

ASSEMBLY, No. 2053

STATE OF NEW JERSEY

211th LEGISLATURE

INTRODUCED FEBRUARY 5, 2004

Sponsored by:

Assemblyman VINCENT PRIETO

District 32 (Bergen and Hudson)

Assemblyman NEIL M. COHEN

District 20 (Union)

Assemblywoman JOAN M. QUIGLEY

District 32 (Bergen and Hudson)

Assemblyman BRIAN P. STACK

District 33 (Hudson)

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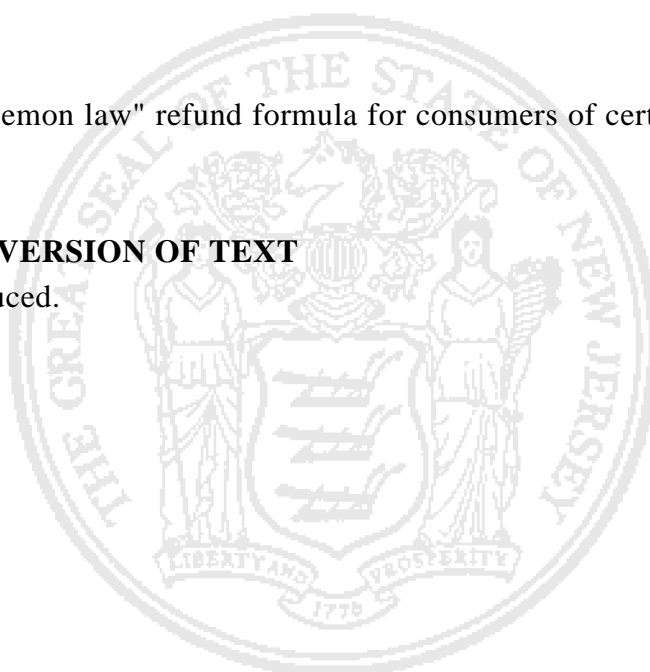
Assemblywoman Watson Coleman, Assemblymen Wisniewski and Conners

SYNOPSIS

Revises "lemon law" refund formula for consumers of certain new motor vehicles.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/15/2005)

1 AN ACT concerning refunds to customers for certain nonconforming
2 new motor vehicles and amending P.L.1988, c.123.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 2 of P.L.1988, c.123 (C.56:12-30) is amended to read
8 as follows:

9 2. As used in this act:

10 "Consumer" means a buyer or lessee, other than for purposes of
11 resale or sublease, of a motor vehicle; a person to whom a motor
12 vehicle is transferred during the duration of a warranty applicable to
13 the motor vehicle; or any other person entitled by the terms of the
14 warranty to enforce the obligations of the warranty.

15 "Dealer" means a person who is actively engaged in the business of
16 buying, selling or exchanging motor vehicles at retail and who has an
17 established place of business.

18 "Director" means the Director of the Division of Consumer Affairs
19 in the Department of Law and Public Safety, or his designee.

20 "Division" means the Division of Consumer Affairs in the
21 Department of Law and Public Safety.

22 "Lease agreement" means a contract or other written agreement in
23 the form of a lease for the use of a motor vehicle by a person for a
24 period of time exceeding 60 days, whether or not the lessee has the
25 option to purchase or otherwise become the owner of the motor
26 vehicle at the expiration of the lease.

27 "Lessee" means a person who leases a motor vehicle pursuant to a
28 lease agreement.

29 "Lessor" means a person who holds title to a motor vehicle leased
30 to a lessee under a lease agreement or who holds the lessor's rights
31 under such an agreement.

32 "Lien" means a security interest in a motor vehicle.

33 "Lienholder" means a person with a security interest in a motor
34 vehicle pursuant to a lien.

35 "Manufacturer" means a person engaged in the business of
36 manufacturing, assembling or distributing motor vehicles, who will,
37 under normal business conditions during the year, manufacture,
38 assemble or distribute to dealers at least 10 new motor vehicles.

39 "Manufacturer's informal dispute settlement procedure" means an
40 arbitration process or procedure by which the manufacturer attempts
41 to resolve disputes with consumers regarding motor vehicle
42 nonconformities and repairs that arise during the vehicle's warranty
43 period.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 "Manufacturer's warranty" or "warranty" means any warranty,
2 whether express or implied of the manufacturer, of a new motor
3 vehicle of its condition and fitness for use, including any terms or
4 conditions precedent to the enforcement of obligations under the
5 warranty.

6 "Motor vehicle" means a passenger automobile or motorcycle as
7 defined in R.S.39:1-1 which is purchased or leased in the State of New
8 Jersey or which is registered by the Division of Motor Vehicles in the
9 Department of Law and Public Safety, except the living facilities of
10 motor homes.

11 "Nonconformity" means a defect or condition which substantially
12 impairs the use, value or safety of a motor vehicle.

13 ["Reasonable allowance for vehicle use" means the mileage at the
14 time the consumer first presents the motor vehicle to the dealer or
15 manufacturer for correction of a nonconformity times the purchase
16 price, or the lease price if applicable, of the vehicle, divided by one
17 hundred thousand miles.]

18 (cf: P.L.1993, c.21, s.3)

19

20 2. Section 4 of P.L.1988, c.123 (C.56:12-32) is amended to read
21 as follows:

22 4. a. If, during the period specified in section 3 of this act, the
23 manufacturer or its dealer is unable to repair or correct a
24 nonconformity within a reasonable time, the manufacturer shall accept
25 return of the motor vehicle from the consumer. The manufacturer
26 shall provide the consumer with a full refund of the purchase price of
27 the original motor vehicle including any stated credit or allowance for
28 the consumer's used motor vehicle, the cost of any options or other
29 modifications arranged, installed, or made by the manufacturer or its
30 dealer within 30 days after the date of original delivery, and any other
31 charges or fees including, but not limited to, sales tax, license and
32 registration fees, finance charges, reimbursement for towing and
33 reimbursement for actual expenses incurred by the consumer for the
34 rental of a motor vehicle equivalent to the consumer's motor vehicle
35 and limited to the period during which the consumer's motor vehicle
36 was out of service due to a nonconformity [, less a reasonable
37 allowance for vehicle use]. Nothing herein shall be construed to
38 preclude a manufacturer from making an offer to replace the vehicle
39 in lieu of a refund; except that the consumer may, in any case, reject
40 a manufacturer's offer of replacement and demand a refund. Refunds
41 shall be made to the consumer and lienholder, if any, as their interests
42 appear on the records of ownership maintained by the Director of the
43 Division of Motor Vehicles. In the event that the consumer accepts an
44 offer to replace the motor vehicle in lieu of a refund, it shall be the
45 manufacturer's responsibility to insure that any lien on the returned
46 motor vehicle is transferred to the replacement vehicle.

1 b. A consumer who leases a new motor vehicle shall have the same
2 remedies against a manufacturer under this section as a consumer who
3 purchases a new motor vehicle. If it is determined that the lessee is
4 entitled to a refund pursuant to subsection a. of this section, the
5 consumer shall return the leased vehicle to the lessor or manufacturer
6 and the consumer's lease agreement with the motor vehicle lessor shall
7 be terminated and no penalty for early termination shall be assessed.
8 The manufacturer shall provide the consumer with a full refund of the
9 amount actually paid by the consumer under the lease agreement,
10 including any additional charges as set forth in subsection a. of this
11 section if actually paid by the consumer [, less a reasonable allowance
12 for vehicle use]. The manufacturer shall provide the motor vehicle
13 lessor with a full refund of the vehicle's original purchase price plus
14 any unrecovered interest expense, less the amount actually paid by the
15 consumer under the agreement. Refunds shall be made to the lessor
16 and lienholder, if any, as their interests appear on the records of
17 ownership maintained by the Director of the Division of Motor
18 Vehicles.
19 (cf: P.L.1988, c.123, s.4)

20

21 3. This act shall take effect immediately.

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STATEMENT

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26 This bill amends P.L.1988, c.123 (C.56:12-29 et seq.), the State's
27 "lemon law" for new automobiles and motorcycles, to provide that if
28 a manufacturer or dealer is unable to repair a defect within a
29 reasonable period of time, the owner is to receive a full refund for that
30 "lemon" automobile or motorcycle.

31 Under the current provisions of the "lemon law" for new
32 automobiles and motorcycles, if a manufacturer or its dealer is unable
33 to repair a defect within a reasonable period of time, the manufacturer
34 is required to refund the full purchase price and other charges and fees
35 specified in the law, less an allowance for the buyer's or lessee's use of
36 the returned vehicle. This bill amends the "lemon law" to provide that
37 a manufacturer must refund the full purchase price to a buyer or lessee
38 of a returned vehicle without deducting any allowance for the buyer's
39 or lessee's use of the vehicle.