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FISCAL IMPACT REPORT

SPONSOR: Varela DATE TYPED: 03/06/03 HB 31/aHBIC

SHORT TITLE: Misrepresentation of Motor Vehicles SB _____

ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB225

SOURCES OF INFORMATION

LFC Files

No Responses Received From

Attorney General

Taxation and Revenue Department

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment includes ‘defining the willful misrepresentation in a motor vehicle sale; requiring reasonable inspection and disclosure before making a used motor vehicle sale’ into the heading of the bill. The amendment also includes a new section that requires a seller of a motor vehicle to conduct a reasonable inspection prior to offering it for sale. Prior to the sales transaction, the seller is required to disclose to the purchaser in writing, any material mechanical defects discovered that render the vehicle unsound, unsafe or inoperable.

Synopsis of Original Bill

House Bill 31 provides remedy for certain misrepresentations of the condition of a vehicle as a matter of sale and requires disclosure/affidavit of repair of damage. The legislation pertains more specifically to the alteration of the structure or chassis as a result of a wreck. An exemption provision to the disclosure is included in the language if the repair cost is less than six per-

cent of the total sales price of the vehicle. In the event of a private-party sale, the affidavit requirement is at the discretion of the purchaser. This bill offers remedy of an award up to three times actual damages sustained and specific after-sale or repurchase provisions.

Significant Issues

- The new remedy in the amendment simplifies purchaser recourse in the event of willful seller misrepresentation.
- Proper maintenance and disclosure of vehicle condition is important to the safety and welfare of the public.
- Subsequent education and enforcement of such law could pose a deterrent to fraudulent or unfair trade practices relating to vehicle sales.

POSSIBLE QUESTIONS

1. Are there other consumer protection laws that provide similar remedy?
2. Has limiting or prohibiting certificate of title without proper disclosure statement been considered?
3. Have misdemeanor provisions for fraudulent disclosure statements been considered?
4. Which agency will be responsible for proper oversight or enforcement of the proposed law?

DW/prr/njw/lis