



Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

"LEMON LAW" FOR LEASES

House Bill 4522 with committee
amendments
First Analysis (11-17-93)

Sponsor: Rep. Michael J. Bennane
Committee: Consumers

THE APPARENT PROBLEM:

Public Act 87 of 1986 is the so-called auto lemon law, under which manufacturers of defective vehicles are required, under certain circumstances, to either replace a defective vehicle or refund its full purchase price if the manufacturer fails, after a reasonable number of attempts, to repair the defect. As enacted, the bill explicitly exempted leased vehicles from its provisions.

THE CONTENT OF THE BILL:

The bill would amend Public Act 87 of 1986 to extend the bill's provisions to new motor vehicles leased on or after the bill's effective date. The bill also would amend the act to include the lessor in the provisions regarding the replacement of or refunding for defective vehicles.

MCL 257.1401 et al.

FISCAL IMPLICATIONS:

Fiscal information is not available. (11-16-93)

ARGUMENTS:

For:

When the auto lemon law was enacted in 1986, most car leasing was done by companies for their employees. Since then, however, the leasing of new cars by individuals for private use has increased significantly. As leasing by private individuals has increased, it seems obvious that the same protections against automotive "lemons" now available to owners ought to be extended to people who lease these cars. It also seems only fair to allow the owners of the leased automobiles (often a bank) to be involved in decisions regarding whether replacement or refunds under the law are acceptable.

POSITIONS:

The Department of State supports the bill. (11-16-93)

The Michigan Consumer Federation supports the bill. (11-16-93)

The Michigan Bankers Association supports the bill. (11-16-93)

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