
Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 774 (as introduced 10-29-97)

Sponsor: Senator Gary Peters

Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 11-5-97

CONTENT

The bill would amend Public Act 87 of 1986 (the auto lemon law) to include leases of new motor vehicles in the Act's provisions. The bill specifies that the Act would apply to all new motor vehicles leased by the original consumer on or after the effective date of the bill.

Under the bill, if a defect or condition of a leased new motor vehicle that was reported to the manufacturer or new vehicle dealer continued to exist and the vehicle had been subjected to a reasonable number of repairs, either the vehicle would have to be replaced by the manufacturer with a comparable replacement motor vehicle currently in production and would be acceptable to the consumer, or the manufacturer would have to refund the full amount of the lease price paid by the consumer. The lease price would include the cost of any options or modifications installed, or any other charges made by or for the manufacturer, excluding a reasonable allowance for the consumer's vehicle usage under certain conditions.

Currently, the Act applies only to a person who purchases a new motor vehicle for personal, family, or household use and not for the purpose of selling or leasing the new motor vehicle to another person; a person who purchases fewer than 10 new motor vehicles per year; and a person who purchases at least 10 new motor vehicles a year for personal, family, or household use.

MCL 257.1401 et. al

Legislative Analyst: N. Nagata

FISCAL IMPACT

Under current law, leased vehicles do not fall under the purview of the auto lemon law. Currently, between 25% and 30% of the vehicles on the road are leased. Including leased vehicles under the Act could increase the volume of complaints received by the State by writing or phone. Because the exact number of complaints received is difficult to quantify, the fiscal impact of this proposal is indeterminate.

Fiscal Analyst: E. Limbs

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