

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/25/2012
POSITION: Neutral

BILL NUMBER: AB 1447
AUTHOR: Feuer, Mike

BILL SUMMARY: Automobile sales finance: sellers.

This bill would establish basic consumer protections for vehicles purchased or leased from "Buy-Here-Pay-Here" automobile dealers.

FISCAL SUMMARY

The Department of Motor Vehicles estimates costs to be minor and absorbable.

COMMENTS

Finance is neutral on this bill because it may provide additional consumer protections for vehicles purchased or leased from used car dealers.

Existing law sets forth requirements with regard to disclosures, purchase price, fees, finance charges, and warranty information, if any, required in a conditional sale contract for the sale of a motor vehicle. Additionally, a dealer selling a used vehicle for a purchase price under \$40,000 is required to offer the buyer a two-day contract cancellation option agreement, under which the buyer may return the vehicle without cause if certain conditions are met.

This bill would:

- Define a Buy-Here-Pay-Here dealer to mean an automobile seller who enters into conditional sale or lease contracts, and who does not routinely assign those contracts to an unaffiliated third-party finance or leasing source.
- Require Buy-Here-Pay-Here dealers to provide a limited warranty that covers most major components and lasts for at least 30 days or 1,000 miles, and pay 100 percent of the cost of labor and parts for any repairs pursuant to the warranty.
- Prohibit Buy-Here-Pay-Here dealers from requiring a buyer to make regular payments in person.
- Require that Buy-Here-Pay-Here dealers receive written consent from the buyer prior to selling a vehicle with an electronic tracking device.
- Require Buy-Here-Pay-Here dealers to provide notice to the buyer of the presence of ignition shutdown technology in the vehicle and that such technology be set to provide advance warnings to the driver, to help avoid stranding drivers.

Analyst/Principal (0744) K.Amann	Date	Program Budget Manager Kristin Shelton	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS--(CONTINUED)

AUTHOR

AMENDMENT DATE

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AB 1447

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	
2740/DMV	SO	No		-----	Minor Fiscal Impact	-----	0044
<u>Fund Code</u>	<u>Title</u>						
0044	Motor Vehicle Account, STF						