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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE HOUSE COMMITTEE ON JUDICIARY

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION, 2010

FRIDAY, JANUARY 22, 2010
2:00 P.M.

TESTIMONY ON SENATE BILL NO. 549 S.D.1
RELATING TO MOTOR VEHICLE EXPRESS WARRANTY ENFORCEMENT

TO THE HONORABLE JON RIKI KARAMATSU, CHAIR,
AND TO THE HONORABLE KEN ITO, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No. 549 S.D.1, Relating To Motor Vehicle Express Warranty Enforcement. My name is Jo Ann Uchida of the Department's Regulated Industries Complaints Office ("RICO"). RICO administers chapter 481I, Hawaii Revised Statutes, commonly known as the "Lemon Law." The Department takes no position on the bill, but offers the following comments.

Senate Bill No. 549 S.D.1 amends the definition of "motor vehicles" in the Lemon Law to include motorcycles sold on or after September 1, 2009. As a

result, the statutory procedures and remedies available through the State Certified Arbitration Program ("SCAP") would also be available to owners of defective motorcycles. The Lemon Law Rights period, defined as the term of the manufacturer's express warranty, the period ending two years after the date of the original delivery of a motor vehicle to a consumer, or the first 24,000 miles of operation, whichever occurs first, remains unchanged, but would now apply to defective motorcycles.

SCAP procedures include a hearing, conducted by an arbitrator, in which the consumer and manufacturer have a full and equal opportunity to present evidence. SCAP remedies for a prevailing consumer include a refund of the purchase price or a replacement vehicle.

Based upon a review of the Lemon Laws nationwide, motorcycles are covered under the Lemon Laws in twenty-four (24) states. In Hawaii, there have been only about three to four inquiries within the last several years involving Lemon Law coverage of motorcycles, numbers which appear to provide little consumer basis for including motorcycles within the purview of Hawaii's Lemon Law. However, if these numbers are indicative of the Lemon Law motorcycle cases SCAP can expect to handle as a result of this bill, the increase is not expected to overly tax SCAP's existing resources.

RICO also notes that the start date provided in Section 3 of the bill would need to be amended to September 1, 2010.

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Thank you for this opportunity to testify on Senate Bill No. 549 S.D.1. I will be happy to answer any questions that the members of the Committee may have.