
HOUSE BILL 1399

State of Washington

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By Representatives Beck, Cantwell, Heavey, Sheldon, Forner, R. King, Casada, Roland, Moyer, Betrozoff and G. Fisher.

Read first time January 28, 1991. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to home electronic and appliance consumer
2 warranties; adding a new chapter to Title 19 RCW; providing an
3 effective date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that electronic
6 equipment manufacturers, as a matter of practice, warrant their
7 equipment against certain defects. The warranties may be honored by
8 retailers of the manufacturers' products as part of their contractual
9 obligation or by independent maintenance and service facilities. The
10 legislature also finds that consumers do not always receive prompt,
11 complete service that returns the product to its working condition at
12 the time of purchase because manufacturers cannot always supply the
13 necessary parts promptly or at a price that keeps the warranty service
14 within the retailer's cost of doing business. Because of these
15 problems, some of the service costs are transferred to customers

1 seeking service without warranties. The legislature further finds that
2 a strong competitive market requires manufacturers and sellers who
3 fully stand behind their products by complying with the spirit of the
4 warranty. The legislature declares that it is in the public interest
5 to establish certain elements as characteristic of express electronic
6 equipment warranties to protect the consumer from dilatory and unfair
7 practices and from manufacturers discontinuing the manufacture of
8 replacement parts within the time period that can be reasonably
9 anticipated as necessary to effect repairs.

10 NEW SECTION. **Sec. 2.** For the purposes of this chapter the
11 following definitions apply.

12 (1) "Buyer" or "retail buyer" means an individual who buys
13 electronic equipment from a person engaged in the business of
14 manufacturing, distributing, or selling such goods at retail.

15 (2) "Distributor" means a person that stands between the
16 manufacturer and the retail seller in purchases, consignments, or
17 contracts for sale of electronic equipment.

18 (3) "Independent repair or service facility" or "independent
19 service dealer" means a person or business, not an employee or
20 subsidiary of a manufacturer or distributor, that engages in the
21 business of servicing and repairing consumer goods.

22 (4) "Retailer," "seller," or "retail seller" means a person who
23 engages in the business of selling electronic goods to retail buyers.

24 (5) "Person" means an individual, partnership, corporation,
25 association, or other legal entity.

26 (6) "Home electronic equipment" means a television, radio, antenna
27 rotator, audio or video recorder or playback equipment, video camera,
28 video game, video monitor, computer equipment, telephone,
29 telecommunications equipment, electronic alarm system, electronic

1 appliance control system, or other kind of electronic product, if it is
2 normally used or sold for personal, family, or household purposes. The
3 term includes any electronic accessory that is normally used or sold
4 with a home electronic product for one of those purposes. The term
5 excludes any single product with a wholesale price to the retail seller
6 of less than fifty dollars.

7 (7) "Home appliance" means a refrigerator, freezer, range,
8 microwave or convection oven, washer, dryer, dishwasher, garbage
9 disposal, trash compactor, or room air conditioner normally used or
10 sold for personal, family, or household purposes. The term excludes
11 any single product with a wholesale price to the retail seller of less
12 than fifty dollars.

13 (8) "Parts" means individual components of assemblies or circuit
14 boards.

15 (9) "Literature" means service literature only.

16 NEW SECTION. **Sec. 3.** In addition to the requirements of RCW
17 62A.2-313 every warranty shall state that the warranty period shall be
18 extended for the number of days that the product has been out of the
19 buyer's hands for warranty repairs. If a defect exists within the
20 warranty period, the warranty shall not expire until the defect has
21 been fixed. The warranty period shall also be extended:

22 (1) If the warranty repairs have not been performed because there
23 were delays caused by circumstances beyond the control of the buyer, or

24 (2) If the repairs fail within ten days after they were completed.
25 If, after a reasonable number of attempts, the defect has not been
26 fixed, the buyer may return the product for a replacement or refund,
27 subject to the deduction of a reasonable charge for use. This time
28 extension does not affect the protections or remedies the buyer has
29 under other laws.

1 NEW SECTION. **Sec. 4.** Every work order or repair invoice for
2 warranty repairs or service shall clearly and conspicuously incorporate
3 in ten point boldface type the following statement either on the face
4 or the reverse side of the work order or repair invoice, or on an
5 attachment to the work order or repair invoice:

6 A buyer of this product in this state has the right to have
7 this product serviced or repaired during the warranty period.
8 The warranty period is extended for the number of whole days
9 that the product has been out of the buyer's hands for warranty
10 repairs. If a defect exists within the warranty period, the
11 warranty period does not expire until the defect has been
12 fixed. The warranty period is also extended if the warranty
13 repairs have not been performed due to delays caused by
14 circumstances beyond the control of the buyer, or if the
15 warranty repairs did not remedy the defect and the buyer
16 notifies the manufacturer or seller of the failure of the
17 repairs within sixty days after they were completed. If,
18 after a reasonable number of attempts the defect has not been
19 fixed, the buyer may return the product for a replacement or a
20 refund, subject to the deduction of a reasonable charge for
21 use. This time extension does not affect the protections or
22 remedies the buyer had under other laws.

23 NEW SECTION. **Sec. 5.** If a manufacturer of home electronic
24 equipment and appliances sold in this state makes an express warranty
25 on such equipment or appliance, the manufacturer shall maintain
26 sufficient service and repair facilities in this state that are
27 reasonably close to all areas in which its electronic equipment and
28 appliances are sold, or may designate and authorize independent repair

1 or service facilities in this state that are reasonably close to all
2 areas in which its electronic appliances are sold, to carry out the
3 terms of the warranties. As a means of complying with this section, a
4 manufacturer may enter into warranty service contracts with independent
5 service and repair facilities.

6 NEW SECTION. **Sec. 6.** A manufacturer entering into a warranty
7 service contract with an independent service and repair facility may
8 include a fixed schedule of rates to be charged for warranty service or
9 warranty repair work. However, the rates fixed by these contracts
10 shall include actual and reasonable cost of service and repair, plus
11 costs for parts and shipping, and a reasonable profit. The rates
12 established between the manufacturer and the independent service and
13 repair facility shall not preclude a good faith discount that is
14 reasonably related to reduced credit and general overhead cost factors
15 arising from the manufacturer's payment of warranty charges direct to
16 the independent service and repair facility. The warranty service
17 contracts authorized by this section may not cover more than one year,
18 and may be renewed only by a separate, new contract or letter of
19 agreement between the manufacturer and the independent service and
20 repair facility.

21 NEW SECTION. **Sec. 7.** Every manufacturer contracting with an
22 independent facility for maintenance and repair of electronic or
23 appliance products shall make service literature and replacement parts
24 available to effect repairs within thirty days of the request from the
25 service repair facility. If the manufacturer fails to supply the
26 necessary part or literature within thirty days of the service repair
27 facility's request, the manufacturer shall replace the nonworking
28 equipment or appliance with new equipment or appliance upon the owner's

1 request. Replacement parts and literature for products with a
2 wholesale price to retailers of not less than fifty dollars and not
3 more than ninety-nine dollars and ninety-nine cents, shall be available
4 to all established independent service and repair facilities who
5 service the products, whether or not under contract to provide warranty
6 services, for three years after the date the product model or type was
7 last manufactured, regardless of whether the three-year period exceeds
8 the warranty period for the product. Replacement parts and literature
9 for products with a wholesale price to retailers of not less than one
10 hundred dollars, shall be available to all established independent
11 service and repair facilities who service the products, whether or not
12 under contract to provide warranty services, for seven years after the
13 date the product model or type was last manufactured, regardless of
14 whether the seven-year period exceeds the warranty period for the
15 product.

16 NEW SECTION. **Sec. 8.** Every manufacturer making express
17 warranties whose consumer goods are sold in this state shall be liable
18 as prescribed in this section to every authorized independent service
19 center that performs services or incurs obligations under the express
20 warranties that accompany the manufacturer's consumer goods. The
21 amount of the liability shall be an amount equal to the actual and
22 reasonable costs of the service and repair, including any cost for
23 parts and any reasonable cost of transporting the goods or parts, plus
24 a reasonable profit. There is a rebuttable presumption affecting the
25 burden of producing evidence that the reasonable cost of service or
26 repair is an amount equal to that which is charged by the independent
27 serviceman for like services or repairs rendered to service or repair
28 customers who are not entitled to warranty protection. Any waiver of
29 the liability of a manufacturer shall be void and unenforceable.

1 NEW SECTION. **Sec. 9.** A dispute initiated by either party arising
2 from nonrenewal or cancellation of a warranty service center contract
3 that cannot be resolved by the parties to the contract must be
4 presented to the national electrical service dealers association for
5 third party committee mediation. Contracts cannot be canceled or not
6 renewed on the basis of an allegation of nonperformance of contractual
7 obligations without a hearing by the committee. Only after a hearing
8 and a showing of a good faith attempt at resolution may a disputant
9 file a legal action. The statute of limitations controlling filing
10 legal action to resolve a contract dispute shall be tolled for a period
11 of six months or until the national electrical service dealers
12 association third party committee takes a final action, either
13 resolving the dispute or declaring it unresolvable, whichever come
14 first.

15 NEW SECTION. **Sec. 10.** Any protections or remedies in this
16 chapter do not preclude recovery under the consumer protection act,
17 chapter 19.86 RCW.

18 NEW SECTION. **Sec. 11.** If any provision of this act or its
19 application to any person or circumstance is held invalid, the
20 remainder of the act or the application of the provision to other
21 persons or circumstances is not affected.

22 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act shall
23 constitute a new chapter in Title 19 RCW.

24 NEW SECTION. **Sec. 13.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and shall take

1 effect July 1, 1991.