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Senate Bill 563 (as introduced 5-4-99)

Sponsor: Senator John J.H. Schwarz, M.D.

Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 3-14-00

CONTENT

The bill would create the "Appliance Repair Act" to do the following:

- **Require service dealers to make a written cost estimate, approved by a customer, before repairing or servicing an appliance.**
- **Provide that a service dealer could not charge more than 110% of an estimated cost without the customer's permission.**
- **Require service dealers to return parts removed from an appliance.**
- **Provide that final bills would have to itemize charges and include warranty information.**
- **Require service dealers to provide warranties on labor and parts.**
- **Specify remedies for violations of the bill.**

The bill would define "appliance" as a refrigerator, dehumidifier, freezer, oven, range, microwave oven, washer, dryer, dishwasher, trash compactor, or window room air conditioner.

The bill specifies that it would take effect June 1, 1999.

Written Estimate

Before repairing, servicing, or performing maintenance on an appliance, a service dealer would have to make a written estimate of the cost of the repair, service, or maintenance. The customer would have to approve the estimate by signing it or verbally approving the estimate via the telephone, or by any other equivalent method. ("Service dealer" would mean a person who, for compensation, engaged or offered to engage in repairing, servicing, or maintaining an appliance. The term would not include a contractor licensed under the Forbes Mechanical Contractors Act. "Customer" would mean a member of the general public who sought the services of a service dealer for the repair, maintenance, or service of an appliance that he or she used personally and not as part of a business or commercial enterprise.)

If the customer approved the estimate by a telephone call or other equivalent method, the service dealer would have to indicate this on the estimate and, if possible, obtain the customer's signature on the estimate at a later time. A service dealer could not charge more than 110% of the amount noted on the written estimate unless the dealer received the customer's verbal or written permission.

A written estimate would have to provide all of the following:

- The service dealer's name, mailing address, and telephone number. If the service dealer's mailing address were not a street address, the estimate would have to provide the mailing address or street address of the service dealer's owner.
- A description of the problem requiring service, repair, or maintenance or the maintenance procedure desired by the customer.
- Any charge for labor to be performed or parts to be installed, each stated separately. The estimate would have to describe the method by which the labor charge was determined.
- The cost for removing the appliance from and returning it to the customer's premises, if applicable.

A service dealer could charge a reasonable fee, as indicated in the written estimate, for any labor performed in examining the appliance and diagnosing any problems. If the appliance would require dismantling as part of the diagnosis, the service dealer would have to include in the written estimate the cost of dismantling and reassembling the appliance and the cost, if any, of any parts that would be destroyed or rendered inoperable by the dismantling and reassembly of the appliance.

The bill specifies that it would not prohibit a service dealer from charging for a service call or from combining the written estimate and the final bill in the same document.

Appliance Parts

A service dealer would be required to return to the customer all parts removed from an appliance. The service dealer could retain any part that had a core charge or exchange rate, or that contained hazardous material if the service dealer provided to the customer, at the completion of the repair, service, or maintenance, a written statement on the final bill describing the reason for retaining the part.

Final Bill

A final bill would have to state separately in writing the following: the name and address of the service dealer; service call charges; the labor charge; parts charge, including whether the parts were new or used, and the actual part number and manufacturer; the labor warranty; other charges, stated in detail; sales tax; and, the right of a consumer to bring an action under the bill. The final bill also would have to include the warranty provided by the part's supplier. If the service dealer had no knowledge of a supplier's or manufacturer's warranty or knew that no supplier's or manufacturer's warranty existed, he or she would have to state that. In addition, the final bill would have to include a statement that the customer, in order to enforce any warranty provided by the bill, would be required to notify the service dealer in writing not later than the time period of the warranty for the part or labor.

Warranty

A service dealer would have to provide a warranty for at least 30 days on any labor regarding the repair of an appliance and on any parts used in the service or repair of the appliance for not less than the time period warranted by the manufacturer. The bill specifies that this provision would not void, reduce, or supersede a warranty made by the appliance manufacturer and would not void any provisions of a service contract that covered the appliance.

A service warranty under the bill would require the service dealer to correct, at no cost to the customer, any failure of the warranted parts if the customer notified the service dealer in writing within the applicable warranty time period. A service dealer would have to make a warranted correction within 10 days after receiving written notice of the failure unless the dealer did not receive parts, after ordering them in a timely manner. The service dealer would have to make a written record of the order.

A service dealer could impose a labor charge upon receiving a written notice of failure from a customer after the 30-day labor warranty.

A warranty for service and repairs would be extended by any period of time the service dealer had possession of the appliance for work related to the warranty.

Remedies

A service dealer who made a false statement of a character likely to influence, persuade, or induce a customer to authorize the repair, service, or maintenance of an appliance or who failed to comply substantially with the disclosure requirements of the bill would be subject to the remedies prescribed in the bill.

A person could bring an action in a court of competent jurisdiction for damages resulting from a violation of the bill in the amount of his or her actual damages or \$250, whichever was greater, together with reasonable attorney fees. The court could award up to twice the amount of damages if it found that the violation was willful.

The bill specifies that it would not prohibit the Attorney General, a prosecuting attorney, or a person who had suffered a loss as a result of a violation of the bill from bringing an action pursuant to the Michigan Consumer Protection Act, for any act or omission relative to the bill.

The bill also specifies that these remedies would be cumulative and independent. The use of one remedy by a person or the Department of Attorney General would not bar the use of other lawful remedies, including injunctive relief, by that person or the Department.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: B. Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.