

General Assembly

Raised Bill No. 139

February Session, 2020

LCO No. 1453



Referred to Committee on GENERAL LAW

Introduced by: (GL)

AN ACT CONCERNING CHANGES TO CONSUMER PROTECTION STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- Section 1. Section 21a-219 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2020*):
- 3 (a) No health club contract shall have a term for a period longer than
- 4 twenty-four months. If a health club offers a contract of more than
- 5 twelve months' term, it shall offer a twelve-month contract. If a health
- 6 club sells a membership contract of more than twelve months' term, the
- 7 health club shall not collect payment, in cash or its equivalent of more
- 8 than fifty per cent of the entire consideration for the contract in advance
- 9 of rendering services. The remainder of the cost of the contract shall be
- 10 collected by the health club on a pro rata monthly basis during the term
- of the health club contract. Each contract shall have the prices for all
- 12 contracts printed thereon.
- 13 (b) Written notice that a contract will automatically renew shall be
- 14 provided by the health club to the consumer at the time of entering into
- 15 <u>the contract.</u> No contract shall contain an automatic renewal clause

LCO No. 1453 **1** of 15

except for a renewal for a period not to exceed one month. If such contract contains such a one-month automatic renewal clause, such renewal shall become effective only upon payment of the renewal price and such contract shall permit the buyer to cancel any further renewal upon no more than one month's notice, except that for any such contract where the term of the contract is forty-five days or longer, written notice that the contract is soon subject to auto-renewal shall be provided by the health club to the consumer not sooner than sixty days prior to the expiration of term of the contract and not later than forty-five days prior to the expiration of the term of the contract. The price of any such renewal shall not increase or decrease unless the contract: (1) Discloses the amount of such increase or decrease or the method of calculating such increase or decrease in the price of such renewal, or (2) such information is otherwise provided to the buyer, in writing, no less than one month prior to such renewal, except that for any such contract where the term of the contract is forty-five days or longer, such information shall be provided by the health club to the consumer not sooner than sixty days prior to the expiration of term of the contract and not later than forty-five days prior to the expiration of the term of the contract. Any renewal option for continued membership must be

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(c) Each health club shall post the prices and the three-day cancellation provisions, the disability provisions and the twenty-five mile moving provisions of all contracts in a conspicuous place where the contract is entered into.

accepted by the buyer in writing, by electronic mail or facsimile and

shall become effective only upon payment of the renewal price.

- Sec. 2. Section 42-179 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2020*):
 - (a) As used in this chapter: (1) "Consumer" means the purchaser, other than for purposes of resale, of a motor vehicle, a lessee of a motor vehicle, any person to whom such motor vehicle is transferred during the duration of an express warranty applicable to such motor vehicle, and any person entitled by the terms of such warranty to enforce the

LCO No. 1453 **2** of 15

- (b) If a new motor vehicle does not conform to all applicable express warranties, and the consumer reports the nonconformity to the manufacturer, its agent or its authorized dealer during the period of two years following the date of original delivery of the motor vehicle to a consumer or during the period of the first twenty-four thousand miles of operation, whichever period ends first, the manufacturer, its agent or its authorized dealer shall make such repairs as are necessary to conform the vehicle to such express warranties, notwithstanding the fact that such repairs are made after the expiration of the applicable period.
- (c) No consumer shall be required to notify the manufacturer of a claim under this section and sections 42-181 to 42-184, inclusive, <u>as amended by this act</u>, unless the manufacturer has clearly and conspicuously disclosed to the consumer, in the warranty or owner's manual, that written notification of the nonconformity is required before the consumer may be eligible for a refund or replacement of the vehicle. The manufacturer shall include with the warranty or owner's manual the name and address to which the consumer shall send such written notification.
- (d) If the manufacturer or its agents or authorized dealers are unable to conform the motor vehicle to any applicable express warranty by repairing or correcting any defect or condition which substantially impairs the use, safety or value of the motor vehicle to the consumer after a reasonable number of attempts, the manufacturer shall replace the motor vehicle with a new motor vehicle acceptable to the consumer, or accept return of the vehicle from the consumer and refund to the consumer, lessor and lienholder, if any, as their interests may appear, the following: (1) The full contract price, including but not limited to, charges for undercoating, dealer preparation and transportation and

LCO No. 1453 3 of 15

installed options, (2) all collateral charges, including but not limited to, sales tax, license and registration fees, and similar government charges, (3) all finance charges incurred by the consumer after he first reports the nonconformity to the manufacturer, agent or dealer and during any subsequent period when the vehicle is out of service by reason of repair, and (4) all incidental damages, [as defined in section 42a-2-715,] less a reasonable allowance for the consumer's use of the vehicle, if applicable. Incidental damages include, but are not limited to, compensation for any commercially reasonable charges or expenses with respect to: (A) Inspection, receipt, transportation, care or custody of the motor vehicle, (B) covering, returning or disposition of the motor vehicle, (C) reasonable efforts to minimize or avoid the consequences of financial default related to the motor vehicle, and (D) effectuating other remedies after a defect or condition that substantially impaired the motor vehicle has been reported to a dealership or manufacturer. No authorized dealer shall be held liable by the manufacturer for any refunds or vehicle replacements in the absence of evidence indicating that dealership repairs have been carried out in a manner inconsistent with the manufacturers' instructions. Refunds or replacements shall be made to the consumer, lessor and lienholder if any, as their interests may appear. A reasonable allowance for use shall be that amount obtained by multiplying the total contract price of the vehicle by a fraction having as its denominator one hundred twenty thousand and having as its numerator the number of miles that the vehicle traveled prior to the manufacturer's acceptance of its return. It shall be an affirmative defense to any claim under this section (1) that an alleged nonconformity does not substantially impair such use, safety or value or (2) that a nonconformity is the result of abuse, neglect or unauthorized modifications or alterations of a motor vehicle by a consumer.

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(e) It shall be presumed that a reasonable number of attempts have been undertaken to conform a motor vehicle to the applicable express warranties, if (1) the same nonconformity has been subject to repair four or more times by the manufacturer or its agents or authorized dealers during the period of two years following the date of original delivery of

LCO No. 1453 **4** of 15

the motor vehicle to a consumer or during the period of the first twenty-four thousand miles of operation, whichever period ends first, but such nonconformity continues to exist or (2) the vehicle is out of service by reason of repair for a cumulative total of thirty or more calendar days during the applicable period, determined pursuant to subdivision (1) of this subsection. Such two-year period and such thirty-day period shall be extended by any period of time during which repair services are not available to the consumer because of a war, invasion, strike or fire, flood or other natural disaster. No claim shall be made under this section unless at least one attempt to repair a nonconformity has been made by the manufacturer or its agent or an authorized dealer or unless such manufacturer, its agent or an authorized dealer has refused to attempt to repair such nonconformity.

(f) If a motor vehicle has a nonconformity which results in a condition which is likely to cause death or serious bodily injury if the vehicle is driven, it shall be presumed that a reasonable number of attempts have been undertaken to conform such vehicle to the applicable express warranties if the nonconformity has been subject to repair at least twice by the manufacturer or its agents or authorized dealers within the express warranty term or during the period of one year following the date of the original delivery of the motor vehicle to a consumer, whichever period ends first, but such nonconformity continues to exist. The term of an express warranty and such one-year period shall be extended by any period of time during which repair services are not available to the consumer because of war, invasion, strike or fire, flood or other natural disaster.

(g) (1) No motor vehicle which is returned to any person pursuant to any provision of this chapter or in settlement of any dispute related to any complaint made under the provisions of this chapter and which requires replacement or refund shall be resold, transferred or leased in the state without clear and conspicuous written disclosure of the fact that such motor vehicle was so returned prior to resale or lease. Such disclosure shall be affixed to the motor vehicle and shall be included in any contract for sale or lease. The Commissioner of Motor Vehicles shall,

LCO No. 1453 5 of 15

150 by regulations adopted in accordance with the provisions of chapter 54, 151 prescribe the form and content of any such disclosure statement and 152 establish provisions by which the commissioner may remove such 153 written disclosure after such time as the commissioner may determine 154 that such motor vehicle is no longer defective. (2) [If] For any motor 155 vehicle subject to a complaint made under the provisions of this chapter, 156 if a manufacturer accepts the return of a motor vehicle or compensates 157 any person who accepts the return of a motor vehicle, [pursuant to 158 subdivision (1) of this subsection] whether the return is pursuant to an 159 arbitration award or settlement, such manufacturer shall stamp the 160 words ["MANUFACTURER BUYBACK"] "MANUFACTURER 161 BUYBACK-LEMON" clearly and conspicuously on the face of the 162 original title in letters at least one-quarter inch high and, within ten days 163 of receipt of the title, shall submit a copy of the stamped title to the 164 Department of Motor Vehicles. The Department of Motor Vehicles shall 165 maintain a listing of such buyback vehicles and in the case of any request 166 for a title for a buyback vehicle, shall cause the words 167 ["MANUFACTURER BUYBACK"] "MANUFACTURER BUYBACK-168 LEMON" to appear clearly and conspicuously on the face of the new 169 title in letters which are at least one-quarter inch high. Any person who 170 applies for a title shall disclose to the department the fact that such 171 vehicle was returned as set forth in this subsection. (3) If a manufacturer 172 accepts the return of a motor vehicle from a consumer due to a 173 nonconformity or defect, in exchange for a refund or a replacement 174 vehicle, whether as a result of an administrative or judicial 175 determination, an arbitration proceeding or a voluntary settlement, the 176 manufacturer shall notify the Department of Motor Vehicles and shall 177 provide the department with all relevant information, including the 178 year, make, model, vehicle identification number and prior title number 179 of the vehicle. Such manufacturer shall stamp the words 180 "MANUFACTURER BUYBACK-LEMON" clearly and conspicuously 181 on the face of the original title in letters at least one-quarter-inch high, 182 and, within ten days of receipt of the title, shall submit a copy of the 183 stamped title to the Department of Motor Vehicles. The Commissioner 184 of Motor Vehicles shall adopt regulations in accordance with chapter 54

LCO No. 1453 **6** of 15

specifying the format and time period in which such information shall be provided and the nature of any additional information which the commissioner may require. (4) The provisions of this subsection shall apply to motor vehicles originally returned in another state from a consumer due to a nonconformity or defect in exchange for a refund or replacement vehicle and which a lessor or transferor with actual knowledge subsequently sells, transfers or leases in this state. If a manufacturer fails to brand a title pursuant to this subsection within ten days of assuming possession of the motor vehicle or compensating any person who accepts the return, the Department of Consumer Protection may impose on the manufacturer a fine not to exceed ten thousand dollars. Any such fine collected shall be deposited into the new automobile warranties account established pursuant to section 42-190, as amended by this act.

- (h) All express and implied warranties arising from the sale of a new motor vehicle shall be subject to the provisions of part 3 of article 2 of title 42a.
- (i) Nothing in this section shall in any way limit the rights or remedies which are otherwise available to a consumer under any other law.
- (j) If a manufacturer has established an informal dispute settlement procedure which is certified by the Attorney General as complying in all respects with the provisions of Title 16 Code of Federal Regulations Part 703, as in effect on October 1, 1982, and with the provisions of subsection (b) of section 42-182, the provisions of subsection (d) of this section concerning refunds or replacement shall not apply to any consumer who has not first resorted to such procedure.
- Sec. 3. Section 42-181 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2020*):
 - (a) The Department of Consumer Protection, shall provide an independent arbitration procedure for the settlement of disputes between consumers and manufacturers of motor vehicles which do not conform to all applicable warranties under the terms of section 42-179,

LCO No. 1453 7 of 15

as amended by this act. The Commissioner of Consumer Protection shall appoint as arbitrators individuals who shall not be employees or independent contractors with any business involved in the manufacture, distribution, sale or service of any motor vehicle. The arbitrator shall be a member of an arbitration organization and shall serve with compensation. The Department of Consumer Protection may refer an arbitration dispute to the American Arbitration Association or other arbitration organization in accordance with regulations adopted in accordance with the provisions of chapter 54, provided such organization and any arbitrators appointed by such organization to hear cases shall not be affiliated with any motor vehicle manufacturer, distributor, dealer or repairer. Such arbitration organizations shall comply with the provisions of subsections (b) and (c) of this section.

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(b) If any motor vehicle purchased at any time on or after October 1, 1984, or leased at any time on or after June 17, 1987, fails to conform to such applicable warranties as defined in said section 42-179, as amended by this act, a consumer may bring a grievance to an arbitrator if the manufacturer of the vehicle has not established an informal dispute settlement procedure which the Attorney General has certified as complying in all respects with the requirements of said section 42-179, as amended by this act. The consumer may initiate a request for arbitration by calling a toll-free telephone number designated by the commissioner or by requesting an arbitration hearing in writing. The consumer shall file, on forms prescribed by the commissioner, any information deemed relevant to the resolution of the dispute and shall return the form accompanied by a filing fee of fifty dollars. Prior to submitting the complaint to an arbitrator, the Department of Consumer Protection shall conduct an initial review of the complaint. The department shall determine whether the complaint should be accepted or rejected for arbitration based on whether it alleges that the manufacturer has failed to comply with section 42-179, as amended by this act. The filing fee shall be refunded if the department determines that a complaint does not allege a violation of any applicable warranty under the requirements of said section 42-179, as amended by this act.

LCO No. 1453 8 of 15

Upon acceptance of the complaint, the commissioner shall notify the manufacturer of the filing of a request for arbitration and shall obtain from the manufacturer, in writing on a form prescribed by the commissioner, any information deemed relevant to the resolution of the dispute. The manufacturer shall return the form within fifteen days of receipt, together with a filing fee of two hundred fifty dollars. Upon written agreement of the parties, signed after the consumer has initiated a request for arbitration, the case may be presented to the arbitrator solely based on the written documents submitted by such parties. A lessee who brings a grievance to an arbitrator under this section shall, upon filing the complaint form provided for in this section, provide the lessor with notice by registered or certified mail, return receipt requested, and the lessor may petition the arbitrator to be made a party to the arbitration proceedings. Initial determinations to reject a complaint for arbitration shall be submitted to an arbitrator for a final decision upon receipt of a written request from the consumer for a review of the initial eligibility determination and a filing fee of fifty dollars. If a complaint is accepted for arbitration, an arbitrator may determine that a complaint does not allege that the manufacturer has failed to comply with section 42-179, as amended by this act at any time before such arbitrator renders its decision on the merits of the dispute. The fee accompanying the consumer's complaint form shall be refunded to the consumer and the fee accompanying the form filed by the manufacturer shall be refunded to the manufacturer if the arbitrator determines that a complaint does not allege a violation of the provisions of section 42-179, as amended by this act.

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(c) The Department of Consumer Protection shall investigate, gather and organize all information necessary for a fair and timely decision in each dispute. The commissioner may issue subpoenas on behalf of any arbitrator to compel the attendance of witnesses and the production of documents, papers and records relevant to the dispute. The department shall forward a copy of all written testimony, including all documentary evidence, to an independent technical expert certified by the National Institute of Automotive Service Excellence or having a degree or other

LCO No. 1453 9 of 15

credentials from a nationally recognized organization or institution 285 286 attesting to automotive expertise, who shall review such material and 287 be available to advise and consult with the arbitrator. An arbitrator 288 shall, as expeditiously as possible, but not later than sixty days after the 289 time the consumer files the complaint form together with the filing fee, 290 render a fair decision based on the information gathered and disclose 291 his or her findings and the reasons therefor to the parties involved. The 292 failure of the arbitrator to render a decision within sixty days shall not 293 void any subsequent decision or otherwise limit the powers of the 294 arbitrator. The arbitrator shall base his or her determination of liability 295 solely on whether the manufacturer has failed to comply with section 296 42-179, as amended by this act. The arbitration decision shall be final and binding as to the rights of the parties pursuant to section 42-179, as 297 298 amended by this act, subject only to judicial review as set forth in this 299 subsection. The decision shall provide appropriate remedies, including, 300 but not limited to, one or more of the following:

(1) Replacement of the vehicle with an identical or comparable new vehicle acceptable to the consumer;

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- (2) Refund of the full contract price, plus collateral charges as specified in subsection (d) of section 42-179, as amended by this act;
- (3) Reimbursement for expenses and compensation for incidental damages as specified in subsection (d) of section 42-179, as amended by this act;
- (4) Any other remedies available under the applicable warranties, section 42-179, as amended by this act, this section and sections 42-182 to 42-184, inclusive, or the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act, 88 Stat. 2183 (1975), 15 USC 2301 et seq., as in effect on October 1, 1982, other than repair of the vehicle. The decision shall specify a date for performance and completion of all awarded remedies. Notwithstanding any provision of the general statutes or any regulation to the contrary, the Department of Consumer Protection shall not amend, reverse, rescind or revoke any decision or

LCO No. 1453 10 of 15

action of an arbitrator. The department shall contact the consumer, within ten business days after the date for performance, to determine whether performance has occurred. The manufacturer shall act in good faith in abiding by any arbitration decision. In addition, either party to the arbitration may make application to the superior court for the judicial district in which one of the parties resides or, when the court is not in session, any judge thereof for an order confirming, vacating, modifying or correcting any award, in accordance with the provisions of this section and sections 52-417, 52-418, 52-419 and 52-420. Upon filing such application the moving party shall mail a copy of the application to the Attorney General and, upon entry of any judgment or decree, shall mail a copy of such judgment or decree to the Attorney General. A review of such application shall be confined to the record of the proceedings before the arbitrator. The court shall conduct a de novo review of the questions of law raised in the application. In addition to the grounds set forth in sections 52-418 and 52-419, the court shall consider questions of fact raised in the application. In reviewing questions of fact, the court shall uphold the award unless it determines that the factual findings of the arbitrator are not supported by substantial evidence in the record and that the substantial rights of the moving party have been prejudiced. If the arbitrator fails to state findings or reasons for the award, or the stated findings or reasons are inadequate, the court shall search the record to determine whether a basis exists to uphold the award. If it is determined by the court that the manufacturer has acted without good cause in bringing an appeal of an award, the court, in its discretion, may grant to the consumer his costs and reasonable attorney's fees. If the manufacturer fails to perform all awarded remedies by the date for performance specified by the arbitrator, and the enforcement of the award has not been stayed pursuant to subsection (c) of section 52-420, then each additional day the manufacturer wilfully fails to comply shall be deemed a separate violation for purposes of section 42-184. If the manufacturer fails to perform regarding all awarded remedies by the date of performance specified by the arbitrator, and enforcement of the award has not been stayed pursuant to subsection (c) of section 52-240, the department may

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LCO No. 1453 11 of 15

impose a fine not to exceed one thousand dollars per day until the manufacturer fully performs as specified by the award. Any such fines collected shall be deposited into the new automobile warranties account established pursuant to section 42-190, as amended by this act.

- (d) The department shall maintain such records of each dispute as the commissioner may require, including an index of disputes by brand name and model. The department shall annually compile and maintain statistics indicating the record of manufacturer compliance with arbitration decisions and the number of refunds or replacements awarded. A copy of the statistical summary shall be filed with the Commissioner of Motor Vehicles and shall be considered a factor in determining the issuance of any manufacturer license as required under section 14-67a. The summary shall be a public record.
- (e) If a manufacturer has not established an informal dispute settlement procedure certified by the Attorney General as complying with the requirements of said section 42-179, as amended by this act, public notice of the availability of the department's automobile dispute settlement procedure shall be prominently posted in the place of business of each new car dealer licensed by the Department of Motor Vehicles to engage in the sale of such manufacturer's new motor vehicles. Display of such public notice shall be a condition of licensure under sections 14-52 and 14-64. The Commissioner of Consumer Protection shall determine the size, type face, form and wording of the sign required by this section, which shall include the toll-free telephone number and the address to which requests for the department's arbitration services may be sent.
- (f) Any consumer injured by the operation of any procedure which does not conform with procedures established by a manufacturer pursuant to subsection (b) of section 42-182 and the provisions of Title 16 Code of Federal Regulations Part 703, as in effect on October 1, 1982, may appeal any decision rendered as the result of such a procedure by requesting arbitration de novo of the dispute by an arbitrator. Filing procedures and fees for appeals shall be the same as those required in

LCO No. 1453 12 of 15

subsection (b) of this section. The findings of the manufacturer's informal dispute settlement procedure may be admissible in evidence at such arbitration and in any civil action subsequently arising out of any warranty obligation or matter related to the dispute. Any consumer so injured may, in addition, request the Attorney General to investigate the manufacturer's procedure to determine whether its certification shall be suspended or revoked after proper notice and hearing. The Attorney General shall establish procedures for processing such consumer complaints and maintain a record of the disposition of such complaints, which record shall be included in the annual report prepared in accordance with the provisions of subsection (a) of section 42-182.

- (g) The Commissioner of Consumer Protection shall adopt regulations, in accordance with the provisions of chapter 54, to carry out the purposes of this section. Written copies of the regulations and appropriate arbitration hearing procedures shall be provided to any person upon request.
- (h) After a consumer submits the forms and fee pursuant to subsection (b) of this section and until such time that a decision or settlement is rendered, the consumer shall notify any individual or entity to whom he or she sells the motor vehicle that an action is pending with the department pursuant to this section. Such notice shall be given prior to the buyer's execution of the bill of sale, and shall include any case number or reference number provided by the department to the consumer. The consumer shall (1) notify the department not later than five days after the buyer's execution of the bill of sale that the motor vehicle has been sold, (2) provide the department with the name and contact information of the buyer, and (3) attest that notice of the pending action was given to the buyer prior to the buyer's execution of the bill of sale.
- Sec. 4. Section 42-190 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2020*):

LCO No. 1453 13 of 15

(a) A new automobile warranties account surcharge is hereby imposed on the sale or lease of each new motor vehicle, as defined in section 42-179, as amended by this act, sold or leased in this state by any person licensed to offer such vehicles for sale under section 14-52. Such surcharge shall be in addition to any tax otherwise applicable to any such sales transaction.

- (b) The surcharge assessed pursuant to this section shall be at a rate of three dollars per motor vehicle, as defined in section 42-179, as amended by this act. Such surcharge shall be collected by each licensee under section 14-52 engaged in the sale or lease of motor vehicles, as defined in section 42-179, as amended by this act, in this state. Such licensee shall pay the surcharges assessed during the prior calendar year to the Department of Consumer Protection in an annual lump sum payment on or before March thirty-first of each year. Said department may assess a late fee of two dollars per vehicle.
 - (c) Proceeds collected from surcharges assessed under this section shall be deposited in the new automobile warranties account established pursuant to subsection (d) of this section.
 - (d) There is established a separate, nonlapsing account, within the General Fund, to be known as the "new automobile warranties account". The account may contain any moneys required by law to be deposited in the account. The moneys in said account shall be allocated to the Department of Consumer Protection to carry out the purposes of this chapter.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2020	21a-219
Sec. 2	October 1, 2020	42-179
Sec. 3	October 1, 2020	42-181
Sec. 4	October 1, 2020	42-190

LCO No. 1453 14 of 15

Statement of Purpose:

To amend consumer protection statutes concerning health clubs and the automobile lemon law.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

LCO No. 1453 **15** of 15