

CHAPTER 450

MOTOR VEHICLES AND TRAFFIC REGULATION

SENATE BILL 24-192

BY SENATOR(S) Michaelson Jenet, Buckner, Cutter;
also REPRESENTATIVE(S) Soper and Snyder, Amabile, Bird, Boesenecker, Brown, Daugherty, English, Hamrick, Jodeh, Kipp,
Lieder, Lindsay, Mauro, Ortiz, Ricks, Rutinel, Titone, Valdez, Weissman, Willford, Woodrow, McCluskie.

AN ACT

CONCERNING CHANGES TO THE LAW REQUIRING PERSONS IN THE BUSINESS OF SELLING MOTOR VEHICLES TO MAKE A CONSUMER WHOLE IF THE MOTOR VEHICLE FAILS TO PERFORM, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 42-10-101, **amend** the introductory portion, (1), and (2); and **add** (1.5) and (2.5) as follows:

42-10-101. Definitions. As used in this ~~article~~ ARTICLE 10, unless the context otherwise requires:

(1) "Consumer" means the purchaser, other than for purposes of resale, of a motor vehicle ~~normally~~ THAT IS used for personal, family, or household purposes; any person to whom ~~such~~ THE motor vehicle is transferred for the same purposes during the duration of a manufacturer's express warranty for ~~such~~ THE motor vehicle; and any other person entitled by the terms of ~~such~~ THE warranty to enforce the obligations of the warranty.

(1.5) "LEMON LAW BUYBACK VEHICLE" MEANS A MOTOR VEHICLE THAT WAS REPURCHASED BY OR RETURNED TO THE MANUFACTURER, THE MANUFACTURER'S AGENT, OR THE MANUFACTURER'S AUTHORIZED DEALER FOR INABILITY TO CONFORM THE MOTOR VEHICLE TO THE MANUFACTURER'S WARRANTY IN ACCORDANCE WITH THIS ARTICLE ~~10~~ OR WITH ANY OTHER STATE OR FEDERAL MOTOR VEHICLE WARRANTY LAW.

(2) "Motor vehicle" means a self-propelled private passenger vehicle, including pickup trucks and vans, designed primarily for travel on the public highways and

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

used to carry not more than ten persons, which is sold to a consumer in this state; except that the term does not include motor homes as defined in section 42-1-102 (57), ~~or~~ vehicles designed to travel on three or fewer wheels in contact with the ground, ~~OR A MOTOR VEHICLE THAT HAS BEEN MODIFIED FOR COMMERCIAL USE.~~

(2.5) "SAFETY-BASED NONCONFORMITY" MEANS A NONCONFORMITY THAT:

- (a) RESULTS IN A CONDITION THAT IS LIKELY TO CAUSE DEATH OR SERIOUS BODILY INJURY IF THE VEHICLE IS DRIVEN; OR
- (b) CREATES A RISK OF FIRE OR EXPLOSION.

SECTION 2. In Colorado Revised Statutes, **amend** 42-10-102 as follows:

42-10-102. Repairs to conform vehicle to warranty. If a motor vehicle HAS A SAFETY-BASED NONCONFORMITY OR does not conform to a warranty and the consumer reports the nonconformity to the manufacturer, ~~its~~ THE MANUFACTURER'S agent, or ~~its~~ THE MANUFACTURER'S authorized dealer ~~during the term of such warranty or during a period of one year~~ WITHIN THE FIRST TWENTY-FOUR THOUSAND MILES OF THE MOTOR VEHICLE'S OPERATION OR WITHIN TWO YEARS following the date of the original delivery of the motor vehicle to a consumer, whichever ~~is the~~ OCCURS earlier, ~~date,~~ the manufacturer, ~~its~~ THE MANUFACTURER'S agent, or ~~its~~ THE MANUFACTURER'S authorized dealer shall make such repairs as are necessary to conform the MOTOR vehicle to ~~such~~ THE warranty, notwithstanding the fact that ~~such~~ THE repairs are made after the expiration of ~~such term or such one-year~~ THE period.

SECTION 3. In Colorado Revised Statutes, 42-10-103, **amend** (1), (2)(a), (2)(b), and (2)(c); and **add** (4) as follows:

42-10-103. Failure to conform vehicle to warranty - replacement or return of vehicle. (1) If the manufacturer, ~~its~~ THE MANUFACTURER'S agent, or ~~its~~ THE MANUFACTURER'S authorized dealer is unable to conform the motor vehicle to the warranty by repairing or correcting the defect or condition ~~which~~ THAT substantially impairs the use and market value of ~~such~~ OR SAFETY OF THE motor vehicle after a reasonable number of attempts, the manufacturer shall, at ~~its~~ THE MANUFACTURER'S option, replace the motor vehicle with a comparable motor vehicle or accept return of the motor vehicle from the consumer and refund to the consumer the full purchase price, including the sales tax, license fees, and registration fees and any similar governmental charges, less a reasonable allowance for the consumer's use of the motor vehicle. Refunds shall be made to the consumer and lienholder, if any, as their interests may appear. ~~A reasonable allowance for use shall be that amount directly attributable to use by the consumer and any previous consumer prior to the consumer's first written report of the nonconformity to the manufacturer, agent, or dealer and during any subsequent period when the vehicle is not out of service by reason of repair.~~

(2) (a) ~~It shall be presumed that~~ A reasonable number of attempts IS PRESUMED TO have been undertaken to conform a motor vehicle to the warranty if:

(I) The same nonconformity has been subject to repair ~~four~~ THREE or more times by the manufacturer, ~~its~~ THE MANUFACTURER'S agent, or ~~its~~ THE MANUFACTURER'S

authorized dealer within ~~the warranty term or during a period of one year~~ THE FIRST TWENTY-FOUR THOUSAND MILES OR WITHIN TWO YEARS following the date of the original delivery of the motor vehicle to the consumer, whichever ~~is the~~ OCCURS earlier, ~~date~~; but ~~such~~ THE nonconformity continues to exist; ~~or~~

(II) The motor vehicle is out of service by reason of repair for a cumulative total of ~~thirty~~ TWENTY-FOUR or more business days of the repairer during the ~~term~~ MILEAGE specified in ~~subparagraph (I) of this paragraph (a)~~ SUBSECTION (2)(a)(I) OF THIS SECTION or during the TIME period specified in ~~said subparagraph (I)~~ SUBSECTION (2)(a)(I) OF THIS SECTION, whichever ~~is the~~ OCCURS earlier; ~~date~~. OR

(III) A SAFETY-BASED NONCONFORMITY HAS BEEN SUBJECT TO TWO OR MORE REPAIR ATTEMPTS BY THE MANUFACTURER, THE MANUFACTURER'S AGENT, OR THE MANUFACTURER'S AUTHORIZED DEALER WITHIN THE FIRST TWENTY-FOUR THOUSAND MILES OF OPERATION OR WITHIN TWO YEARS FOLLOWING THE DATE OF THE ORIGINAL DELIVERY OF THE MOTOR VEHICLE TO THE CONSUMER, WHICHEVER OCCURS EARLIER, BUT THE SAFETY-BASED NONCONFORMITY CONTINUES TO EXIST.

(b) For the purposes of this subsection (2), the term of a warranty, the ~~one-year~~ TWO-YEAR period, and the ~~thirty-day~~ TWENTY-FOUR-DAY period ~~shall be~~ ARE extended by any period of time during which repair services are not available to the consumer because of war, invasion, strike, or fire, flood, or other natural disaster.

(c) ~~In no event shall~~ A presumption under ~~paragraph (a) of this subsection (2)~~ SUBSECTION (2)(a) OF THIS SECTION DOES NOT apply against a manufacturer unless the manufacturer has received prior written notification by certified mail from or on behalf of the consumer ~~and~~ STATING THAT ONE OR MORE ATTEMPTS TO REPAIR THE SAME NONCONFORMITY HAVE BEEN MADE PURSUANT TO SECTION 42-10-102 AND THE ALLEGED NONCONFORMITY REMAINS, AND THE MANUFACTURER has been provided ~~an opportunity~~ TEN BUSINESS DAYS to cure the ALLEGED defect ~~alleged~~. ~~Such~~ AFTER RECEIPT OF THE NOTIFICATION. The defect ~~shall count~~ COUNTS as one nonconformity subject to repair under ~~subparagraph (I) of paragraph (a) of this subsection (2)~~ SUBSECTIONS (2)(a)(I) AND (2)(a)(III) OF THIS SECTION.

(4) A REASONABLE ALLOWANCE FOR USE, AS DESCRIBED IN SUBSECTION (1) OF THIS SECTION, MUST BE OBTAINED BY MULTIPLYING THE TOTAL CONTRACT PRICE OR LESSEE COST OF THE MOTOR VEHICLE BY A FRACTION HAVING AS ITS DENOMINATOR ONE HUNDRED THOUSAND AND HAVING AS THE FRACTION'S NUMERATOR THE SUM OF:

(a) THE NUMBER OF MILES THAT THE MOTOR VEHICLE TRAVELED BEFORE THE CONSUMER'S FIRST PRESENTATION OF THE VEHICLE TO THE MANUFACTURER, THE MANUFACTURER'S AGENT, OR THE MANUFACTURER'S DEALER OR LESSOR FOR REPAIR OF THE NONCONFORMITY; AND

(b) THE NUMBER OF MILES THAT THE MOTOR VEHICLE TRAVELED DURING ANY SUBSEQUENT PERIOD WHEN THE MOTOR VEHICLE WAS NOT OUT OF SERVICE BY REASON OF REPAIR.

SECTION 4. In Colorado Revised Statutes, 42-10-104, **amend** (1) introductory portion and (1)(a) as follows:

42-10-104. Affirmative defenses. (1) It shall be an affirmative defense to any claim under this article ARTICLE 10 that:

(a) An alleged nonconformity does not substantially impair the SAFETY OF OR use and market value of a motor vehicle, AS APPLICABLE; or

SECTION 5. In Colorado Revised Statutes, **amend** 42-10-107 as follows:

42-10-107. Statute of limitations. Any action brought to enforce the provisions of this article shall THIS ARTICLE 10 MUST be commenced within ~~six months following the expiration date of any warranty term or within one year~~ THIRTY MONTHS following the date of the original delivery of a motor vehicle to a consumer; ~~whichever is the earlier date;~~ except that the statute of limitations shall be is tolled during the period the consumer has submitted to arbitration under section 42-10-106 OR WHILE THE MOTOR VEHICLE IS NOT AVAILABLE FOR USE BY REASON OF REPAIR.

SECTION 6. In Colorado Revised Statutes, **add** 42-10-108, 42-10-109, and 42-10-110 as follows:

42-10-108. Third-party inspection - disclosure. (1) (a) A MOTOR VEHICLE DEALER SELLING A LEMON LAW BUYBACK VEHICLE TO A POTENTIAL PURCHASER FOR PURPOSES OTHER THAN FOR RESALE MUST EITHER:

(I) ALLOW A THIRD-PARTY AGENT OF A POTENTIAL PURCHASER TO INSPECT THE MOTOR VEHICLE BEFORE SELLING THE MOTOR VEHICLE; OR

(II) PROVIDE A SEVEN-DAY FREE-LOOK PERIOD DURING WHICH THE PURCHASER MAY RETURN THE MOTOR VEHICLE AND RECEIVE A REFUND OF ALL MONEY PAID TO PURCHASE THE MOTOR VEHICLE, LESS SHIPPING COSTS.

(b) TO MAKE THE INSPECTION PROVIDED IN SUBSECTION (1)(a)(I) OF THIS SECTION, A THIRD-PARTY AGENT MAY HAVE REASONABLE ACCESS TO CONDUCT THE INSPECTION, BUT THE THIRD-PARTY AGENT MUST BE QUALIFIED TO USE OR OPERATE ANY EQUIPMENT USED TO INSPECT THE VEHICLE AND MUST NOT INTERFERE WITH NORMAL BUSINESS OPERATIONS OF THE MOTOR VEHICLE DEALER.

(2) A MOTOR VEHICLE DEALER SELLING A LEMON LAW BUYBACK VEHICLE TO A POTENTIAL PURCHASER FOR PURPOSES OTHER THAN FOR RESALE MUST CONSPICUOUSLY DISCLOSE IN WRITING, BEFORE THE MOTOR VEHICLE IS PURCHASED, TO EACH POTENTIAL PURCHASER OF THE MOTOR VEHICLE FOR PURPOSES OTHER THAN FOR RESALE THE RIGHT DESCRIBED IN SUBSECTION (1)(a) OF THIS SECTION.

42-10-109. Buy back notice. (1) IF THE MOTOR VEHICLE IS RETURNED PURSUANT TO SECTION 42-10-103 (1), A MANUFACTURER, A MANUFACTURER'S AGENT, OR A MANUFACTURER'S AUTHORIZED DEALER SHALL, BEFORE THE RESALE OF THE MOTOR VEHICLE IN THIS STATE:

(a) NOTIFY THE DEPARTMENT OF REVENUE THAT THE MOTOR VEHICLE WAS RETURNED TO THE MANUFACTURER, THE MANUFACTURER'S AGENT, OR THE MANUFACTURER'S AUTHORIZED DEALER PURSUANT TO SECTION 42-10-103 (1);

(b) ATTACH A DECAL TO THE MOTOR VEHICLE THAT CLEARLY AND CONSPICUOUSLY READS "LEMON LAW BUYBACK" ON THE BODY POST TO WHICH THE DRIVER'S DOOR LATCHES, ALSO KNOWN AS THE DRIVER'S DOOR B PILLAR, ON THE DATE THE MOTOR VEHICLE IS RETURNED AND SHALL NOT REMOVE THE DECAL; AND

(c) APPLY FOR A LEMON LAW BUYBACK BRANDED CERTIFICATE OF TITLE PURSUANT TO ARTICLE 6 OF THIS TITLE 42 IN THE MANUFACTURER'S, THE MANUFACTURER'S AGENT'S, OR THE MANUFACTURER'S AUTHORIZED DEALER'S NAME.

(2) A SELLER OF A MOTOR VEHICLE, INCLUDING A MANUFACTURER OR DEALER, WHO KNOWS OR SHOULD HAVE KNOWN THAT THE MOTOR VEHICLE IS A LEMON LAW BUYBACK VEHICLE SHALL CLEARLY AND CONSPICUOUSLY DISCLOSE THAT THE MOTOR VEHICLE IS A LEMON LAW BUYBACK VEHICLE BEFORE THE SALE OF THE MOTOR VEHICLE.

(3) THE SELLER OF A LEMON LAW BUYBACK VEHICLE SHALL NOT REMOVE A LEMON LAW BUYBACK DECAL FROM THE LEMON LAW BUYBACK VEHICLE.

42-10-110. Applicability. (1) THIS ARTICLE 10 DOES NOT APPLY TO A USED MOTOR VEHICLE; EXCEPT THAT SECTIONS 42-10-108 AND 42-10-109 APPLY TO A USED MOTOR VEHICLE.

(2) THIS ARTICLE 10 DOES NOT APPLY TO A USED MOTOR VEHICLE DEALER LICENSED IN ACCORDANCE WITH ARTICLE 20 OF TITLE 44.

SECTION 7. In Colorado Revised Statutes, 42-6-102, **amend** (1.7)(e) and (1.7)(f); and **add** (1.7)(g) as follows:

42-6-102. Definitions. As used in this part 1, unless the context otherwise requires:

(1.7) "Brand" means a permanent designation or marking on a motor vehicle's title, associated with the vehicle identification number, that conveys information about the value of the vehicle or indicates that the vehicle:

(e) Has had its odometer tampered with; ~~or~~

(f) Has a designation placed on the title by another jurisdiction; OR

(g) IS A LEMON LAW BUYBACK VEHICLE, AS DEFINED IN SECTION 42-10-101 (1.5).

SECTION 8. In Colorado Revised Statutes, 42-6-107, **amend** (1)(a)(III) as follows:

42-6-107. Certificates of title - contents - rules. (1) (a) (III) If a vehicle shows a brand in ~~its~~ THE VEHICLE'S title history, or if the vehicle is subject to a brand, the department shall place the appropriate brand on the certificate of title. If the vehicle has multiple brands, the department shall place the most recent brand on the certificate of title and the notice "other brands exist". If the brand is from a certificate of title issued in another jurisdiction, the brand must be carried forward to the Colorado certificate of title along with the name of the jurisdiction originating

the brand. ON AND AFTER JANUARY 1, 2027, THE APPROPRIATE BRAND IS "LEMON LAW BUYBACK" IF A MOTOR VEHICLE IS A LEMON LAW BUYBACK VEHICLE, AS DEFINED IN SECTION 42-10-101 (1.5).

SECTION 9. In Colorado Revised Statutes, 44-20-121, **add** (1)(d) as follows:

44-20-121. Licenses - grounds for denial, suspension, or revocation. (1) A manufacturer's or distributor's license may be denied, suspended, or revoked on the following grounds:

(d) FAILING TO COMPLY WITH ARTICLE 10 OF TITLE 42.

SECTION 10. Appropriation. (1) For the 2024-25 state fiscal year, \$19,605 is appropriated to the department of revenue. This appropriation is from the Colorado DRIVES vehicle services account in the highway users tax fund created in section 42-1-211 (2), C.R.S. To implement this act, the department may use this appropriation as follows:

- (a) \$14,700 for DRIVES maintenance and support;
- (b) \$1,088 for personal services related to driver services;
- (c) \$1,540 for personal services related to administration and support; and
- (d) \$2,277 for payments to OIT.

SECTION 11. Act subject to petition - effective date - applicability. (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to motor vehicles sold or leased on or after the applicable effective date of this act.

Approved: June 6, 2024