

## APPLIANCE REPAIR ACT

House Bill 5239

Sponsor: Rep. Andrew Raczkowski

Committee: Regulatory Reform

Complete to 10-24-02

### A SUMMARY OF HOUSE BILL 5239 AS INTRODUCED 10-16-01

The bill would create the Appliance Repair Act to regulate appliance service dealers, defined as those who repair, service, or maintain appliances for payment. This would not, however, include contractors licensed under the Forbes Mechanical Contractors Act (MCL 338.971 to 338.988). Under the bill, an appliance service dealer would have certain duties and responsibilities towards members of the general public who sought his or her services for repair or service of their appliances. The bill would define "appliance" to include refrigerators, dehumidifiers, freezers, ovens, ranges, microwave ovens, washers, dryers, dishwashers, trash compactors, and window room air conditioners. It would not apply to appliances used as part of a business or commercial enterprise.

Estimates. Before a service dealer could begin any repairs or maintenance, he or she would have to provide the customer with a written estimate and get the customer's approval of the estimate. Approval could be indicated by the customer's signature on the estimate or verbally over the telephone or another equivalent method. However, if approval were given over the phone or an equivalent method, the service dealer would be required to indicate that approval on the estimate and, if possible, get the customer's signature at a later date. After completing the work, a service dealer would be barred from charging a customer more than 110 percent of the amount in the estimate unless the dealer had received verbal or written permission from the customer.

A written estimate would have to contain the service dealer's name, telephone number, and mailing address or, if the dealer's address is not a street address, then the mailing address or street address of the dealer's owner. It would also have to describe the problem requiring service or the procedure requested by the customer, list the estimated charges for labor and parts separately and describe the method for calculating the charge for labor, and, if applicable, list the cost for removing the appliance.

A service dealer could charge a reasonable fee for any labor needed to examine and diagnose any problems and would not be prohibited from charging a service call. If the appliance required dismantling in order for a diagnosis to be made, the estimate would have to include the cost of dismantling and reassembling the appliance and the cost to replace any parts that would be destroyed or rendered inoperable by the dismantling and reassembly of the appliance.

Final bill. A final bill, submitted to the customer after the work had been completed, would have to be in writing and include the name and address of the service dealer in the same fashion as required in an estimate. It would also have to include, separately, any service call

charges, labor charges, parts charges (including whether the parts were new or used and the actual part number and manufacturer), any warranty provided by the parts supplier or a statement indicating that the service dealer either had no knowledge of any supplier's or manufacturer's warranty or knows that none exists, the labor warranty, any other charges listed in detail, sales tax, a statement that the customer must notify the service dealer in writing prior to the expiration of the warranty in order to enforce it, and a statement about the right of a consumer to bring an action under the bill. The act would not prohibit a written estimate from being combined into the same document with the final bill.

After the repairs or service had been completed, all parts removed from the appliance would have to be returned to the customer. However, the service dealer could keep any part that had a core charge, exchange rate, or contained hazardous materials, provided that he or she included a written statement on the customer's final bill describing the reason the part had been kept.

Warranties. A service dealer would have to provide customers with a 30-day warranty on any labor and a parts warranty no shorter than the warranty offered by manufacturer of the part. These warranties would not affect any warranty offered by the manufacturer of the appliance and would not void any provisions of any service contract covering the appliance. However, the warranties required under the act would be extended by any amount of time that the service dealer had possession of the appliance for work performed under the warranty.

Under the bill, a warranty would require the service dealer to correct, at no cost to the customer, any failure of the warranted parts if the customer notifies the service dealer in writing before the expiration of the warranty. The dealer would have to correct the warranted failure within ten days after receiving the customer's written notification. However, if the dealer had ordered the necessary parts for the warranty repair in a timely fashion and had not received them before the ten days expired, the repair could be delayed. The dealer would have to have made a written record noting the ordering of the needed parts.

Civil actions. A person could bring an action before a court of competent jurisdiction against a service dealer who made a false statement that was likely to influence, persuade, or induce a customer to authorize the repair, service, or maintenance of an appliance; or who failed to substantially comply with the disclosure requirements of the bill. In such a legal action, a person could seek the actual amount of 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 civil remedy would not bar any actions from being brought under the Consumer Protection Act by the attorney general, a prosecuting attorney, or a person who suffered a loss resulting from a violation of the bill's provisions. Furthermore, the remedies established by the

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

Effective date. The act would take effect June 1, 2002.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.