



Senate

General Assembly

File No. 355

January Session, 2021

Substitute Senate Bill No. 693

Senate, April 8, 2021

The Committee on General Law reported through SEN. MARONEY of the 14th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CHANGES TO STATUTES CONCERNING HEALTH CLUB CONTRACTS AND THE AUTOMOBILE LEMON LAW.

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

1 Section 1. Subsection (a) of section 21a-218 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2021*):

4 (a) A copy of the health club contract shall be delivered to the buyer
5 at the time the contract is signed. All health club contracts shall (1) be in
6 writing and signed by the buyer, [shall] (2) designate the date on which
7 the buyer actually signs the contract, [shall] (3) identify the address of
8 the location at which the buyer entered the contract, and [shall] (4)
9 contain a statement of the buyer's rights which complies with this
10 section. The statement [must: (1) Appear] shall appear in the contract
11 under the conspicuous caption: "BUYER'S RIGHT TO CANCEL", and
12 [(2)] shall read as follows:

13 "If you wish to cancel this contract, you may cancel by [mailing]

14 sending a written notice [by certified or registered mail to the address]
 15 to one of the addresses specified below. The notice must say that you do
 16 not wish to be bound by this contract and must be delivered or mailed
 17 before midnight of the third business day after you sign this contract.
 18 After you cancel, the health club may request the return of all contracts,
 19 membership cards and other documents of evidence of membership.
 20 The notice must be delivered or mailed to:

21

22

23 (Insert name, electronic mail address and mailing address for
 24 cancellation notice.)

25 You may also cancel this contract if you relocate your residence
 26 further than twenty-five miles from any health club operated by the
 27 seller or from any other substantially similar health club which would
 28 accept the obligation of the seller. This contract may also be cancelled if
 29 you die, or if the health club ceases operation at the location where you
 30 entered into this contract. If you become disabled, you shall have the
 31 option of (1) being relieved of liability for payment on that portion of
 32 the contract term for which you are disabled, or (2) extending the
 33 duration of the original contract at no cost to you for a period equal to
 34 the duration of the disability. You must prove such disability by a
 35 certificate signed by a licensed physician or a licensed advanced practice
 36 registered nurse, which certificate shall be enclosed with the written
 37 notice of disability sent to the health club. The health club may require
 38 that you be examined by another physician or advanced practice
 39 registered nurse agreeable to you and the health club at its expense. If
 40 you cancel, the health club may keep or collect an amount equal to the
 41 fair market value of the services or use of facilities you have already
 42 received."

43 The full text of this statement shall be in ten-point bold type. Each
 44 contract renewed on or after October 1, 2021, shall revise the BUYER'S
 45 RIGHT TO CANCEL language to provide for cancellation notices

46 received by electronic mail.

47 Sec. 2. Section 21a-219 of the general statutes is repealed and the
48 following is substituted in lieu thereof (*Effective October 1, 2021*):

49 (a) No health club contract shall have a term for a period longer than
50 twenty-four months. If a health club offers a contract of more than
51 twelve months' term, it shall offer a twelve-month contract. If a health
52 club sells a membership contract of more than twelve months' term, the
53 health club shall not collect payment, in cash or its equivalent of more
54 than fifty per cent of the entire consideration for the contract in advance
55 of rendering services. The remainder of the cost of the contract shall be
56 collected by the health club on a pro rata monthly basis during the term
57 of the health club contract. Each contract shall have the prices for all
58 contracts printed thereon.

59 (b) Written notice that a contract will automatically renew shall be
60 provided by the health club to the consumer at the time of entering into
61 the contract. Such notice shall be conspicuously printed on the first page
62 of the contract and shall be provided in fourteen-point bold type. No
63 contract shall contain an automatic renewal clause except for a renewal
64 for a period not to exceed one month. If such contract contains such a
65 one-month automatic renewal clause, such renewal shall become
66 effective only upon payment of the renewal price and such contract shall
67 permit the buyer to cancel any further renewal upon no more than one
68 month's notice. The price of any such renewal shall not increase or
69 decrease unless the contract: (1) Discloses the amount of such increase
70 or decrease or the method of calculating such increase or decrease in the
71 price of such renewal, or (2) such information is otherwise provided to
72 the buyer, in writing, no less than one month prior to such renewal. Any
73 renewal option for continued membership [must] shall be accepted by
74 the buyer in writing, by electronic mail or facsimile and shall become
75 effective only upon payment of the renewal price.

76 (c) Each health club shall post the prices and the three-day
77 cancellation provisions, the disability provisions and the twenty-five
78 mile moving provisions of all contracts in a conspicuous place where the

79 contract is entered into.

80 Sec. 3. Section 42-179 of the general statutes is repealed and the
81 following is substituted in lieu thereof (*Effective October 1, 2021*):

82 (a) As used in this chapter: (1) "Consumer" means the purchaser,
83 other than for purposes of resale, of a motor vehicle, a lessee of a motor
84 vehicle, any person to whom such motor vehicle is transferred during
85 the duration of an express warranty applicable to such motor vehicle,
86 and any person entitled by the terms of such warranty to enforce the
87 obligations of the warranty; and (2) "motor vehicle" means a passenger
88 motor vehicle, a passenger and commercial motor vehicle or a
89 motorcycle, as defined in section 14-1, which is sold or leased in this
90 state.

91 (b) If a new motor vehicle does not conform to all applicable express
92 warranties, and the consumer reports the nonconformity to the
93 manufacturer, its agent or its authorized dealer during the period of two
94 years following the date of original delivery of the motor vehicle to a
95 consumer or during the period of the first twenty-four thousand miles
96 of operation, whichever period ends first, the manufacturer, its agent or
97 its authorized dealer shall make such repairs as are necessary to
98 conform the vehicle to such express warranties, notwithstanding the
99 fact that such repairs are made after the expiration of the applicable
100 period.

101 (c) No consumer shall be required to notify the manufacturer of a
102 claim under this section and sections 42-181 to 42-184, inclusive, as
103 amended by this act, unless the manufacturer has clearly and
104 conspicuously disclosed to the consumer, in the warranty or owner's
105 manual, that written notification of the nonconformity is required
106 before the consumer may be eligible for a refund or replacement of the
107 vehicle. The manufacturer shall include with the warranty or owner's
108 manual the name and address to which the consumer shall send such
109 written notification.

110 (d) If the manufacturer or its agents or authorized dealers are unable

111 to conform the motor vehicle to any applicable express warranty by
112 repairing or correcting any defect or condition which substantially
113 impairs the use, safety or value of the motor vehicle to the consumer
114 after a reasonable number of attempts, the manufacturer shall replace
115 the motor vehicle with a new motor vehicle acceptable to the consumer,
116 or accept return of the vehicle from the consumer and refund to the
117 consumer, lessor and lienholder, if any, as their interests may appear,
118 the following: (1) The full contract price, including, but not limited to,
119 charges for undercoating, dealer preparation and transportation and
120 installed options, (2) all collateral charges, including but not limited to,
121 sales tax, license and registration fees, and similar government charges,
122 (3) all finance charges incurred by the consumer after he first reports the
123 nonconformity to the manufacturer, agent or dealer and during any
124 subsequent period when the vehicle is out of service by reason of repair,
125 and (4) all incidental damages, [as defined in section 42a-2-715] if
126 applicable, less a reasonable allowance for the consumer's use of the
127 vehicle. Incidental damages include, but are not limited to,
128 compensation for any commercially reasonable charges or expenses
129 with respect to: (A) Inspection, receipt, transportation, care or custody
130 of the motor vehicle, (B) covering, returning or disposing of the motor
131 vehicle, (C) reasonable efforts to minimize or avoid the consequences of
132 financial default related to the motor vehicle, and (D) effectuating other
133 remedies after a defect or condition that substantially impaired the
134 motor vehicle has been reported to a dealership or manufacturer. No
135 authorized dealer shall be held liable by the manufacturer for any
136 refunds or vehicle replacements in the absence of evidence indicating
137 that dealership repairs have been carried out in a manner inconsistent
138 with the manufacturers' instructions. Refunds or replacements shall be
139 made to the consumer, lessor and lienholder if any, as their interests
140 may appear. A reasonable allowance for use shall be that amount
141 obtained by multiplying the total contract price of the vehicle by a
142 fraction having as its denominator one hundred twenty thousand and
143 having as its numerator the number of miles that the vehicle traveled
144 prior to the manufacturer's acceptance of its return. It shall be an
145 affirmative defense to any claim under this section [(1)] (i) that an

146 alleged nonconformity does not substantially impair such use, safety or
147 value, or [(2)] (ii) that a nonconformity is the result of abuse, neglect or
148 unauthorized modifications or alterations of a motor vehicle by a
149 consumer.

150 (e) It shall be presumed that a reasonable number of attempts have
151 been undertaken to conform a motor vehicle to the applicable express
152 warranties, if (1) the same nonconformity has been subject to repair four
153 or more times by the manufacturer or its agents or authorized dealers
154 during the period of two years following the date of original delivery of
155 the motor vehicle to a consumer or during the period of the first twenty-
156 four thousand miles of operation, whichever period ends first, but such
157 nonconformity continues to exist, or (2) the vehicle is out of service by
158 reason of repair for a cumulative total of thirty or more calendar days
159 during the applicable period, determined pursuant to subdivision (1) of
160 this subsection. Such two-year period and such thirty-day period shall
161 be extended by any period of time during which repair services are not
162 available to the consumer because of a war, invasion, strike or fire, flood
163 or other natural disaster. No claim shall be made under this section
164 unless at least one attempt to repair a nonconformity has been made by
165 the manufacturer or its agent or an authorized dealer or unless such
166 manufacturer, its agent or an authorized dealer has refused to attempt
167 to repair such nonconformity.

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

180 or other natural disaster.

181 (g) (1) No motor vehicle which is returned to any person pursuant to
182 any provision of this chapter or in settlement of any dispute related to
183 any complaint made under the provisions of this chapter and which
184 requires replacement or refund shall be resold, transferred or leased in
185 the state without clear and conspicuous written disclosure of the fact
186 that such motor vehicle was so returned prior to resale or lease. Such
187 disclosure shall be affixed to the motor vehicle and shall be included in
188 any contract for sale or lease. The Commissioner of Motor Vehicles shall,
189 by regulations adopted in accordance with the provisions of chapter 54,
190 prescribe the form and content of any such disclosure statement and
191 establish provisions by which the commissioner may remove such
192 written disclosure after such time as the commissioner may determine
193 that such motor vehicle is no longer defective. (2) [If] For any motor
194 vehicle subject to a complaint made under the provisions of this chapter,
195 if a manufacturer accepts the return of a motor vehicle or compensates
196 any person who accepts the return of a motor vehicle, [pursuant to
197 subdivision (1) of this subsection] whether the return is pursuant to an
198 arbitration award or settlement, such manufacturer shall stamp the
199 words ["MANUFACTURER BUYBACK"] "MANUFACTURER
200 BUYBACK-LEMON" clearly and conspicuously on the face of the
201 original title in letters at least one-quarter inch high and, [within ten] not
202 later than thirty days [of] after receipt of the title, shall submit a copy of
203 the stamped title to the Department of Motor Vehicles. The Department
204 of Motor Vehicles shall maintain a listing of such buyback vehicles and
205 in the case of any request for a title for a buyback vehicle, shall cause the
206 words ["MANUFACTURER BUYBACK"] "MANUFACTURER
207 BUYBACK-LEMON" to appear clearly and conspicuously on the face of
208 the new title in letters which are at least one-quarter inch high. Any
209 person who applies for a title shall disclose to the department the fact
210 that such vehicle was returned as set forth in this subsection. (3) If a
211 manufacturer accepts the return of a motor vehicle from a consumer due
212 to a nonconformity or defect, in exchange for a refund or a replacement
213 vehicle, whether as a result of an administrative or judicial
214 determination, an arbitration proceeding or a voluntary settlement, the

215 manufacturer shall notify the Department of Motor Vehicles and shall
216 provide the department with all relevant information, including the
217 year, make, model, vehicle identification number and prior title number
218 of the vehicle. Such manufacturer shall stamp the words
219 "MANUFACTURER BUYBACK-LEMON" clearly and conspicuously
220 on the face of the original title in letters at least one-quarter-inch high,
221 and, not later than thirty days after receipt of the title, shall submit a
222 copy of the stamped title to the Department of Motor Vehicles. The
223 Commissioner of Motor Vehicles shall adopt regulations in accordance
224 with chapter 54 specifying the format and time period in which such
225 information shall be provided and the nature of any additional
226 information which the commissioner may require. (4) The provisions of
227 this subsection shall apply to motor vehicles originally returned in
228 another state from a consumer due to a nonconformity or defect in
229 exchange for a refund or replacement vehicle and which a lessor or
230 transferor with actual knowledge subsequently sells, transfers or leases
231 in this state. (5) If a manufacturer fails to stamp a title as required by this
232 subsection within thirty days of receipt of the title, the Department of
233 Consumer Protection may impose a fine not to exceed ten thousand
234 dollars on the manufacturer. Any such fine shall be deposited into the
235 new automobile warranties account established pursuant to section 42-
236 190, as amended by this act. A manufacturer that is aggrieved by a fine
237 imposed pursuant to this subsection may, within ten days of receipt of
238 written notice of such fine from the department, request, in writing, a
239 hearing. The department shall, upon the receipt of all documentation
240 necessary to evaluate the request, determine whether circumstances
241 beyond the manufacturer's control prevented performance, and may
242 conduct a hearing pursuant to chapter 54, if appropriate.

243 (h) All express and implied warranties arising from the sale of a new
244 motor vehicle shall be subject to the provisions of part 3 of article 2 of
245 title 42a.

246 (i) Nothing in this section shall in any way limit the rights or remedies
247 which are otherwise available to a consumer under any other law.

248 (j) If a manufacturer has established an informal dispute settlement
249 procedure which is certified by the Attorney General as complying in
250 all respects with the provisions of Title 16 Code of Federal Regulations
251 Part 703, as in effect on October 1, 1982, and with the provisions of
252 subsection (b) of section 42-182, the provisions of subsection (d) of this
253 section concerning refunds or replacement shall not apply to any
254 consumer who has not first resorted to such procedure.

255 (k) The Commissioner of Consumer Protection may adopt
256 regulations, in accordance with the provisions of chapter 54, to
257 implement the provisions of this section.

258 Sec. 4. Section 42-181 of the general statutes is repealed and the
259 following is substituted in lieu thereof (*Effective October 1, 2021*):

260 (a) The Department of Consumer Protection [.] shall provide an
261 independent arbitration procedure for the settlement of disputes
262 between consumers and manufacturers of motor vehicles which do not
263 conform to all applicable warranties under the terms of section 42-179,
264 as amended by this act. The Commissioner of Consumer Protection shall
265 appoint as arbitrators individuals who shall not be employees or
266 independent contractors with any business involved in the
267 manufacture, distribution, sale or service of any motor vehicle. The
268 arbitrator shall be a member of an arbitration organization and shall
269 serve with compensation. The Department of Consumer Protection may
270 refer an arbitration dispute to the American Arbitration Association or
271 other arbitration organization in accordance with regulations adopted
272 in accordance with the provisions of chapter 54, provided such
273 organization and any arbitrators appointed by such organization to hear
274 cases shall not be affiliated with any motor vehicle manufacturer,
275 distributor, dealer or repairer. Such arbitration organizations shall
276 comply with the provisions of subsections (b), [and] (c) and (d) of this
277 section.

278 (b) If any motor vehicle purchased at any time on or after October 1,
279 1984, or leased at any time on or after June 17, 1987, fails to conform to
280 such applicable warranties as defined in said section 42-179, as amended

281 by this act, a consumer may bring a grievance to an arbitrator if the
282 manufacturer of the vehicle has not established an informal dispute
283 settlement procedure which the Attorney General has certified as
284 complying in all respects with the requirements of said section 42-179,
285 as amended by this act. The consumer may initiate a request for
286 arbitration by calling a toll-free telephone number designated by the
287 commissioner or by requesting an arbitration hearing in writing. The
288 consumer shall file, on forms prescribed by the commissioner, any
289 information deemed relevant to the resolution of the dispute and shall
290 return the form accompanied by a filing fee of fifty dollars. Prior to
291 submitting the complaint to an arbitrator, the Department of Consumer
292 Protection shall conduct an initial review of the complaint. The
293 department shall determine whether the complaint should be accepted
294 or rejected for arbitration based on whether it alleges that the
295 manufacturer has failed to comply with section 42-179, as amended by
296 this act. The filing fee shall be refunded if the department determines
297 that a complaint does not allege a violation of any applicable warranty
298 under the requirements of said section 42-179, as amended by this act.
299 Upon acceptance of the complaint, the commissioner shall notify the
300 manufacturer of the filing of a request for arbitration and shall obtain
301 from the manufacturer, in writing on a form prescribed by the
302 commissioner, any information deemed relevant to the resolution of the
303 dispute. The manufacturer shall return the form within fifteen days of
304 receipt, together with a filing fee of two hundred fifty dollars. Upon
305 written agreement of the parties, signed after the consumer has initiated
306 a request for arbitration, the case may be presented to the arbitrator
307 solely based on the written documents submitted by such parties. A
308 lessee who brings a grievance to an arbitrator under this section shall,
309 upon filing the complaint form provided for in this section, provide the
310 lessor with notice by registered or certified mail, return receipt
311 requested, and the lessor may petition the arbitrator to be made a party
312 to the arbitration proceedings. Initial determinations to reject a
313 complaint for arbitration shall be submitted to an arbitrator for a final
314 decision upon receipt of a written request from the consumer for a
315 review of the initial eligibility determination and a filing fee of fifty

316 dollars. If a complaint is accepted for arbitration, an arbitrator may
317 determine that a complaint does not allege that the manufacturer has
318 failed to comply with section 42-179, as amended by this act at any time
319 before such arbitrator renders its decision on the merits of the dispute.
320 The fee accompanying the consumer's complaint form shall be refunded
321 to the consumer and the fee accompanying the form filed by the
322 manufacturer shall be refunded to the manufacturer if the arbitrator
323 determines that a complaint does not allege a violation of the provisions
324 of section 42-179, as amended by this act.

325 (c) After a consumer submits the forms and fee pursuant to
326 subsection (b) of this section and until such time that a decision or
327 settlement is rendered, the consumer shall notify any individual or
328 entity to whom he or she sells the motor vehicle that an action is pending
329 with the department pursuant to this section. Such notice shall be given
330 prior to the buyer's execution of the bill of sale, and shall include any
331 case number or reference number provided by the department to the
332 consumer. The consumer shall (1) notify the department not later than
333 five days after the buyer's execution of the bill of sale that the motor
334 vehicle has been sold, (2) provide the department with the name and
335 contact information of the buyer, and (3) attest that notice of the pending
336 action was given to the buyer prior to the buyer's execution of the bill of
337 sale.

338 [(c)] (d) The Department of Consumer Protection shall investigate,
339 gather and organize all information necessary for a fair and timely
340 decision in each dispute. The commissioner may issue subpoenas on
341 behalf of any arbitrator to compel the attendance of witnesses and the
342 production of documents, papers and records relevant to the dispute.
343 The department shall forward a copy of all written testimony, including
344 all documentary evidence, to an independent technical expert certified
345 by the National Institute of Automotive Service Excellence or having a
346 degree or other credentials from a nationally recognized organization or
347 institution attesting to automotive expertise, who shall review such
348 material and be available to advise and consult with the arbitrator. An
349 arbitrator shall, as expeditiously as possible, but not later than sixty days

350 after the time the consumer files the complaint form together with the
351 filing fee, render a fair decision based on the information gathered and
352 disclose his or her findings and the reasons therefor to the parties
353 involved. The failure of the arbitrator to render a decision within sixty
354 days shall not void any subsequent decision or otherwise limit the
355 powers of the arbitrator. The arbitrator shall base his or her
356 determination of liability solely on whether the manufacturer has failed
357 to comply with section 42-179, as amended by this act. The arbitration
358 decision shall be final and binding as to the rights of the parties pursuant
359 to section 42-179, as amended by this act, subject only to judicial review
360 as set forth in this subsection. The decision shall provide appropriate
361 remedies, including, but not limited to, one or more of the following:

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

364 (2) Refund of the full contract price, plus collateral charges as
365 specified in subsection (d) of section 42-179, as amended by this act;

366 (3) Reimbursement for expenses and compensation for incidental
367 damages as specified in subsection (d) of section 42-179, as amended by
368 this act;

369 (4) Any other remedies available under the applicable warranties,
370 section 42-179, as amended by this act, this section and sections 42-182
371 to 42-184, inclusive, or the Magnuson-Moss Warranty-Federal Trade
372 Commission Improvement Act, 88 Stat. 2183 (1975), 15 USC 2301 et seq.,
373 as in effect on October 1, 1982, other than repair of the vehicle. The
374 decision shall specify a date for performance and completion of all
375 awarded remedies.

376 (e) Notwithstanding any provision of the general statutes, [or any
377 regulation to the contrary,] the Department of Consumer Protection
378 shall not amend, reverse, rescind or revoke any decision or action of an
379 arbitrator. The department shall contact the consumer, [within] not later
380 than ten business days after the date for performance, to determine
381 whether performance has occurred. The manufacturer shall act in good

382 faith in abiding by any arbitration decision. In addition, either party to
383 the arbitration may [make application] apply to the superior court for
384 the judicial district in which one of the parties resides or, when the court
385 is not in session, any judge thereof for an order confirming, vacating,
386 modifying or correcting any award, in accordance with the provisions
387 of this section and sections 52-417, 52-418, 52-419 and 52-420. Upon filing
388 such application, the moving party shall mail a copy of the application
389 to the Attorney General and, upon entry of any judgment or decree,
390 shall mail a copy of such judgment or decree to the Attorney General. A
391 review of such application shall be confined to the record of the
392 proceedings before the arbitrator. The court shall conduct a de novo
393 review of the questions of law raised in the application. In addition to
394 the grounds set forth in sections 52-418 and 52-419, the court shall
395 consider questions of fact raised in the application. In reviewing
396 questions of fact, the court shall uphold the award unless it determines
397 that the factual findings of the arbitrator are not supported by
398 substantial evidence in the record and that the substantial rights of the
399 moving party have been prejudiced. If the arbitrator fails to state
400 findings or reasons for the award, or the stated findings or reasons are
401 inadequate, the court shall search the record to determine whether a
402 basis exists to uphold the award. If it is determined by the court that the
403 manufacturer has acted without good cause in bringing an appeal of an
404 award, the court, in its discretion, may grant to the consumer his costs
405 and reasonable attorney's fees. If the manufacturer fails to perform all
406 awarded remedies by the date for performance specified by the
407 arbitrator, and the enforcement of the award has not been stayed
408 pursuant to subsection (c) of section 52-420, then each additional day the
409 manufacturer wilfully fails to comply shall be deemed a separate
410 violation for purposes of section 42-184. If the manufacturer fails to
411 perform regarding all awarded remedies by the applicable date of
412 performance specified by the arbitrator, and enforcement of the award
413 has not been stayed pursuant to subsection (c) of section 52-240 or
414 otherwise modified by the arbitrator, the department may impose a fine
415 not to exceed one thousand dollars per day until the manufacturer fully
416 performs as specified by the award. Any such fines shall be deposited

417 into the new automobile warranties account established pursuant to
418 section 42-190, as amended by this act. A manufacturer that is aggrieved
419 by a fine imposed pursuant to this subsection may, not later than ten
420 days of receipt of written notice of such fine from the department,
421 request, in writing, a hearing. The department shall, upon the receipt of
422 all documentation necessary to evaluate the request, determine whether
423 circumstances beyond the manufacturer's control prevented
424 performance, and may conduct a hearing pursuant to chapter 54, if
425 appropriate.

426 [(d)] (f) The department shall maintain such records of each dispute
427 as the commissioner may require, including an index of disputes by
428 brand name and model. The department shall annually compile and
429 maintain statistics indicating the record of manufacturer compliance
430 with arbitration decisions and the number of refunds or replacements
431 awarded. A copy of the statistical summary shall be filed with the
432 Commissioner of Motor Vehicles and shall be considered a factor in
433 determining the issuance of any manufacturer license as required under
434 section 14-67a. The summary shall be a public record.

435 [(e)] (g) If a manufacturer has not established an informal dispute
436 settlement procedure certified by the Attorney General as complying
437 with the requirements of said section 42-179, as amended by this act,
438 public notice of the availability of the department's automobile dispute
439 settlement procedure shall be prominently posted in the place of
440 business of each new car dealer licensed by the Department of Motor
441 Vehicles to engage in the sale of such manufacturer's new motor
442 vehicles. Display of such public notice shall be a condition of licensure
443 under sections 14-52 and 14-64. The Commissioner of Consumer
444 Protection shall determine the size, type face, form and wording of the
445 sign required by this section, which shall include the toll-free telephone
446 number and the address to which requests for the department's
447 arbitration services may be sent.

448 [(f)] (h) Any consumer injured by the operation of any procedure
449 which does not conform with procedures established by a manufacturer

450 pursuant to subsection (b) of section 42-182 and the provisions of Title
451 16 Code of Federal Regulations Part 703, as in effect on October 1, 1982,
452 may appeal any decision rendered as the result of such a procedure by
453 requesting arbitration de novo of the dispute by an arbitrator. Filing
454 procedures and fees for appeals shall be the same as those required in
455 subsection (b) of this section. The findings of the manufacturer's
456 informal dispute settlement procedure may be admissible in evidence
457 at such arbitration and in any civil action subsequently arising out of
458 any warranty obligation or matter related to the dispute. Any consumer
459 so injured may, in addition, request the Attorney General to investigate
460 the manufacturer's procedure to determine whether its certification
461 shall be suspended or revoked after proper notice and hearing. The
462 Attorney General shall establish procedures for processing such
463 consumer complaints and maintain a record of the disposition of such
464 complaints, which record shall be included in the annual report
465 prepared in accordance with the provisions of subsection (a) of section
466 42-182.

467 [(g)] (i) The Commissioner of Consumer Protection shall adopt
468 regulations, in accordance with the provisions of chapter 54, to carry out
469 the purposes of this section. Written copies of the regulations and
470 appropriate arbitration hearing procedures shall be provided to any
471 person upon request.

472 Sec. 5. Section 42-190 of the general statutes is repealed and the
473 following is substituted in lieu thereof (*Effective October 1, 2021*):

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

480 (b) The surcharge assessed pursuant to this section shall be at a rate
481 of three dollars per motor vehicle, as defined in section 42-179, as
482 amended by this act. Such surcharge shall be collected by each licensee

483 under section 14-52 engaged in the sale or lease of motor vehicles, as
 484 defined in section 42-179, as amended by this act, in this state. Such
 485 licensee shall pay the surcharges assessed during the prior calendar year
 486 to the Department of Consumer Protection in an annual lump sum
 487 payment on or before March thirty-first of each year. Said department
 488 may assess a late fee of two dollars per vehicle.

489 (c) Proceeds collected by the department from surcharges assessed
 490 under this section shall be deposited in the new automobile warranties
 491 account established pursuant to subsection (d) of this section.

492 (d) There is established a separate, nonlapsing account, within the
 493 General Fund, to be known as the "new automobile warranties account".
 494 The account may contain any moneys required by law to be deposited
 495 in the account. The moneys in said account shall be allocated to the
 496 Department of Consumer Protection to carry out the purposes of this
 497 chapter.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2021	21a-218(a)
Sec. 2	October 1, 2021	21a-219
Sec. 3	October 1, 2021	42-179
Sec. 4	October 1, 2021	42-181
Sec. 5	October 1, 2021	42-190

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Consumer Protection, Dept.	New Automobile Warranties Account - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes to the automobile lemon law resulting in a potential revenue gain to the new automobile warranties account described below.

- **Section 3** allows the Department of Consumer Protection (DCP) to impose a fine of up to \$10,000 per day for a manufacturer who fails to stamp a title as required by law resulting in a potential revenue gain to the extent violations occur.
- **Section 4** allows DCP to fine a manufacturer up to \$1,000 per day if the manufacturer fails to perform repairs by the applicable date set by the arbitrator resulting in a potential revenue gain to the extent violations occur.
- **Section 5** allows DCP to assess a late fee of \$2 per vehicle for new automobile warranties account surcharges that are late resulting in a potential revenue gain to the extent surcharges are late.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of violations.

OLR Bill Analysis**sSB 693*****AN ACT CONCERNING CHANGES TO STATUTES CONCERNING HEALTH CLUB CONTRACTS AND THE AUTOMOBILE LEMON LAW.*****SUMMARY**

This bill makes various changes to the new motor vehicle lemon law (hereinafter “lemon law”). Among other things, it (1) requires additional manufacturers to stamp their vehicles indicating they are lemon law buybacks, (2) requires consumers in arbitration to provide notice about the arbitration before selling their motor vehicle, and (3) fines manufacturers that fail to stamp within the specified time period or fail to perform arbitration awards.

The bill also requires dealers to remit payments to the new automobile warranties account in an annual lump sum. (Generally, the lemon law gives a consumer the right to a refund or replacement vehicle if, after a reasonable number of repair attempts (see BACKGROUND), a manufacturer cannot make the consumer’s vehicle conform to its warranty, including through an arbitration process administered by the Department of Consumer Protection (DCP).)

Additionally, the bill requires health clubs to (1) allow members to cancel their memberships by email and, (2) for contracts subject to automatic renewal, provide written notice about the renewal at the beginning of the contract. Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2021

§§ 3-5 – NEW MOTOR VEHICLE LEMON LAW***Incidental Damages (§ 3)***

The lemon law establishes a consumer's right to a refund or replacement vehicle if, after a reasonable number of repair attempts, a manufacturer cannot make the consumer's vehicle conform to applicable express warranties. Under the law's provisions, a "motor vehicle" means passenger motor vehicles, certain commercial motor vehicles, or a motorcycle, which is sold or leased in this state (CGS § 42-179).

By law, a refund must include, among other things, all incidental damages, less a reasonable amount for the consumer's use of the vehicle. The bill expands what is considered incidental damages to include any commercially reasonable charges or expenses for (1) covering, returning, or disposing of the vehicle; (2) making reasonable efforts to minimize or avoid the consequences of financial default related to the vehicle; and (3) effectuating other remedies after a defect or condition that substantially impaired the vehicle has been reported to a dealership or manufacturer. As under current law, incidental damages also include expenses for the vehicle's inspection, receipt, transportation, care, and custody.

Stamp (§ 3)

The bill requires manufacturers that buy back a vehicle under the lemon law to stamp the vehicle with "MANUFACTURER BUYBACK-LEMON" instead of "MANUFACTURER BUYBACK" as current law requires. It requires that this stamp be added to all lemon law returns, including (1) vehicles returned through arbitration and (2) returns accepted by the manufacturer due to a nonconformity or defect, in exchange for a refund or a replacement vehicle, whether by an administrative or judicial determination. Current law requires the stamp only for settlements.

The bill increases, from 10 to 30 days after receiving the title, the deadline by which a manufacturer must stamp the title and submit a copy to the Department of Motor Vehicles. As under current law, the manufacturer must make this stamp clearly and conspicuously on the face of the original title in letters at least ¼ inch high.

The bill allows DCP to fine manufacturers up to \$10,000 if they fail to stamp a title within 30 days after receiving the vehicle. The fine must be deposited in the new automobile warranties account. A manufacturer aggrieved by a fine may, within 10 days after receiving written notice of the fine from DCP, make a written request for a hearing. Under the bill, DCP must, upon receiving all documentation needed to evaluate the request, determine whether circumstances beyond the manufacturer's control prevented performance. The department may also conduct a hearing under the Uniform Administrative Procedure Act, if appropriate.

The bill allows the DCP commissioner to adopt regulations to implement these provisions.

Arbitration Notice (§ 4)

The lemon law allows consumers to apply for arbitration through DCP by submitting applicable forms and a \$50 filing fee to the department. Under the bill, if a consumer files for arbitration but sells the vehicle before a decision or settlement, then he or she must notify the individual or entity buying the vehicle that an action is pending with DCP under the lemon law program. The consumer must give this notice before the buyer executes a bill of sale and must include any DCP-provided case number or reference number. The consumer must also (1) notify DCP about the sale within five days after the buyer executes the bill of sale, (2) provide DCP with the buyer's name and contact information, and (3) attest that notice of the pending action was given to the buyer before the sale.

Failure to Perform (§ 4)

The bill allows DCP to fine a manufacturer up to \$1,000 per day if it fails to perform all remedies awarded by the arbitrator by the applicable performance date the arbitrator specified. This authority applies if the award's enforcement has not been stayed by a court or otherwise modified by the arbitrator. DCP may impose the fine each day until the manufacturer fully performs as specified under the award. Any fine must be deposited in the new automobile warranties account. A

manufacturer aggrieved by a fine may appeal in the same manner as under the failure to stamp fine (see above).

New Automobile Warranties Account (§ 5)

By law, DCP may use the new automobile warranties account to implement the lemon law. The account is funded by a \$3 surcharge on each sale or lease of a new vehicle in the state and is collected by licensees (i.e., dealers).

The bill requires dealers to pay the surcharges they collect in a calendar year in a lump sum to DCP by the following March 31. It allows DCP to assess a \$2 per-vehicle late fee.

§§ 1 & 2 – HEALTH CLUB CONTRACTS

Cancellation by Email

Current law requires consumers seeking to cancel a health club contract to do so by certified or registered mail. The bill (1) allows them to also cancel the contract by email by providing written notice to the health club's email address and (2) eliminates the requirement that a mailed cancellation be sent by certified or registered mail. It makes conforming changes to the contract's statement of the consumer's rights, which by law must include a conspicuous caption: "BUYER'S RIGHT TO CANCEL" and a statement regarding how to cancel the contract.

The bill additionally requires that each contract renewed on or after October 1, 2021, revise the BUYER'S RIGHT TO CANCEL language to provide for e-mail cancellations.

Notice of Automatic Renewal

The bill requires health clubs, for contracts subject to automatic renewal, to provide written notice of the renewal to consumers when they enter into the contract. The notice must be conspicuously printed on the contract's first page and be in bold, 14-point print. By law, contracts may not automatically renew for more than one month at a time.

BACKGROUND

Lemon Law Applicability

The lemon law offers protections for a new vehicle when it has a defect that substantially impairs its use, safety, or value, and the vehicle has been:

1. repaired four or more times during the first 24,000 miles or two years of service;
2. out of service for a total of 30 days during the same period and the defect remains; or
3. repaired at least twice during the first year or the warranty term, whichever is shorter, and the defect is likely to cause death or serious bodily injury if the vehicle is driven (CGS § 42-179).

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/23/2021)