



# Legislative Council Staff

## Research Note

Version: Final

Date: 10/6/2016

### Bill Number

**House Bill 16-1317**

### Sponsors

***Representative Williams  
Senator Holbert***

### Short Title

***Motor Vehicle Service Contract  
Products & Services***

### Research Analyst

**Luisa Altmann (x3518)**

### Status

This research note reflects the final version of the bill, which became effective on August 10, 2016.

### Summary

This bill authorizes the following products or services to be offered in connection with a motor vehicle service contract which is given for consideration over and above the lease or purchase price of a motor vehicle:

- repair or replacement of wheels or tires damaged by road hazards;
- paintless dent repair;
- repair or replacement of a windshield damaged by road hazards;
- key fob replacement; and
- other similar services.

The bill clarifies that a prepaid routine maintenance agreement is not a service or insurance contract. It also defines the term "manufacturer" as it applies to motor vehicle service contract insurance.

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## Background

Car buyers are often encouraged to purchase a motor vehicle service contract when buying a new or used car. Sometimes referred to as an extended warranty by salesmen, service contracts are often designed to provide coverage for repairs once the original manufacturer's warranty expires.

## House Action

**House Business Affairs and Labor Committee (March 22, 2016).** At the hearing, a representative from the Motor Vehicle Ancillary Products Association testified in support of the bill. The committee adopted amendment L.003 and referred the bill to the House Committee of the Whole.

Amendment L.003 removed the requirement that the Commissioner of Insurance approve other services that may be included under a service contract, added a definition of "manufacturer" for purposes of the new law, and excluded prepaid agreements that only provide routine maintenance.

**House second reading (March 28, 2016).** The House adopted the House Business Affairs and Labor Committee report and passed the bill on second reading.

**House third reading (March 29, 2016).** The House passed the bill, unamended, on third reading.

## Senate Action

**Senate Business, Labor, & Technology Committee (April 11, 2016).** At the hearing, a representative from the Motor Vehicles Products Association responded to questions from the committee. The committee referred the bill, unamended, to the Senate Committee of the Whole, with a recommendation that it be placed on the consent calendar.

**Senate second reading (April 14, 2016).** The Senate passed the bill, unamended, on second reading.

**Senate third reading (April 15, 2016).** The Senate passed the bill, unamended, on third reading.