not catch this problem with the amendment sooner, but since it is your intent to help consumers, we hope that this input will be viewed as a friendly effort to head off potential harm to consumers. If you wish, we would be happy to discuss the problem with you and your staff before any vote on the Senate floor.

The way AB 1848 is currently worded, it changes the entire definition of new motor vehicle to exclude "a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating [GVWR], except a motor home." While apparently aimed at instances of abuse by consumers, that provision could lead in many cases to absurd and harmful results. In effect, it would open a new "lemon loophole" for auto manufacturers to exploit, at the expense of consumers.

Unless further amended, AB 1848 would allow auto manufacturers to refuse to give lemon owners refunds for seriously defective vehicles, even when the defects are totally unrelated to the issue of weight. For example, a consumer who buys a new minivan with a chronically defective fuel injection system could be denied a refund, simply because she had once overloaded it, even though the overloading caused no damage and was unrelated to the fuel injectors. That unfair result could occur, although the defect may be common to that particular model, and the manufacturer openly acknowledges that the defect is the result of a design flaw or faulty parts from a supplier. Under AB 1848, that minivan would no longer be a new motor vehicle, for purposes of obtaining a refund under the warranty.

AB 1848's re-definition also fails to take into account cases where the manufacturers' faulty design(s) contributed to the problem. For example, if a pickup's transmission was poorly engineered, and inadequate for towing loads well below the GVWR, that may be the leading cause of severe and chronic transmission problems that arise. But under AB 1848, the

consumer could be severely penalized, even for once slightly exceeding the GVWR, while the manufacturer could evade any liability whatsoever for its bad design.

Particularly since the bill was narrowed so that it no longer protects small business owners, unless they also use their vehicles for personal use, if the bill continues to contain this provision, on balance it would be a loss for California consumers.

We believe that any legitimate concerns about consumers overloading their vehicles, when used for business purposes, would be better addressed by a more narrow, focused amendment that does not give auto manufacturers a new lemon loophole for defective vehicles.

We also believe that the amendment proposed below more fairly addresses the issue of motor homes and other vehicles, some with multiple manufacturers, where one manufacturer has nearly exceeded the GVWR, so that if the vehicle is used as intended, and as reasonably foreseen, the owner would of necessity exceed the GVWR.

Our suggestion is to delete AB 1848's amended definition of "new motor vehicle" (as quoted above), and instead insert the following amendment to the definition of "nonconformity" at Civil Code Section 1793.22 (e)(1):

"This section does not apply to new motor vehicles used for business and personal, family, and household purposes when a nonconformity is caused solely by the negligent and unreasonable transport of property above a manufacturer's gross vehicle weight rating."

Thus, if a consumer negligently and unreasonably overloads a vehicle, and that causes a problem with the vehicle, that problem would not count as a "nonconformity," and would not trigger a refund. However, if the manufacturer(s) contributed to the problem, and/or the use was reasonable, the weight issue would not become a trap for innocent consumers.

As we noted above, we would welcome the opportunity to discuss this further with you and your staff. Unless we hear from you by Thursday June 18th, we regretfully will have to oppose the bill.

As you know, we have long advocated expanding the lemon law to protect people who use their vehicles for business purposes, and hope that we can arrive at a way to accomplish that laudable goal without taking away existing protection for all California new car buyers.

Sincerely,

Rosemary Shahan, CARS
Jon Golinger, CALPIRG
Earl Lui, Consumers Union
Cher McIntyre, Consumer Action

Cc: Honorable John Burton, Office of Senate Floor Analyses

SENATE RULES COMMITTEE

AB 1848

Office of Senate Floor Analyses

1020 N Street, Suite 524

(916) 445-6614 Fax: (916) 327-4478

THIRD READING

Bill No: AB 1848
Author: Davis (D)
Amended: 7/2/98 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 7-0, 6/9/98

AYES: Burton, Leslie, Lockyer, O'Connell, Sher, Wright, Schiff

NOT VOTING: Calderon, Haynes

ASSEMBLY FLOOR: 63-11, 5/11/98 - See last page for vote

SUBJECT: Motor vehicle warrantees: Lemon Law

SOURCE: Author

DIGEST: This bill expands the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

Senate Floor Amendments of July 1, 1998, removed redundant language.

ANALYSIS: Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill expands the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for business and personal, family, or household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

This bill provides that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.

Background

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Related Legislation

SB 289 (Calderon), pending in Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee, expands the definition of a new motor vehicle under the Lemon Law to include new motor vehicles used for business persons by persons with fewer than five registered vehicles.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT:

(Verified 7/2/98)

7/4/98 Robert
Consumers for auto reliability and safety
California District Attorneys Association

California Attorney General's Office

Consumer Attorneys of California

USD Center for Public Interest Law

Granite Excavation and Demolition, Inc.

Cal public interest research group

Consumers Union

ARGUMENTS IN SUPPORT: Currently, small businesses are not included under the Lemon Law; only vehicles used primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

ASSEMBLY FLOOR:

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzoni, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa

NOES: Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson

NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 7/2/98 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****

ASSEMBLY THIRD READING
AB 1848 (Davis)
As Introduced February 12, 1998
Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY: Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

EXISTING LAW:

- 1) Defines new motor vehicle as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances."
- 6) States that if a qualified dispute resolution process exists, then the

consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT: None

COMMENTS:

- 1) The author's intention with this bill is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.
- 2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

Analysis prepared by: Robert Herrell / aconpro / (916) 319-2089

FN 037615

UNOFFICIAL BALLOT

Display 1997-1998 Vote Information - ROLL CALL

MEASURE: AB 1848
 TOPIC: Warranties: motor vehicle manufacturers
 DATE: 08/06/98
 LOCATION: ASM. FLOOR
 MOTION: AB 1848 DAVIS CONCURRENCE
 (AYES 61. NOES 12) (PASS)

AYES

Aguiar	Alquist	Aroner	Baca
Battin	Bordonaro	Bowen	Brewer
Brown	Bustamante	Campbell	Cardenas
Cardoza	Cunneen	Davis	Ducheny
Escutia	Figueroa	Frusetta	Gallegos
Goldsmith	Havice	Hertzberg	Honda
House	Kaloogian	Keeley	Knox
Kuehl	Kuykendall	Leach	Lempert
Machado	Martinez	Mazzoni	Migden
Morrissey	Morrow	Murray	Napolitano
Oller	Ortiz	Pacheco	Papan
Perata	Poochigian	Prenter	Runner
Scott	Shelley	Strom-Martin	Sweeney
Thomson	Torlakson	Vincent	Washington
Wayne	Wildman	Woods	Wright
Villaraigosa			

NOES

Ackerman	Alby	Baldwin	Baugh
Bowler	Granlund	Leonard	Margett
McClintock	Miller	Olberg	Thompson

ABSENT, ABSTAINING, OR NOT VOTING

Ashburn	Cedillo	Firestone	Floyd
Pringle	Richter	Takasugi	

Diane F. Boyer-Vino
Jeffrey A. DeLand
Chief Deputies

James L. Ashford
C. David Dickerson
John T. Gaudesheimer
Daniel A. Weitzman

David D. Alves
Robert D. Gronda
Michael J. Kersten
James A. Morales
Robert G. Miller
Tacy O. Powell II
Marguerite Roth
Michael H. Upson
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Ellen Swaad
Mark Franklin Terry
Jeff Thom
Richard Thomson
Richard B. Welsberg
Thomas D. Whelan
Karen L. Zalkind
Jack G. Zorman

Deputies

Sacramento, California
August 12, 1998

Honorable Pete Wilson
Governor of California
Sacramento, CA 95814

Assembly Bill No. 1848

Dear Governor Wilson:

Pursuant to your request, we have reviewed the above-
numbered bill authored by Assembly Member Davis
and, in our opinion, the title and form are sufficient and the
bill, if chaptered, will be constitutional. The digest on the
printed bill as adopted correctly reflects the views of this
office.

Very truly yours,

Bion M. Gregory
Legislative Counsel

By 
Marguerite Roth
Principal Deputy

MRR:nd

Two copies to Honorable Susan A. Davis,
pursuant to Joint Rule 34.

Background:

New motor vehicles subject to this act are vehicles bought primarily for use for personal, family or household purposes. Under existing law, vehicles purchased for small businesses are not protected by the Lemon Law. The author indicates these persons normally have five or fewer registered vehicles, often only one, and should have protection from new car lemons. Unlike larger businesses which have leverage with manufacturers because of the volume of vehicles purchased, small businesses lack clout to force resolution of disputes, much like individual consumers.

These provisions were included in SB 289 (Calderon, 1997) which stalled in the Assembly Consumer Protection Committee by opposition from motor vehicle manufacturers.

Previous legislation

SB 289 (Calderon, 1997) - Would extend the period of time a vehicle is covered under the Lemon Law, requires motor vehicle manufacturers who do not offer third-party arbitration to advertise that fact, provides for oral presentations to arbitrators and creates an alternative presumption for safety defects.

SB 2052 (Calderon, 1996) - Identical to SB 289, this bill failed the Assembly Consumer Protection, Economic Development and Government Organization Committee on a straight party vote with Republicans opposing.

AB 1383 (c. 722, stats. 1996, Speier) - Would have made the existing dispute resolution process for new motor vehicles inoperative for four years and create an alternative process. The alternative would require the Department to contract with private entities to conduct dispute resolution on new motor vehicles, increase the presumption period to two years or 24,000 miles, and would charge \$2 on each new vehicle to pay for the alternative (the current charge is up to \$1 to fund the Department's Arbitration Review Program). These provisions were opposed by new motor vehicle manufacturers. The bill was gutted and recast to require the Department of Motor Vehicles to develop an Internet website to provide information to consumers who plan to purchase or have purchased a new motor vehicle. This version became law.

AB 3333 (Speier, 1994) - Would have established a comprehensive "Lemon Law" arbitration program within the Department. The bill failed the Senate Appropriations Committee.

AB 211 (Tanner, c. 689, stats. 1991) - Transferred administration of the third-party dispute resolution program from the Bureau of Automotive Repair (BAR) to the Department.

AB 1367 (Tanner, c. 203, stats. 1988) - An urgency statute that revised the method of collecting fees from motor vehicle manufacturers and distributors to fund the certification program for new vehicle third-party dispute resolution.

AB 3540 (Tanner, c. 841, stats. 1988) - Clean-up legislation that modified the certification process for third-party dispute resolution.

AB 2057 (Tanner, c. 1280, stats. 1987) - Required the BAR to certify third-party dispute resolution processes for new motor vehicles. The program was based on Federal Trade Commission Rule 703.

Specific Findings:**Why small businesses need inclusion**

Under existing law, vehicles purchased for small businesses are not protected by the Lemon Law. The author indicates these persons have five or fewer registered vehicles, often only one, and should have protection from new car lemons. These businesses have no more power to resolve disputes with large automobile manufacturers than individual consumers.

There are 26 other states that include small business vehicles in their Lemon Law provisions. Michigan, for example, allows businesses with up to 10 vehicles to seek redress under the Lemon Law.

Many consumers have as many or more vehicles registered to them as a small businessperson. Small businesspersons often use vehicles for both personal and business purposes. This provision would expand the Lemon Law protection and likely result in more vehicle replacement and refunds by manufacturers.

Impact difficult to measure

According to the Department of Consumer Affairs' Arbitration Review Program (ARP), it would be difficult to determine how many additional motor vehicles would be covered by the Lemon Law as a result of this bill. Whether motor vehicles such as cars, vans and small pickups are used for business purposes is not recorded by the Department of Motor Vehicles. Additionally, many vehicles that end up in arbitration may actually be used for business, but the consumer simply hasn't disclosed that fact. The ARP indicates that many of the existing third-party arbitration programs already voluntarily allow small businesspersons to use this service for their business vehicles.

Industry concerns

The American Automobile Manufacturers Association indicates it recognizes the need for protection for small business persons who use their vehicles for both business and personal use such as attorneys, Realtors, etc. The Association is concerned, however, that a distinction be made between these semi-commercial vehicles and pool or fleet vehicles which may be used by multiple employees, such as pick-up trucks for contractors or delivery vans. Lemon laws in Idaho and Hawaii make this distinction. Amendments of May 7, 1998 were intended to address this concern by requiring the vehicles be for business and personal use. The author indicates that the Association has withdrawn its opposition.

Auto manufacturers previously argued against this provision in SB 289, noting that the Song-Beverly Consumer Warranty Act was intended to benefit consumers only.

Additionally, manufacturers contend that business vehicles are used more frequently, loaded more heavily and generally are not maintained in the same way as personal use vehicles. Additionally, employees are less likely to operate a company-owned vehicle, with as much care as a vehicle they own. This differing treatment could lead to additional defects caused by usage as opposed to manufacturing defects.

Fiscal Impact:

No significant fiscal impact on the Department of Consumer Affairs' ARP Indeterminate impact to automobile manufacturers who participate in third-party dispute resolution, as this bill could increase the number of vehicles eligible for arbitration and presumably the number of arbitration cases.

Support:

California District Attorneys' Association
California Attorney General's Office
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
USD Center for Public Interest Law
Granite Excavation and Demolition, Inc.
California Public Interest Research Group (CalPIRG);
Toyota Motor Sales, USA

(Verified 7-15-98)

Opposition:

None identified

(Verified 7-15-98)

Arguments:

Pro:

AB 1848 would provide Lemon Law protection to owners of vehicles who are small business persons and entrepreneurs who currently are at a disadvantage with manufacturers if they purchase a lemon vehicle

This bill would amend California's Lemon Law regarding commercial vehicles to match the protections afforded small businesses by many other states.

Many third-party dispute resolution programs already voluntarily allow defective commercial vehicle disputes to be addressed by their programs.

✓ This bill makes distinction between vehicles used for both business and personal use and those that are strictly commercial, such as fleet vehicles by requiring the vehicles to be used for business and personal use

Con:

AB 1848 interferes with the marketplace which should be allowed to handle questions regarding the reliability of products.

This bill expands the Lemon Law beyond its intent to protect consumers.

Small business vehicles are used and maintained differently than personal vehicles, which could lead to a disproportionate number of usage-related defects that should not be the responsibility of the manufacturer

Explanation of "NO" Votes:

This bill received one "no" vote in Assembly policy committee and 12 "No" votes on the Assembly floor. Two Senators voted against the bill on the Senate floor. The "No" votes were all from Republican members.

Analysis by the Assembly Republican Caucus and the Senate Minority analysis both argue that the marketplace should be left to handle questions regarding the reliability of products. They contend that any expansion of the Lemon Law to business vehicles will eventually lead to a blanket Lemon Law for all vehicles sold in California. Further they believe the five-vehicle limit is arbitrary and that the concept of Lemon Law conflicts with the free enterprise system.

Recommendation:

The Department of Consumer Affairs recommends that the Governor SIGN AB 1848.

Prepared by Dennis Weber, Analyst

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ENROLLED BILL REPORT

Business, Transportation & Housing Agency

DEPARTMENT DMV	AUTHOR Davis	BILL NO. AB 1848
SPONSOR Author	RELATED BILLS SB 289	DATE LAST AMENDED 07/02/98
SUBJECT Warranties: motor vehicle manufacturers		

SUMMARY: AB 1848 would extend the provisions of the "Lemon Law" to motor vehicles bought or used for both business and personal, family, or household purposes by a person or legal entity to which not more than five motor vehicles are registered.

IMPACT ASSESSMENT: Existing law requires motor vehicle manufacturers to promptly replace a motor vehicle or to make restitution to the buyer when, after a reasonable number of attempts, the manufacturer does not or is not able to conform the vehicle to applicable express warranties. Existing law limits the applicability of the "Lemon Law" to those new motor vehicles that are bought primarily for personal, family, or household purposes.

AB 1848 would extend the "Lemon Law" provisions to motor vehicles bought or used for business purposes, including a legal entity, to which not more than five motor vehicles are registered in this state.

AB 1848 could generate an additional number of complaints from buyers not currently protected under the "Lemon Law" provisions and may result in an increased number of vehicles deemed "lemons" which would require ownership to be transferred to the manufacturer and the titles appropriately branded. DMV already has programs in place to process this additional workload.

RELATED LEGISLATION: SB 289, Calderon, a current bill, would have, among other provisions, also extended the "Lemon Law" to include motor vehicles purchased for business use by persons who own no more than five such vehicles. This bill died in committee.

ARGUMENTS PRO:

Small business owners who utilize their vehicle(s) for both business and personal uses can no more afford to cope with a nonconforming vehicle than the average owner of a "personal" vehicle. If subject to the same warranty, such vehicles should be subject to the same criteria as "lemons."

VOTE: ASSEMBLY FLOOR Aye <u>61</u> No <u>12</u> Policy Cmte. Aye <u>12</u> No <u>1</u>	VOTE: SENATE FLOOR Aye <u>28</u> No <u>2</u> Policy Cmte. Aye <u>7</u> No <u>0</u>
--	--

RECOMMENDATION:

SIGN

DEPARTMENT <i>[Signature]</i>	DATE <i>8/10/98</i>	AGENCY <i>[Signature]</i>	DATE <i>8-11-98</i>
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[Handwritten initials]

- There is no reason to assume that because a motor vehicle is driven for business purposes, it is more likely to develop defects that the manufacturer is unable to repair after a reasonable number of attempts, than one driven for personal use. Generally, the only difference in personal or business use for a particular type of vehicle would be that the mileage limitation could be reached in a shorter period of time on the business vehicle, in which case, the warranty and "Lemon Law" provisions would no longer apply

The following entities have expressed support for AB 1848.

California District Attorneys Association
California Office of the Attorney General
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
USC Center for Public Interest Law
Granite Excavation and Demolition, Inc.
California Public Interest Research Group

ARGUMENTS CON: Manufacturers would argue that warranty coverage of these vehicles is adequate consumer protection and that they could not afford to replace or make restitution for the business vehicles added by AB 1848 without passing on their increased costs to all new vehicle purchasers. Historically, manufacturers have argued that this measure would greatly increase litigation in the state which currently litigates more "Lemon Law" cases than any other state. Manufacturers may claim that some "goodwill" buybacks are already made of vehicles addressed by AB 1848 and that it is more economical for all concerned to continue in that manner

There is no known opposition to AB 1848.

RECOMMENDATION: SIGN

AB 1848 may greatly benefit small business owners who utilize their vehicle(s) for both business and personal purposes. As these vehicles are subject to the same warranty as vehicles used solely for personal purposes, they should be subject to the same criteria for making necessary repairs or for vehicle replacement under the "lemon" laws.

For further information, please contact.

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SENATE RULES COMMITTEE

AB 1848

Office of Senate Floor Analyses

1020 N Street, Suite 524

(916) 445-6614 Fax: (916) 327-4478

THIRD READING

Bill No: AB 1848
Author: Davis (D)
Amended: 7/2/98 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 7-0, 6/9/98

AYES: Burton, Leslie, Lockyer, O'Connell, Sher, Wright, Schiff

NOT VOTING: Calderon, Haynes

ASSEMBLY FLOOR: 63-11, 5/11/98 - See last page for vote

SUBJECT: Motor vehicle warrantees: Lemon Law

SOURCE: Author

DIGEST: This bill expands the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

Senate Floor Amendments of July 1, 1998, removed redundant language.

ANALYSIS: Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill expands the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for business and personal, family, or household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

This bill provides that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.

Background

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Related Legislation

SB 289 (Calderon), pending in Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee, expands the definition of a new motor vehicle under the Lemon Law to include new motor vehicles used for business persons by persons with fewer than five registered vehicles.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 7/6/98)

California District Attorneys Association
California Attorney General's Office
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
USD Center for Public Interest Law
Granite Excavation and Demolition, Inc.

ARGUMENTS IN SUPPORT: Currently, small businesses are not included under the Lemon Law; only vehicles used primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy

ASSEMBLY FLOOR:

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzoni, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa

NOES Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson

NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 7/6/98 Senate Floor Analyses

SUPPORT/OPPOSITION SEE ABOVE

**** END ****

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Date of Hearing: March 17, 1998

ASSEMBLY COMMITTEE ON CONSUMER PROTECTION,
GOVERNMENTAL EFFICIENCY, AND ECONOMIC DEVELOPMENT
Susan Davis, Chair

AB 1848 (Davis) - As Introduced: February 12, 1998

SUBJECT : Expands California's "Lemon Law" to include vehicles purchased by small businesses.SUMMARY : Specifically, this bill redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."EXISTING LAW :

- 1) Defines new motor vehicle as one which is bought for use primarily for personal , family , or household purposes .
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be out of conformity with its express warranty provisions (a.k.a. a lemon) if, during the time period specified in #2 above:
 - a) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity, or
 - b) the vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers, and manufacturers, requirements for process considerations, and certification procedures with the California Department of Consumer Affairs, in addition to other specified requirements.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that the QDRP must "take into account " specified information, including the conditions of the written warranty, the rights and remedies in

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relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances".

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- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.
- 7) Does not state that a manufacturer without a QDRP must disclose that fact in specified sales and promotional literature.

FISCAL EFFECT : This bill is keyed as nonfiscal and will not be sent to the Assembly Appropriations Committee.

COMMENTS :

1) Intent of Measure

The author's intention with AB 1848 is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family, or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than 5 vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with 5 or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2) What Happens Now When a Small Business has a Lemon ?

Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse - to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. AB 1848 is aimed at bring these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations, and any other legal entity.

3) Related Legislation

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There are other lemon law-related bills at various stages of the legislative process. The most prominent of these is SB 289 (Calderon), currently located at this committee. SB 289, which failed passage at this committee in 1997, includes the provisions of AB 1848 as well as other changes which generally expand the scope of California's lemon law.

Additionally, AB 2277 (Kuykendall), awaiting assignment at the Assembly

Rules Committee, expands existing motor home coverage under the lemon law. Senator Calderon has also introduced SB 1773, awaiting hearing at the Senate Judiciary Committee. SB 1773 currently contains a nonsubstantive change to the Tanner Consumer Protection Act.

REGISTERED SUPPORT / OPPOSITION :

Support

Center for Public Interest Law, University of San Diego
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
Granite Excavation & Demolition Inc.
Donald J. O'Mara, Santa Clarita, CA

Opposition

None on file

Analysis prepared by : Robert Herrell / aconpro / (916) 319-2089

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ASSEMBLY THIRD READING
 AB 1848 (Davis)
 As Introduced February 12, 1998
 Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
 Cedillo, Figueroa, Frusetta,
 Machado, Morrissey, Torlakson,
 Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY : Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

EXISTING LAW :

- 1) Defines new motor vehicle as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in

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relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances."

- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT : None

COMMENTS :

- 1) The author's intention with this bill is to simply include small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that

businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

Analysis prepared by : Robert Herrell / aconpro / (916) 319-2089

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ASSEMBLY THIRD READING
AB 1848 (Davis)
As Amended May 7, 1998
Majority vote

CONSUMER PROTECTION 12-1

Ayes: Davis, Runner, Alquist,
Cedillo, Figueroa, Frusetta,
Machado, Morrissey, Torlakson,
Strom-Martin, Takasugi, Wildman

Nays: Firestone

SUMMARY : Redefines "new motor vehicle" for purposes of the Tanner Consumer Protection Act (lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally states that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW :

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission minimum requirements, specified timelines for decisions, requirements for

AB 1848
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arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.

- 5) States that QDRP decisions are binding on the manufacturer if the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant Federal Trade Commission regulations, and any other "equitable considerations appropriate in the circumstances."
- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

FISCAL EFFECT : None

COMMENTS :

- 1) The author's intention with this bill is to simply include

small business vehicle purchases under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

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Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

3) The May 7 amendments to the bill are the result of negotiations between the author's office and the automobile manufacturers. The amendments directly respond to concerns raised by the manufacturers.

Analysis prepared by : Robert Herrell / aconpro / (916) 319-2089

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SENATE JUDICIARY COMMITTEE
Adam B. Schiff, Chairman
1997-98 Regular Session

AB 1848	A
Assemblymember Davis	B
As Amended May 7, 1998	
Hearing Date: June 9, 1998	1
Civil Code	8
DLM:cjt	4
	8

SUBJECT

Motor Vehicle Warrantees: Lemon Law

DESCRIPTION

This bill would expand the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

(This analysis reflects amendments to be presented to committee.)

BACKGROUND

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000 miles, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

CHANGES TO EXISTING LAW

Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill would expand the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for business and personal, family, or household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

The bill would provide that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

COMMENT

1. Statement of need for bill

Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes are included. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

2. Amendments remove opposition:

a. Limiting coverage to joint family and business vehicles

According to supporters, 26 states have lemon laws that cover vehicles purchased for business use, some with narrowly drawn exceptions. They note that even Michigan, the home state of the industry, applies its lemon law to include commercial buyers who purchase less than 10 new motor vehicles per year. In response, the manufacturers note that lemon laws were

specifically created to assist consumers, not businesses. Business vehicles receive different treatment than vehicles used for personal, family, or household use. Such vehicles are driven more frequently, loaded more heavily, and are generally not maintained in the same way as personal-use vehicles. As a result, this differing treatment could lead to defects caused by the usage of the vehicles, as opposed to manufacturing defects.

The bill was amended to address the above-stated concerns of automobile manufacturers. Where the bill originally would have extended the lemon presumption to all business fleets of five vehicles or less, it has been narrowed to cover only those vehicles which are used for both personal and business transportation.

b. Proposed amendment to be presented in committee would clarify that "weight limit" language does not cover motorhomes

The author has agreed to amend the bill to clarify that the language which states that "the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a

manufacturer's gross vehicle weight rating" does not include motorhomes.

The intention of the language was to address situations where, for instance, a business' worktruck is consistently overloaded. The amendment comes in response to concerns unique to the manufacturing process of motorhomes, which are also covered under the lemon law.

In motorhome manufacturing, there is often a two-part construction process, where one manufacturer will build the chassis, and another company will build the coach (home) aspect of the vehicle, and place it upon the chassis. The opposition was based upon the concern that some motorhome coaches exceed the weight limit for the chassis recommended by the manufacturer, creating a non-conforming vehicle which would not be

subject to the lemon law under the current language. The author has agreed to amend the bill to clarify that this section of the bill does not include motorhomes. As a result of this amendment, there is no longer any opposition to the bill.

3. Related competing legislation

SB 289 (Calderon) pending in Assembly C.P., G.E, & E.D Committee, was heard in this committee April 1, 1997 and passed on a 6-1 vote. SB 289 would expand the definition of new motor vehicle under the lemon law to include new motor vehicles used for business purposes by persons with fewer than five registered vehicles. This is a broader class of coverage than that proposed in this bill (vehicles used for both business and personal travel.) In addition to this provision, as passed by this committee SB 289 would make the following changes to law:

extend the number of miles and the period of time during which an automobile may be presumed to be a lemon from the current 12 months/12,000 miles to 24 months/24,000

miles;

create a new category of nonconformity for "safety defects," defined as a "nonconformity that is likely to cause death or bodily injury if the motor vehicle is operated for ordinary purposes," and reduce the number of repair attempts which qualify a new motor vehicle as a lemon from four to two in the case of safety defects;

require auto manufacturers who have arbitration as part of their warranty dispute resolution process to allow consumers to fully participate in any arbitration hearing;

require manufacturers to clearly state in all print advertising and written sales promotional material if they do not provide a certified arbitration program.

4. Chaptering out amendments are needed

Both SB 289 and AB 1848 would amend Civil Code section 1793.22. Amendments will be needed in order to avoid chaptering out in the event each bill is passed and

signed.

Support: California District Attorneys Association; California Attorney General's Office; Consumer Attorneys of California; Consumers for Auto Reliability and Safety; Consumers Union; USD Center for Public Interest Law; Granite Excavation and Demolition, Inc.; California Public Interest Research Group (CalPIRG); Toyota Motor Sales, USA

Opposition: None known

HISTORY

Source: Author

Related Pending Legislation: SB 289 (Calderon) pending in Assembly C.P., G.E, & E.D Committee

Prior Legislation: None Known

Prior Votes: Assembly C.P., G.E, & E.D. (12-1) Assembly Floor (63-11)

SENATE RULES COMMITTEE AB 1848
Office of Senate Floor Analyses
1020 N Street, Suite 524
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THIRD READING

Bill No: AB 1848
Author: Davis (D)
Amended: 6/11/98 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE : 7-0, 6/9/98
AYES: Burton, Leslie, Lockyer, O'Connell, Sher, Wright,
Schiff
NOT VOTING: Calderon, Haynes

ASSEMBLY FLOOR : 63-11, 5/11/98 - See last page for vote

SUBJECT : Motor vehicle warrantees: Lemon Law

SOURCE : Author

DIGEST : This bill expands the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

ANALYSIS : Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill expands the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for

business and personal, family, or household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

This bill provides that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.

Background

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Related Legislation

_ SB 289 (Calderon), pending in Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee, expands the definition of a new motor vehicle under the Lemon Law to include new motor vehicles used for business persons by persons with fewer than five registered vehicles. _

FISCAL EFFECT : Appropriation: No Fiscal Com.: No
Local: No

SUPPORT : (Verified 6/11/98)

California District Attorneys Association
California Attorney General's Office
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
USD Center for Public Interest Law
Granite Excavation and Demolition, Inc.
California Public Interest Research Group

ARGUMENTS IN SUPPORT : Currently, small businesses are not included under the Lemon Law; only vehicles used

primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

ASSEMBLY FLOOR :

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzone, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa
NOES: Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson
NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 6/11/98 Senate Floor Analyses
SUPPORT/OPOSITION: SEE ABOVE
**** END **** -

SENATE RULES COMMITTEE AB 1848
 Office of Senate Floor Analyses
 1020 N Street, Suite 524
 (916) 445-6614 Fax: (916) 327-4478

THIRD READING

Bill No: AB 1848
 Author: Davis (D)
 Amended: 6/11/98 in Senate
 Vote: 21

SENATE JUDICIARY COMMITTEE : 7-0, 6/9/98
 AYES: Burton, Leslie, Lockyer, O'Connell, Sher, Wright,
 Schiff
 NOT VOTING: Calderon, Haynes

ASSEMBLY FLOOR : 63-11, 5/11/98 - See last page for vote

SUBJECT : Motor vehicle warranties: Lemon Law

SOURCE : Author

DIGEST : This bill expands the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

ANALYSIS : Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill expands the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for

business and personal, family, or household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

This bill provides that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.

Background

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Related Legislation

_ SB 289 (Calderon), pending in Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee, expands the definition of a new motor vehicle under the Lemon Law to include new motor vehicles used for business persons by persons with fewer than five registered vehicles. _

FISCAL EFFECT : Appropriation: No Fiscal Com.: No
 Local: No

SUPPORT : (Verified 6/15/98)

California District Attorneys Association
California Attorney General's Office
Consumer Attorneys of California
USD Center for Public Interest Law
Granite Excavation and Demolition, Inc.

ARGUMENTS IN SUPPORT : Currently, small businesses are not included under the Lemon Law; only vehicles used primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual

consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

ASSEMBLY FLOOR :

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzoni, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa

NOES: Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson

NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 6/15/98 Senate Floor Analyses
SUPPORT/OPPOSITION: SEE ABOVE
**** END **** _

SENATE RULES COMMITTEE AB 1848
Office of Senate Floor Analyses
1020 N Street, Suite 524
(916) 445-6614 Fax: (916) 327-4478

THIRD READING

Bill No: AB 1848
Author: Davis (D)
Amended: 7/2/98 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE : 7-0, 6/9/98
AYES: Burton, Leslie, Lockyer, O'Connell, Sher, Wright,
Schiff
NOT VOTING: Calderon, Haynes

ASSEMBLY FLOOR : 63-11, 5/11/98 - See last page for vote

SUBJECT : Motor vehicle warrantees: Lemon Law

SOURCE : Author

DIGEST : This bill expands the definition of new motor vehicle under the Tanner Consumer Protection Act, a.k.a. the Lemon Law, to include a new motor vehicle that is used for both personal transportation and by a business with fewer than five vehicles. Current law covers vehicles which are strictly for personal use. The definition of a new motor vehicle would not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating.

Senate Floor Amendments of July 1, 1998, removed redundant language.

ANALYSIS : Existing law defines "new motor vehicle" as a "new motor vehicle which is used or bought for use primarily for personal, family, or household purposes."

This bill expands the definition of "new motor vehicle" to include a new motor vehicle that is "used or bought for business and personal, family, or household purposes by a person, including a partnership, limited liability company, association, and any other legal entity, who has no more than five motor vehicles registered in this state to that person."

This bill provides that the definition of a new motor vehicle does not include a vehicle that is used for the transport of property above a manufacturer's gross vehicle weight rating, except a motor home.

Background

The Tanner Consumer Protection Act, a.k.a. the Lemon Law, was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Lemon Law created a presumption under the Song-Beverly Warranty Act, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Related Legislation

_ SB 289 (Calderon), pending in Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee, expands the definition of a new motor vehicle under the Lemon Law to include new motor vehicles used for business persons by persons with fewer than five registered vehicles. _

FISCAL EFFECT : Appropriation: No Fiscal Com.: No

Local: No

SUPPORT : (Verified 7/6/98)

California District Attorneys Association
California Attorney General's Office
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Consumers Union
USD Center for Public Interest Law
Granite Excavation and Demolition, Inc.

ARGUMENTS IN SUPPORT : Currently, small businesses are not included under the Lemon Law; only vehicles used primarily for personal, family or household purposes are included. The author's office states that small businesses should be afforded the same protections as individual consumers. Additionally, the author's office asserts that businesses with more than five vehicles have sufficient market strength that they do not necessarily need Lemon Law presumptions. Businesses with five or fewer vehicles represent the vast majority of small businesses integral to California's economy.

ASSEMBLY FLOOR :

AYES: Aguiar, Alby, Alquist, Aroner, Ashburn, Baca, Battin, Bordonaro, Bowen, Bowler, Brewer, Brown, Bustamante, Campbell, Cardenas, Cardoza, Cunneen, Davis, Ducheny, Escutia, Figueroa, Frusetta, Gallegos, Goldsmith, Havice, Hertzberg, Honda, House, Kaloogian, Keeley, Knox, Kuehl, Kuykendall, Leach, Lempert, Machado, Martinez, Mazzone, Migden, Miller, Morrissey, Napolitano, Oller, Ortiz, Pacheco, Perata, Poochigian, Prenter, Runner, Scott, Shelley, Strom-Martin, Sweeney, Takasugi, Thomson, Torlakson, Vincent, Washington, Wayne, Wildman, Woods, Wright, Villaraigosa
NOES: Ackerman, Baldwin, Baugh, Firestone, Granlund, Leonard, Margett, McClintock, Morrow, Olberg, Thompson
NOT VOTING: Cedillo, Floyd, Murray, Papan, Pringle, Richter

RJG:cm 7/6/98 Senate Floor Analyses
SUPPORT/OPPOSITION: SEE ABOVE
**** END **** _

AB 1848
Page 1

CONCURRENCE IN SENATE AMENDMENTS
 AB 1848 (Davis)
 As Amended July 2, 1998
 Majority vote

ASSEMBLY: 63-11 (May 11, 1998) SENATE: 28-2 (August 3, 1998)

Original Committee Reference: CONPRO

SUMMARY : Includes small business vehicles in the "lemon law" by redefining "new motor vehicle" for purposes of the lemon law to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state."

The Senate amendments delete a provision stating that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight rating.

EXISTING LAW :

- 1) Defines "new motor vehicle" for lemon law purposes as one which is bought for use primarily for personal, family or household purposes.
- 2) States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (i.e., lemon), if the circumstances detailed in #3 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 3) States that a new motor vehicle may be presumed to be a lemon if, during the time period specified in #2 above:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.
- 4) Defines what constitutes a "qualified third-party dispute resolution process" (QDRP), including stating that a QDRP must meet specified Federal Trade Commission (FTC) minimum requirements, specified timelines for decisions, requirements for arbitrators, consumers and manufacturers, due process considerations, and certification procedures with the California Department of Consumer Affairs, as specified.
- 5) States that QDRP decisions are binding on the manufacturer if

AB 1848
Page 2

the buyer elects to accept the decision, and that QDRP must "take into account" specified information, including the conditions of the written warranty, the rights and remedies in relevant FTC regulations, and any other "equitable considerations appropriate in the circumstances."

- 6) States that if a qualified dispute resolution process exists, then the consumer may not assert that he or she has a lemon until after the consumer has initially resorted to the dispute resolution process. This provision does not apply if the buyer is dissatisfied with the decision of the dispute resolution process, or if the manufacturer neglects to fulfill the terms of the dispute resolution decision.

AS PASSED BY THE ASSEMBLY , this bill redefined "new motor vehicle" for purposes of the Tanner Consumer Protection Act (i.e., lemon law) to include a new motor vehicle that is "bought or used for business and personal, family, or household purposes by a person, including a partnership, limited liability company, corporation, association, or any other legal entity, to which not more than five motor vehicles are registered in this state." Additionally stated that a "new motor vehicle" does not include a vehicle used to transport property above the manufacturers gross vehicle weight

rating.

FISCAL EFFECT : None

COMMENTS :

1) This bill includes small business vehicles purchased under the auspices of California's lemon law. Currently, small businesses are not included under the lemon law; only vehicles used primarily for personal, family or household purposes. The author believes that small businesses should be afforded the same protections as individual consumers. Additionally, the author argues that opening up the arbitration process to small businesses could reduce lemon law litigation. Finally, the author indicates that businesses with more than five vehicles have sufficient market strength that they do not necessarily need lemon law presumptions.

2) Under current law, auto manufacturers have regularly denied the claims and queries of vehicles registered to or used by businesses. Small businesses are usually not eligible for the arbitration programs that auto manufacturers have; the goal of these programs is to satisfy the consumer prior to the filing of a lemon law action.

If barred from arbitration by the auto manufacturer, the small business is left only one avenue of recourse, to sue the auto manufacturer. However, this is an expensive and time-consuming proposition, and given the current definition of "new motor vehicle" in the Tanner Consumer Protection Act, it is unlikely that the small business will be victorious. This bill is aimed at bringing these individuals into the lemon law fold.

AB 1848

Page 3

Entities which would be covered include partnerships, limited liability companies, associations, corporations and any other legal entity.

3) The Senate amendments relate to the issue of abusing a vehicle by overloading it and then claiming a vehicle is a lemon. The author, consumer groups, and auto manufacturers all agreed that current law's prohibition against abuse of vehicle is sufficient to deny such claims, thereby making language previously included in the bill unnecessary.

Analysis prepared by : Robert Herrell / aconpro / (916) 319-2089

040939

FN

CA Assem. B. Hist., 1999-2000 A.B. 1290

California Bill History, 1999-2000 Regular Session, Assembly Bill 1290

1999-2000
California Assembly
1999-2000 Regular Session

COMPLETE BILL HISTORY

BILL NUMBER: A.B. No. 1290

AUTHOR: Davis

TOPIC: Warranties: motor vehicle manufacturers.

TYPE OF BILL:

Inactive
Non-Urgency
Non-Appropriations
Majority Vote Required
Non-State-Mandated Local Program
Non-Fiscal
Non-Tax Levy

BILL HISTORY

1999

Sept. 21 Chaptered by Secretary of State - Chapter 448, Statutes of 1999.

Sept. 21 Approved by the Governor.

Sept. 8 Enrolled and to the Governor at 12:30 p.m.

Aug. 30 Senate amendments concurred in. To enrollment. (Ayes 60. Noes 15. Page 3607.)

Aug. 26 In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 28 pursuant to Assembly Rule 77.

Aug. 25 Read third time, passed, and to Assembly. (Ayes 27. Noes 11. Page 2648.)

Aug. 24 Read second time. To third reading.

Aug. 23 Read third time, amended. To second reading.

June 10 Read second time. To third reading.

June 9 From committee: Do pass. (Ayes 8. Noes 1.)

May 12 Referred to Com. on JUD.

Apr. 26 In Senate. Read first time. To Com. on RLS. for assignment.

Apr. 26 Read third time, passed, and to Senate. (Ayes 51. Noes 20. Page 1293.)

Apr. 8 Read second time. To third reading.

Apr. 7 From committee: Do pass. (Ayes 6. Noes 0.) (April 6).

Mar. 18 Referred to Com. on C.P.,G.E. & E.D.

Mar. 1 Read first time.

Feb. 27 From printer. May be heard in committee March 29.

Feb. 26 Introduced. To print.

CA Assem. B. Hist., 1999-2000 A.B. 1290

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CA B. An., A.B. 1290 Assem., 4/06/1999

California Bill Analysis, Assembly Committee, 1999-2000 Regular Session, Assembly Bill 1290

April 6, 1999
California Assembly
1999-2000 Regular Session

Date of Hearing: April 6, 1999

ASSEMBLY COMMITTEE ON CONSUMER PROTECTION,
GOVERNMENTAL EFFICIENCY, AND ECONOMIC DEVELOPMENT

Susan Davis, Chair

AB 1290 (Davis) - As Introduced: February 26, 1999

SUBJECT : Lemon Law: Doubling of presumption period

SUMMARY : Doubles the period within which new motor vehicle owners may assert that their vehicle is a "lemon". Specifically, this bill expands the period of time within which a new motor vehicle is presumed to be a lemon to two years or 24,000 miles, whichever occurs first.

EXISTING LAW :

1)States that the period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #2 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.

2)States that a new motor vehicle may be presumed to be a lemon if:

- a) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity, or
- b) the vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.

FISCAL EFFECT : None. This bill is keyed as nonfiscal and will not be referred to the Assembly Appropriations Committee.

COMMENTS :

1)Intent of Bill

According to the author and sponsor, AB 1290's doubling of the presumption period will increase consumer protection by lengthening the time new motor vehicle owners may assert that their vehicle is a lemon if the vehicle fits the lemon definition under current law. California was the second state in the nation to enact a lemon law, following Connecticut.

The author and sponsor argue that AB 1290 keeps California on pace with other states that have longer lemon presumption periods (see comment #2). Additionally, supporters argue that as car warranties have lengthened in duration, it is appropriate for the lemon presumption period to also increase.

2)Lemon Law Periods for Other States

The following chart reflects other state's lemon law presumption periods through 1996. It does not reflect post-1996 changes. The chart shows that 17 other states have more generous lemon law periods than California. It is important to note that California's lemon law does not expressly include the duration of the warranty, unlike many other states.

STATE	LEMON LAW PERIOD	STATE	LEMON LAW PERIOD
Alabama	24 months/24,000 miles	Montana	24 months/18,000 miles
Alaska	Term of warranty/1 year	Nebraska	Term of warranty/1 year
Arizona	Term of warranty/1 year	Nevada	Term of warranty/1 year
Arkansas	24 months/24,000 miles	New Hampshire	Term of warranty/1 year
California	12 months/12,000 miles	New Jersey	Term of warranty/1 year/12,000 miles
Colorado	Term of warranty/1 year	New Mexico	Term of warranty/1 year
Connecticut	24 months/18,000 miles	New York	24 months/18,000 miles
Delaware	Term of warranty/1 year	North Carolina	24 months/24,000 miles
Dist. of Colum.	24 months/18,000 miles	North Dakota	Term of warranty/1 year
Florida	12 months/12,000 miles	Ohio	12 months/18,000 miles
Georgia	12 months/12,000 miles	Oklahoma	Term of warranty/1 year
Hawaii	Term of warranty	Oregon	12 months/12,000 miles
Idaho	12 months/12,000 miles	Pennsylvania	12 months/12,000 miles
Illinois	Term of warr./12 months/12,000 miles	Rhode Island	12 months/15,000 miles
Indiana	18 months/18,000 miles	South Carolina	12 months/12,000 miles
Iowa	24 months/24,000 miles	South Dakota	24 months/24,000 miles
Kansas	Term of warranty/1 year	Tennessee	Term of warranty/1 year

Kentucky	12 months/12,000 miles	Texas	Term of warranty/1 year/12,000 miles
Louisiana	Term of warranty/1 year	Utah	Term of warranty/1 year
Maine	24 months/18,000 miles	Vermont	Term of warranty
Maryland	15 months/15,000 miles	Virginia	Term of warranty/18 months
Massachusetts	12 months/15,000 miles	Washington	Term of warranty/24 months/24,000 miles
Michigan	Term of warranty/1 year	West Virginia	Term of warranty/1 year
Minnesota	Term of warranty/2 years	Wisconsin	Term of warranty/1 year
Mississippi	Term of warranty/1 year	Wyoming	12 months
Missouri	Term of warranty/1 year		

Source: National

Survey of State Laws

1) Previous Legislation

Last year, Assemblywoman Davis' AB 1848 (Chapter 352, Statutes of 1998) expanded the lemon law to include up to 5 vehicles purchased by a small business and used for both business and personal purposes.

REGISTERED SUPPORT / OPPOSITION :

Support

Attorney General's Office (sponsor)

Opposition

None on file

Analysis Prepared by : Robert Herrell / C.P., G.E. & E.D. / (916) 319-2089

CA B. An., A.B. 1290 Assem., 4/06/1999

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CA B. An., A.B. 1290 Assem., 4/09/1999

California Bill Analysis, Assembly Floor, 1999-2000 Regular Session, Assembly Bill 1290

April 9, 1999
California Assembly
1999-2000 Regular Session

ASSEMBLY THIRD READING

AB 1290 (Davis)

As Introduced February 26, 1999

Majority vote

CONSUMER PROTECTION 6-0

Ayes: Davis, Leach, Floyd, Lempert, Machado, Wesson

SUMMARY : Doubles the period within which new motor vehicle owners may assert that their vehicle is a "lemon". Specifically, this bill expands the period of time within which a new motor vehicle is presumed to be a lemon to two years or 24,000 miles, whichever occurs first.

EXISTING LAW states that:

- 1)The period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #2 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.
- 2)A new motor vehicle may be presumed to be a lemon if:
 - a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or,
 - b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.

FISCAL EFFECT : None

COMMENTS :

1)According to the author and sponsor, the State Attorney General, this bill doubles the presumption period and increases consumer protection by lengthening the time new motor vehicle owners may assert that their vehicle is a lemon if the vehicle fits the lemon definition under current law. California was the second state in the nation to enact a lemon law, following Connecticut.

The author and sponsor argue that this bill keeps California on pace with other states that have longer lemon presumption periods (see comment #2). Additionally, supporters argue that as car warranties have lengthened in duration, it is appropriate for the lemon presumption period to also increase.

2)The following chart reflects other state's lemon law presumption periods through 1996. It does not reflect post-1996 changes. The chart shows that 17 other states have more generous lemon law periods than California. It is important to note that California's lemon law does not expressly include the duration of the warranty, unlike many other states.

STATE	LEMON LAW PERIOD	STATE	LEMON LAW PERIOD
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Alabama	24 months/24,000 miles	Montana	24 months/18,000 miles
Alaska	Term of warranty/1 year	Nebraska	Term of warranty/1 year
Arizona	Term of warranty/1 year	Nevada	Term of warranty/1 year
Arkansas	24 months/24,000 miles	New Hampshire	Term of warranty/1 year
California	12 months/12,000 miles	New Jersey	Term of warranty/1 year/12,000 miles
Colorado	Term of warranty/1 year	New Mexico	Term of warranty/1 year
Connecticut	24 months/18,000 miles	New York	24 months/18,000 miles
Delaware	Term of warranty/1 year	North Carolina	24 months/24,000 miles
Dist. of Colum.	24 months/18,000 miles	North Dakota	Term of warranty/1 year
Florida	12 months/12,000 miles	Ohio	12 months/18,000 miles
Georgia	12 months/12,000 miles	Oklahoma	Term of warranty/1 year
Hawaii	Term of warranty	Oregon	12 months/12,000 miles
Idaho	12 months/12,000 miles	Pennsylvania	12 months/12,000 miles
Illinois	Term of warr./12 months/12,000 miles	Rhode Island	12 months/15,000 miles
Indiana	18 months/18,000 miles	South Carolina	12 months/12,000 miles
Iowa	24 months/24,000 miles	South Dakota	24 months/24,000 miles
Kansas	Term of warranty/1 year	Tennessee	Term of warranty/1 year
Kentucky	12 months/12,000 miles	Texas	Term of warranty/1 year/12,000 miles

Louisiana	Term of warranty/1 year	Utah	Term of warranty/1 year
Maine	24 months/18,000 miles	Vermont	Term of warranty
Maryland	15 months/15,000 miles	Virginia	Term of warranty/18 months
Massachusetts	12 months/15,000 miles	Washington	Term of warranty/24 months/24,000 miles
Michigan	Term of warranty/1 year	West Virginia	Term of warranty/1 year
Minnesota	Term of warranty/2 years	Wisconsin	Term of warranty/1 year
Mississippi	Term of warranty/1 year	Wyoming	12 months
Missouri	Term of warranty/1 year		

Source: National

Survey of State Laws

Analysis Prepared by : Robert Herrell / C.P., G.E. & E.D. / (916) 319-2089

FN: 0000345

CA B. An., A.B. 1290 Assem., 4/09/1999

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CA B. An., A.B. 1290 Sen., 6/08/1999

California Bill Analysis, Senate Committee, 1999-2000 Regular Session, Assembly Bill 1290

June 8, 1999
California Senate
1999-2000 Regular Session

SENATE JUDICIARY COMMITTEE

Adam B. Schiff, Chairman

1999-2000 Regular Session

AB 1290

Assembly Member Davis

As Introduced

Hearing Date: June 8, 1999

Civil Code

DLM:cjt

SUBJECT

Motor Vehicle Warranties: Lemon Law

DESCRIPTION

This bill would revise the “Lemon Law” to apply its presumptions for two years or 24,000 miles rather than one year or 12,000 miles.

BACKGROUND

The Tanner Consumer Protection Act was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Tanner Act created a presumption under the Song-Beverly Warranty Act, a.k.a. the Lemon Law, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000 miles, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

CHANGES TO EXISTING LAW

Existing law creates a presumption that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if, within one year from delivery to the buyer or 12,000 miles, whichever comes first, either:

- (a) the same nonconformity has been subject to repair four or more times by the manufacturer and the buyer has at least once directly notified the manufacturer of the nonconformity; or
- (b) the vehicle is out of service by reason of repair of nonconformities by the manufacturer for a cumulative total of more than 30 days since delivery of the vehicle to the buyer.

This bill would extend the Lemon Law presumption period from 12 months/12,000 miles to 24 months/24,000 miles.

COMMENT

1. Stated need for bill

According to the Attorney General, the bill's sponsor, "AB 1290's doubling of the presumption period will increase consumer protection by lengthening the time a new motor vehicle may be presumed to be a lemon if the vehicle fits the lemon definition under current law." The author adds that, "California was the second state in the nation to enact a lemon law, following Connecticut. AB 1290 keeps California on pace with other states that have longer lemon presumption periods" (see Comment #2). Additionally, she states that "as car warranties have lengthened in duration, it is appropriate for the lemon presumption period to also increase."

2. Lemon Law presumption periods nationwide

The following chart reflects other state's Lemon Law presumption periods through 1996. It does not reflect post-1996 changes. The chart shows that 17 other states have more generous Lemon Law presumption periods than California.

STATE	LEMON LAW PERIOD	STATE	LEMON LAW PERIOD
Alabama	24 months/24,000 miles	Montana	24 months/18,000 miles
Alaska	Term of warranty/1 year	Nebraska	Term of warranty/1 year
Arizona	Term of warranty/1 year	Nevada	Term of warranty/1 year
Arkansas	24 months/24,000 miles	New Hampshire	Term of warranty/1 yr
California	12 months/12,000 miles	New Jersey	Term of warranty/1 year
Colorado	Term of warranty/1 yr	New Mexico	Term of warranty/1 year
Connecticut	24 months/18,000 miles	New York	24 months/18,000 miles
Delaware	Term of warranty/1 year	North Carolina	24 months/24,000 miles
Dist. of Colum.	24 mos/18,000 miles	No. Dakota	Term of warranty/1 year
Florida	12 months/12,000 miles	Ohio	12 months/18,000 miles
Georgia	12 months/12,000 miles	Oklahoma	Term of warranty/1 year
Hawaii	Term of warranty	Oregon	12 months/12,000 miles

Idaho	12 months/12,000 miles	Pennsylvania	12 months/12,000 miles
Illinois	Term of warranty/12 months	Rhode Island	12 months/15,000 miles
Indiana	18 months/18,000 miles	South Carolina	12 months/12,000 miles
Iowa	24 months/24,000 miles	South Dakota	24 months/24,000 miles
Kansas	Term of warranty/1 year	Tennessee	Term of warranty/1 year
Kentucky	12 months/12,000 miles	Texas	Term of warranty/1 yr/12,000 m.
Louisiana	Term of warranty/1 year	Utah	Term of warranty/1 year
Maine	24 months/18,000 miles	Vermont	Term of warranty
Maryland	15 months/15,000 miles	Virginia	Term of warranty/18 months
Mass.	12 months/15,000	Washington	Term of warranty/24 months/24,000 m.
Michigan	Term of warranty/1 year	West Virginia	Term of warranty/1 year
Minnesota	Term of warranty/2 year	Wisconsin	Term of warranty/1 year
Mississippi	Term of warranty/1 year	Wyoming	12 months
Missouri	Term of warranty/1 year		

Source: National Survey of State Laws

3. Background and the intersection of the Song-Beverly statute of limitations and the Tanner Act presumption period

“The Song-Beverly Consumer Warranty Act was enacted in 1970. (Statutes of 1970, Ch. 1333, p. 2478 et seq.) The Act regulates warranty terms, imposes service and repair obligations on manufacturers, distributors, and retailers who make express warranties, requires disclosure of specified information in express warranties, and broadens a buyer's remedies to include costs, attorney's fees, and civil penalties. It supplements, rather than supersedes, the provisions of the California Uniform Commercial Code. (Citation omitted.)

“In 1982, the Legislature added a provision designed to give recourse to the buyer of a new automobile that suffers from the same defect repeatedly, or is out of service for cumulative repairs for an extended period. (Citation omitted.) This provision, (The Tanner Consumer Protection Act) popularly known as the ‘Lemon law’ is designed to dovetail with the remedy codified in section 1793.2, subdivision (d)(1) of the Act which provides: ‘[I]f the manufacturer or its representative in this state does

not service or repair the goods to conform to the applicable express warranties after a reasonable number of attempts, the manufacturer shall either replace the goods or reimburse the buyer in an amount equal to the purchase price paid by the buyer, less that amount directly attributable to use by the buyer prior to the discovery of the nonconformity.” *Krieger v. Nick Alexander Imports* (1991) 234 Cal. App. 3d 205.

Committee staff is in receipt of correspondence from a number of consumer representatives, expressing concern that the Tanner Act presumption period may be confused with the Song-Beverly Warranty Act statute of limitations. The confusion is based upon the term “Lemon Law” and whether that term refers to the buy-back requirements under the Song-Beverly Act, or the presumption period under the Tanner Act. According to the Department of Consumer Affairs, the “Lemon Law” is the buy-back requirements under the Song-Beverly Act, and the “Lemon Law presumption” is embodied in the Tanner Act. This debate takes on importance when viewed in relation to the applicable statute of limitations period. The Song-Beverly Act allows claims to be brought up to four years following discovery of a defect. However, the Tanner Act presumption period (within which a reasonable number of repair attempts is established by statute at four in one year or 12,000 miles or the vehicle is out of service for 30 days in a year) expires when the threshold odometer reading or date passes. (See *Kreiger, Id.*)

This bill extends the timeframe for the presumption period under the Tanner Act. It does not alter in any way the statute of limitations for bringing claims under the Song-Beverly Warranty Act. Therefore, it should be of no legal consequence whether one references the Tanner Act, or the Song-Beverly Act as the “Lemon Law.” Just as a “rose by any other name is still a rose,” a lemon is a lemon, regardless of whether it is presumed or proven to be so.

4. Prior related legislation

SB 289 (Calderon) of 1998 would have made numerous changes to the Lemon Law, including expanding the definition of new motor vehicle under the Lemon Law to include new motor vehicles used for business purposes by persons with fewer than five registered vehicles, and extending the number of miles and the period of time during which an automobile may be presumed to be a lemon from the current 12 months/12,000 miles to 24 months/24,000 miles. SB 289 passed this Committee, but was held in the Assembly.

AB 1848 (Davis), Chapter 352, Statutes of 1998, expanded the Lemon Law to include up to five vehicles purchased by a small business and used for both business and personal purposes.

Support: Consumer Federation of California; Consumer Attorneys of California

Opposition: None Known

HISTORY

Source: Office of the Attorney General

Related Pending Legislation: None Known

Prior Legislation: SB 289 (Calderon) of 1998, died in the Assembly;
AB 1848 (Davis) Ch. 352, Stats of 1998.

Prior Votes: Assembly C.P., G.E. and E.D. 6-0;
Assembly Floor 51-20

CA B. An., A.B. 1290 Sen., 6/08/1999

CA B. An., A.B. 1290 Sen., 6/14/1999

California Bill Analysis, Senate Floor, 1999-2000 Regular Session, Assembly Bill 1290

June 14, 1999
California Senate
1999-2000 Regular Session

SENATE RULES COMMITTEE

Office of Senate Floor Analyses

THIRD READING

Bill No: AB 1290

Author: Davis (D)

Amended: As introduced

Vote: 21

SENATE JUDICIARY COMMITTEE : 8-1, 6/8/99

AYES: Burton, Escutia, Morrow, O'Connell, Peace, Sher, Wright, Schiff

NOES: Haynes

ASSEMBLY FLOOR : 51-20, 4/26/99 - See last page for vote

SUBJECT : Warranties: motor vehicle manufacturers

SOURCE : Attorney General

DIGEST : This bill would revise the "Lemon Law" to apply its presumptions for two years or 24,000 miles rather than one year or 12,000 miles.

ANALYSIS : Existing law creates a presumption that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if, within one year from delivery to the buyer or 12,000 miles, whichever comes first, either:

1. The same nonconformity has been subject to repair four or more times by the manufacturer and the buyer has at least once directly notified the manufacturer of the nonconformity.
2. The vehicle is out of service by reason of repair of nonconformities by the manufacturer for a cumulative total of more than 30 days since delivery of the vehicle to the buyer.

This bill would extend the Lemon Law presumption period from 12 months/12,000 miles to 24 months/24,000 miles.

The Tanner Consumer Protection Act was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Tanner Act created a presumption under the Song-Beverly Warranty Act, a.k.a. the Lemon Law, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical failure required repair four times, within one year of purchase or the odometer reading 12,000 miles, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Background and the intersection of the Song-Beverly statute of limitations and the Tanner Act presumption period

The Song-Beverly Consumer Warranty Act was enacted in 1970. (Statutes of 1970, Chapter 1333) The act regulates warranty terms, imposes service and repair obligations on manufacturers, distributors, and retailers who make express warranties, requires disclosure of specified information in express warranties, and broadens a buyer's remedies to include costs, attorney's fees, and civil penalties. It supplements, rather than supersedes, the provisions of the California Uniform Commercial Code.

In 1982, the Legislature added a provision designed to give recourse to the buyer of a new automobile that suffers from the same defect repeatedly, or is out of service for cumulative repairs for an extended period. This provision, (The Tanner Consumer Protection Act) popularly known as the 'Lemon law' is designed to dovetail with the remedy codified in section 1793.2, subdivision (d)(1) of the act which provides: '[I]f the manufacturer or its representative in this state does not service or repair the goods to conform to the applicable express warranties after a reasonable number of attempts, the manufacturer shall either replace the goods or reimburse the buyer in an amount equal to the purchase price paid by the buyer, less that amount directly attributable to use by the buyer prior to the discovery of the nonconformity.'" Krieger v. Nick Alexander Imports (1991) 234 Cal. App. 3d 205.

The Senate Judiciary Committee reviewed the correspondence from a number of consumer representatives, expressing concern that the Tanner Act presumption period may be confused with the Song-Beverly Warranty Act statute of limitations. The confusion is based upon the term "Lemon Law" and whether that term refers to the buy-back requirements under the Song-Beverly Act, or the presumption period under the Tanner Act. According to the Department of Consumer Affairs, the "Lemon Law" is the buy-back requirements under the Song-Beverly Act, and the "Lemon Law presumption" is embodied in the Tanner Act. This debate takes on importance when viewed in relation to the applicable statute of limitations period. The Song-Beverly Act allows claims to be brought up to four years following discovery of a defect. However, the Tanner Act presumption period (within which a reasonable number of repair attempts is established by statute at four in one year or 12, 000 miles or the vehicle is out of service for 30 days in a year) expires when the threshold odometer reading or date passes.

This bill extends the timeframe for the presumption period under the Tanner Act. It does not alter in any way the statute of limitations for bringing claims under the Song-Beverly Warranty Act.

Lemon Law presumption periods nationwide

The following chart reflects other state's Lemon Law presumption periods through 1996. It does not reflect post-1996 changes. The chart shows that 17 other states have more generous Lemon Law presumption periods than California.

STATE	LEMON LAW PERIOD
Alabama	24 months/24,000 miles
Alaska	Term of warranty/ 1 year
Arizona	Term of warranty/ 1 year
Arkansas	24 months/24,000 mile
California	12 months/12,000 miles
Colorado	Term of warranty/1 year
Connecticut	24 months/18,000 miles
Delaware	Term of warranty/1 year
District of Columbia	24 months/18,000 miles

Georgia	12 months/12,000 miles
Hawaii	Term of warranty
Idaho	12 months/12,000 miles
Indiana	18 months/18,000 miles
Iowa	24 months/24,000 miles
Kansas	Term of warranty/1 year
Louisiana	Term of warranty/1 year
Maine	24 months/18,000 miles
Maryland	15 months/15,000 miles
Massachusetts	12 months/15,000
Michigan	Term of warranty/1 year
Minnesota	Term of warranty/2 year
Mississippi	Term of warranty/1 year
Missouri	Term of warranty/1 year
Montana	24 months/18,000 miles
Nebraska	Term of warranty/1 year
Nevada	Term of warranty/1 year
New Hampshire	Term of warranty/1 year
New Jersey	Term of warranty/1 year
New Mexico	Term of warranty/1 year
New York	24 months/18,000 miles
North Carolina	24 months/24,000 miles
North Dakota	Term of warranty/1 year
Ohio	12 months/18,000 miles
Oklahoma	Term of warranty/1 year
Oregon	12 months/12,000 miles
Pennsylvania	12 months/12,000 miles

Rhode Island	12 months/15,000 miles
South Carolina	12 months/12,000 miles
South Dakota	24 months/24,000 miles
Tennessee	Term of warranty/1 year
Texas	Term of warranty/1 year/12,000 miles
Utah	Term of warranty/1 year
Vermont	Term of warranty
Virginia	Term of warranty/18 months
Washington	Term of warranty/24 months/24,000 miles
West Virginia	Term of warranty/1 year
Wisconsin	Term of warranty/1 year
Wyoming	12 months

Prior related legislation

SB 289 (Calderon) of 1998 would have made numerous changes to the Lemon Law, including expanding the definition of new motor vehicle under the Lemon Law to include new motor vehicles used for business purposes by persons with fewer than five registered vehicles, and extending the number of miles and the period of time during which an automobile may be presumed to be a lemon from the current 12 months/12,000 miles to 24 months/24,000 miles. SB 289 failed passage in the Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee. It passed the Senate 21-14, as follows:

AYES: Alpert, Ayala, Burton, Calderon, Costa, Dills, Greene, Johnston, Karnette, Kopp, Lee, Lockyer, O'Connell, Peace, Rosenthal, Schiff, Sher, Solis, Thompson, Watson, Wright

NOES: Brulte, Haynes, Hurtt, Johannessen, Johnson, Kelley, Knight, Leslie, Lewis, Maddy, McPherson, Monteith, Mountjoy, Rainey

NOT VOTING: Craven, Hayden, Hughes, Polanco, Vasconcellos

AB 1848 (Davis), Chapter 352, Statutes of 1998, expanded the Lemon Law to include up to five vehicles purchased by a small business and used for both business and personal purposes. It passed the Senate 28-2, as follows:

AYES: Alpert, Ayala, Brulte, Costa, Dills, Hayden, Hughes, Hurtt, Johannessen, Johnston, Karnette, Kelley, Kopp, Leslie, Lockyer, Maddy, Monteith, Mountjoy, Peace, Polanco, Rainey, Rosenthal, Schiff, Sher, Solis, Thompson, Watson, Wright

NOES: Haynes, Knight

NOT VOTING: Burton, Calderon, Craven, Greene, Johnson, Lewis, McPherson, O'Connell, Vasconcellos

Assembly members who are new Senators votes:

AYES: Baca, Bowen, Escutia, Figueroa, Morrow, Murray, Ortiz, Perata, Poochigian

FISCAL EFFECT : Appropriation: No Fiscal Com.: No Local: No

SUPPORT : (Verified 6/9/99)

Consumer Federation of California

Consumer Attorneys of California

ARGUMENTS IN SUPPORT : According to the Attorney General, the bill's sponsor, "AB 1290's doubling of the presumption period will increase consumer protection by lengthening the time a new motor vehicle may be presumed to be a lemon if the vehicle fits the lemon definition under current law." The author adds that, "California was the second state in the nation to enact a lemon law, following Connecticut. AB 1290 keeps California on pace with other states that have longer lemon presumption periods". Additionally, she states that "as car warranties have lengthened in duration, it is appropriate for the lemon presumption period to also increase."

ASSEMBLY FLOOR :

AYES: Alquist, Aroner, Bock, Calderon, Campbell, Cardenas, Cardoza, Cedillo, Corbett, Correa, Cox, Cunneen, Davis, Ducheny, Dutra, Firebaugh, Florez, Frusetta, Gallegos, Havice, Hertzberg, Honda, Jackson, Keeley, Knox, Kuehl, Leach, Lempert, Longville, Lowenthal, Machado, Maldonado, Mazzone, Migden, Robert Pacheco, Pescetti, Reyes, Romero, Runner, Scott, Shelley, Soto, Steinberg, Thomson, Torlakson, Vincent, Wayne, Wesson, Wiggins, Wildman, Zettel

NOES: Aanestad, Ackerman, Baldwin, Bates, Baugh, Brewer, Briggs, Dickerson, Granlund, House, Kaloogian, Leonard, Maddox, Margett, McClintock, Olberg, Oller, Rod Pacheco, Strickland, Thompson

NOT VOTING: Ashburn, Battin, Floyd, Nakano, Papan, Strom-Martin, Washington, Wright, Villaraigosa

RJG:sl 6/10/99 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

CA B. An., A.B. 1290 Sen., 6/14/1999

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CA B. An., A.B. 1290 Sen., 8/23/1999

California Bill Analysis, Senate Floor, 1999-2000 Regular Session, Assembly Bill 1290

August 23, 1999
California Senate
1999-2000 Regular Session

SENATE RULES COMMITTEE

Office of Senate Floor Analyses

THIRD READING

Bill No: AB 1290

Author: Davis (D)

Amended: 8/23/99 in Senate

Vote: 21

SENATE JUDICIARY COMMITTEE : 8-1, 6/8/99

AYES: Burton, Escutia, Morrow, O'Connell, Peace, Sher, Wright, Schiff

NOES: Haynes

ASSEMBLY FLOOR : 51-20, 4/26/99 - See last page for vote

SUBJECT : Warranties: motor vehicle manufacturers

SOURCE : Attorney General

DIGEST : This bill would revise the "Lemon Law" to apply its presumptions for 18 months or 18,000 miles rather than one year or 12,000 miles.

Senate Floor Amendments of 8/23/99 reduce from 24 months or 24,000 miles, to 18 months or 18,000 miles, the presumption period for finding a vehicle a "lemon".

ANALYSIS : Existing law creates a presumption that a reasonable number of attempts have been made to conform a new motor vehicle to the applicable express warranties if, within one year from delivery to the buyer or 12,000 miles, whichever comes first, either:

1. The same nonconformity has been subject to repair four or more times by the manufacturer and the buyer has at least once directly notified the manufacturer of the nonconformity.
2. The vehicle is out of service by reason of repair of nonconformities by the manufacturer for a cumulative total of more than 30 days since delivery of the vehicle to the buyer.

This bill would extend the Lemon Law presumption period from 12 months/12,000 miles to 18 months/18,000 miles.

The Tanner Consumer Protection Act was conceived to aid new car consumers in enforcing the terms and conditions of express warranty contracts. The Tanner Act created a presumption under the Song-Beverly Warranty Act, a.k.a. the Lemon Law, that a vehicle failed to conform to its express warranty if it was out of service for a total of 30 days, or if the same mechanical

failure required repair four times, within one year of purchase or the odometer reading 12,000 miles, whichever occurs first. Nonconforming vehicles may be returned to the manufacturer for refund or replacement.

Background and the intersection of the Song-Beverly statute of limitations and the Tanner Act presumption period

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This bill extends the timeframe for the presumption period under the Tanner Act. It does not alter in any way the statute of limitations for bringing claims under the Song-Beverly Warranty Act.

Lemon Law presumption periods nationwide

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California	12 months/12,000 miles
Colorado	Term of warranty/1 year
Connecticut	24 months/18,000 miles

Delaware	Term of warranty/1 year
District of Columbia	24 months/18,000 miles
Georgia	12 months/12,000 miles
Hawaii	Term of warranty
Idaho	12 months/12,000 miles
Indiana	18 months/18,000 miles
Iowa	24 months/24,000 miles
Kansas	Term of warranty/1 year
Louisiana	Term of warranty/1 year
Maine	24 months/18,000 miles
Maryland	15 months/15,000 miles
Massachusetts	12 months/15,000
Michigan	Term of warranty/1 year
Minnesota	Term of warranty/2 year
Mississippi	Term of warranty/1 year
Missouri	Term of warranty/1 year
Montana	24 months/18,000 miles
Nebraska	Term of warranty/1 year
Nevada	Term of warranty/1 year
New Hampshire	Term of warranty/1 year
New Jersey	Term of warranty/1 year
New Mexico	Term of warranty/1 year
New York	24 months/18,000 miles
North Carolina	24 months/24,000 miles
North Dakota	Term of warranty/1 year
Ohio	12 months/18,000 miles
Oklahoma	Term of warranty/1 year
Oregon	12 months/12,000 miles

Pennsylvania	12 months/12,000 miles
Rhode Island	12 months/15,000 miles
South Carolina	12 months/12,000 miles
South Dakota	24 months/24,000 miles
Tennessee	Term of warranty/1 year
Texas	Term of warranty/1 year/12,000 miles
Utah	Term of warranty/1 year
Vermont	Term of warranty
Virginia	Term of warranty/18 months
Washington	Term of warranty/24 months/24,000 miles
West Virginia	Term of warranty/1 year
Wisconsin	Term of warranty/1 year
Wyoming	12 months

Prior related legislation

SB 289 (Calderon) of 1998 would have made numerous changes to the Lemon Law, including expanding the definition of new motor vehicle under the Lemon Law to include new motor vehicles used for business purposes by persons with fewer than five registered vehicles, and extending the number of miles and the period of time during which an automobile may be presumed to be a lemon from the current 12 months/12,000 miles to 24 months/24,000 miles. SB 289 failed passage in the Assembly Consumer Protection, Governmental Efficiency and Economic Development Committee. It passed the Senate 21-14, as follows:

AYES: Alpert, Ayala, Burton, Calderon, Costa, Dills, Greene, Johnston, Karnette, Kopp, Lee, Lockyer, O'Connell, Peace, Rosenthal, Schiff, Sher, Solis, Thompson, Watson, Wright

NOES: Brulte, Haynes, Hurtt, Johannessen, Johnson, Kelley, Knight, Leslie, Lewis, Maddy, McPherson, Monteith, Mountjoy, Rainey

NOT VOTING: Craven, Hayden, Hughes, Polanco, Vasconcellos

AB 1848 (Davis), Chapter 352, Statutes of 1998, expanded the Lemon Law to include up to five vehicles purchased by a small business and used for both business and personal purposes. It passed the Senate 28-2, as follows:

AYES: Alpert, Ayala, Brulte, Costa, Dills, Hayden, Hughes, Hurtt, Johannessen, Johnston, Karnette, Kelley, Kopp, Leslie, Lockyer, Maddy, Monteith, Mountjoy, Peace, Polance, Rainey, Rosenthal, Schiff, Sher, Solis, Thompson, Watson, Wright

NOES: Haynes, Knight

NOT VOTING: Burton, Calderon, Craven, Greene, Johnson, Lewis, McPherson, O'Connell, Vasconcellos

Assembly members who are new Senators votes:

AYES: Baca, Bowen, Escutia, Figueroa, Morrow, Murray, Ortiz, Perata, Pochigian

FISCAL EFFECT : Appropriation: No Fiscal Com.: No Local: No

SUPPORT : (Verified 8/24/99)

Consumer Federation of California

Consumer Attorneys of California

ARGUMENTS IN SUPPORT : According to the Attorney General, the bill's sponsor, "AB 1290's doubling of the presumption period will increase consumer protection by lengthening the time a new motor vehicle may be presumed to be a lemon if the vehicle fits the lemon definition under current law." The author adds that, "California was the second state in the nation to enact a lemon law, following Connecticut. AB 1290 keeps California on pace with other states that have longer lemon presumption periods". Additionally, she states that "as car warranties have lengthened in duration, it is appropriate for the lemon presumption period to also increase."

ASSEMBLY FLOOR :

AYES: Alquist, Aroner, Bock, Calderon, Campbell, Cardenas, Cardoza, Cedillo, Corbett, Correa, Cox, Cunneen, Davis, Ducheny, Dutra, Firebaugh, Florez, Frusetta, Gallegos, Havice, Hertzberg, Honda, Jackson, Keeley, Knox, Kuehl, Leach, Lempert, Longville, Lowenthal, Machado, Maldonado, Mazzone, Migden, Robert Pacheco, Pescetti, Reyes, Romero, Runner, Scott, Shelley, Soto, Steinberg, Thomson, Torlakson, Vincent, Wayne, Wesson, Wiggins, Wildman, Zettel

NOES: Aanestad, Ackerman, Baldwin, Bates, Baugh, Brewer, Briggs, Dickerson, Granlund, House, Kaloogian, Leonard, Maddox, Margett, McClintock, Olberg, Oller, Rod Pacheco, Strickland, Thompson

NOT VOTING: Ashburn, Battin, Floyd, Nakano, Papan, Strom-Martin, Washington, Wright, Villaraigosa

RJG:sl 8/24/99 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

CA B. An., A.B. 1290 Sen., 8/23/1999

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CA B. An., A.B. 1290 Assem., 8/23/1999

California Bill Analysis, Assembly Floor, 1999-2000 Regular Session, Assembly Bill 1290

August 23, 1999
California Assembly
1999-2000 Regular Session

Subject matter was not heard in Assembly policy committee this legislative Session, should be noted in the last paragraph of the background section of the CSA analysis. Language will vary depending on the circumstance.

CONCURRENCE IN SENATE AMENDMENTS

AB 1290 (Davis)

As Amended August 23, 1999

Majority vote

ASSEMBLY: 51-20 (April 26, 1999)

SENATE: 27-11 (August 25, 1999)

Original Committee Reference: CONPRO

SUMMARY : Extends the period within which new motor vehicle owners may assert that their vehicle is a “lemon.”

The Senate amendments change the period during which an automobile can be declared a “lemon” from 24 months/24,000 miles to 18 months/18,000 miles.

EXISTING LAW states that:

1)The period within which a new motor vehicle may be presumed to be out of conformity with its express warranty (lemon), if the circumstances detailed in #2 below are met, is within the first 12 months after delivery to the buyer or the vehicle's first 12,000 miles, whichever occurs first.

2)A new motor vehicle may be presumed to be a lemon if:

- a) The same nonconformity has been subject to repair four or more times by the manufacturer or its agents and the buyer has at least once directly notified the manufacturer of the need for repair of the nonconformity; or,
- b) The vehicle is out of service by reason of repair of nonconformities for a total of more than 30 days since delivery of the vehicle, as specified.

AS PASSED BY THE ASSEMBLY , this bill expanded the period of time within which a new motor vehicle is presumed to be a lemon to two years or 24,000 miles, whichever occurs first.

FISCAL EFFECT : None

COMMENTS :

1)According to the author and sponsor, the State Attorney General, this bill doubles the presumption period and increases consumer protection by lengthening the time new motor vehicle owners may assert that their vehicle is a lemon if the vehicle fits the lemon definition under current law. California was the second state in the nation to enact a lemon law, following Connecticut.

The author and sponsor argue that this bill keeps California on pace with other states that have longer lemon presumption periods (see comment #2). Additionally, supporters argue that as car warranties have lengthened in duration, it is appropriate for the lemon presumption period to also increase.

2)The following chart reflects other state lemon law presumption periods through 1996. It does not reflect post-1996 changes. The chart shows that 17 other states have more generous lemon law periods than California. It is important to note that California's lemon law does not expressly include the duration of the warranty, unlike many other states.

STATE	LEMON LAW PERIOD	STATE	LEMON LAW PERIOD
Alabama	24 months/24,000 miles	Montana	24 months/18,000 miles
Alaska	Term of warranty/1 year	Nebraska	Term of warranty/1 year
Arizona	Term of warranty/1 year	Nevada	Term of warranty/1 year
Arkansas	24 months/24,000 miles	New Hampshire	Term of warranty/1 year
California	12 months/12,000 miles	New Jersey	Term of warranty/1 year/12,000 miles
Colorado	Term of warranty/1 year	New Mexico	Term of warranty/1 year
Connecticut	24 months/18,000 miles	New York	24 months/18,000 miles
Delaware	Term of warranty/1 year	North Carolina	24 months/24,000 miles
Dist. of Colum.	24 months/18,000 miles	North Dakota	Term of warranty/1 year
Florida	12 months/12,000 miles	Ohio	12 months/18,000 miles
Georgia	12 months/12,000 miles	Oklahoma	Term of warranty/1 year
Hawaii	Term of warranty	Oregon	12 months/12,000 miles
Idaho	12 months/12,000 miles	Pennsylvania	12 months/12,000 miles
Illinois	Term of warr./12 months/12,000 miles	Rhode Island	12 months/15,000 miles
Indiana	18 months/18,000 miles	South Carolina	12 months/12,000 miles

Iowa	24 months/24,000 miles	South Dakota	24 months/24,000 miles
Kansas	Term of warranty/1 year	Tennessee	Term of warranty/1 year
Kentucky	12 months/12,000 miles	Texas	Term of warranty/1 year/12,000 miles
Louisiana	Term of warranty/1 year	Utah	Term of warranty/1 year
Maine	24 months/18,000 miles	Vermont	Term of warranty
Maryland	15 months/15,000 miles	Virginia	Term of warranty/18 months
Massachusetts	12 months/15,000 miles	Washington	Term of warranty/24 months/24,000 miles
Michigan	Term of warranty/1 year	West Virginia	Term of warranty/1 year
Minnesota	Term of warranty/2 years	Wisconsin	Term of warranty/1 year
Mississippi	Term of warranty/1 year	Wyoming	12 months
Missouri	Term of warranty/1 year		

Source: National

Survey of State Laws

Analysis Prepared by : Michael Abbott / C.P., G.E. & E.D. / (916) 319-2089

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