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Automakers Applaud Lemon Law Reform Legislation

Madison, WI – The Alliance of Automobile Manufacturers today applauded LRB-2179, legislation being circulated for co-sponsors by Representative Bill Kramer and Senator Jerry Petrowski which seeks to reform Wisconsin’s onerous and outdated lemon law.

Provisions in Wisconsin’s current law encourage abuse by some, running contrary to its original intent to protect consumers. The existing law places unreasonable requirements on manufacturers while offering sizable loopholes that have resulted in outsized and unfair awards. LRB-2179 will bring clarity for both consumers and automakers, representing an industry that provides over 200,000 jobs in the state.

“Loopholes in Wisconsin’s lemon law provide easy opportunity to exploit the legislation’s true intent,” said Auto Alliance Director of Communication and Public Affairs Dan Gage. “The thirty day refund rule along with mandatory double damages encourages dishonest players to avoid finalizing a timely and fair adjudication to a lemon law claim in order to obtain a financial windfall. The outcome is a higher cost of doing business in the state that results in higher prices for everyone else.”

LRB-2179 would fix this inequity and end any incentive to manipulate the measure’s consumer protection intent by repealing the double damage jackpot. It preserves the obligation that a manufacturer must provide a comparable vehicle or refund in a timely manner, whichever remedy the consumer chooses. If the manufacturer fails to provide the vehicle or refund within the specified deadline, in addition to pursuing any other remedy, a consumer may bring an action to recover damages. If the consumer prevails, the court may still award pecuniary loss (including the cost of the vehicle), along with costs, disbursements and reasonable attorney’s fees, and any equitable relief the court determines appropriate.

The legislation would also make other adjustments to bring Wisconsin’s lemon law in line with other states including clarifying the “out of service” criteria, adjusting the statute of limitations period to a logical term, and allowing a reasonable time for vehicle replacement and refund if a comparable vehicle is unavailable or unable to be easily located.

“Automakers support protecting consumers’ vehicle investment and having appropriate opportunity within a feasible timeframe to correct or replace faulty products,” said Gage. “But Wisconsin’s current lemon law incentivizes some to manipulate the system at the expense of manufacturers and all other consumers.”

Wisconsin boasts over 208,000 auto jobs in the state and \$10.91 billion in annual new car sales. Auto-related taxes and fees generated \$2.02 billion dollars in 2010, totaling 14 percent of total tax revenue.

The Alliance of Automobile Manufacturers, the leading advocacy group for the auto industry, represents 77% of all car and light truck sales in the United States, including the BMW Group, Chrysler Group LLC, Ford Motor Company, General Motors Corporation, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of America and Volvo Cars North America.

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