

Second Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 24-1136.01 Jery Payne x2157

SENATE BILL 24-192

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SENATE SPONSORSHIP

Michaelson Jenet,

HOUSE SPONSORSHIP

(None),

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Senate Committees

Business, Labor, & Technology  
Appropriations

House Committees

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A BILL FOR AN ACT

101 CONCERNING CHANGES TO THE LAW REQUIRING PERSONS IN THE  
102 BUSINESS OF SELLING MOTOR VEHICLES TO MAKE A CONSUMER  
103 WHOLE IF THE MOTOR VEHICLE FAILS TO PERFORM.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

Current law, which is commonly known as the "lemon law", requires a manufacturer, a manufacturer's agent, or a manufacturer's authorized dealer (dealer) to replace or buy back a motor vehicle if the consumer notified the dealer within the earlier of the warranty period or one year after original delivery of the motor vehicle (notification time),

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

and the motor vehicle underwent a reasonable number of attempts to repair. The number of repairs are considered reasonable if:

- The motor vehicle was out of service for repairs for a cumulative total of 30 or more business days; or
- The dealer tried unsuccessfully to repair the motor vehicle 4 or more times.

The bill:

- Expands the lemon law to cover motor vehicles affected by safety-based nonconformities;
- Expands the notification time to include the earlier of the first 36,000 miles or 3 years after original delivery of the motor vehicle;
- Clarifies that, for any claim a consumer raises against a manufacturer, the lemon law is not an affirmative defense against the consumer's claim when the statute of limitations is tolled for a period of time after the consumer has presented a claim and submitted the motor vehicle for repair but before the threshold for cure has been met;
- Lowers the number of out-of-service business days from 30 to 21; and
- Lowers the number of required attempts to repair from 4 to 3.

Current law requires the manufacturer to be notified of a defect and be given an opportunity to cure the defect in order to be subject to the reasonable repairs presumption. The bill adds a 10-day limit on the opportunity to cure the defect.

Current law allows a dealer, when buying back a motor vehicle, to deduct a reasonable allowance for use. The bill sets a formula for determining the reasonable allowance for use.

Current law exempts from the lemon law motor vehicles that have a problem that does not affect the market value of the motor vehicle. The bill adds that the problem must not affect the safety of the motor vehicle to qualify for the exemption.

The bill changes the statute of limitations from the earlier of 6 months after the expiration of a warranty or within one year after the original delivery of the motor vehicle to 42 months after the original delivery.

The bill requires a dealer to allow an agent of a purchaser to inspect a motor vehicle unless the dealer provides a 7-day free-look period in which the purchaser may return the motor vehicle and receive a refund of all money paid to the dealer to purchase the motor vehicle. The dealer must notify purchasers of this inspection right. The dealer is required to give certain notices that the motor vehicle was returned, including notifying the department of revenue (department). The department must put a brand on the title to notify subsequent purchasers.

Failing to comply with the bill is a ground for discipline for a manufacturer, distributor, motor vehicle dealer, wholesale motor vehicle auction dealer, wholesaler, buyer agent, used motor vehicle dealer licensee, motor vehicle salesperson, or business disposal licensee.

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

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

4 **42-10-101. Definitions.** As used in this ~~article~~ ARTICLE 10, unless  
5 the context otherwise requires:

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

13 (2) "Motor vehicle" means a self-propelled private passenger  
14 vehicle, including MOTORCYCLES AS DEFINED IN SECTION 42-1-102 (55),  
15 pickup trucks, and vans, designed primarily for travel on the public  
16 highways and used to carry not more than ten persons, which is sold to a  
17 consumer in this state; except that the term does not include motor homes  
18 as defined in section 42-1-102 (57) or ~~vehicles designed to travel on three~~  
19 ~~or fewer wheels in contact with the ground~~ A MOTOR VEHICLE THAT HAS  
20 BEEN MODIFIED FOR COMMERCIAL USE.

21 (2.5) "SAFETY-BASED NONCONFORMITY" MEANS A  
22 LIFE-THREATENING NONCONFORMITY THAT:

23 (a) IMPEDES THE CONSUMER'S ABILITY TO CONTROL OR OPERATE

1 THE MOTOR VEHICLE FOR ORDINARY USE OR REASONABLY INTENDED  
2 PURPOSES;

3 (b) CREATES A RISK OF FIRE OR EXPLOSION; OR

4 (c) REQUIRES A STOP-SALE DIRECTIVE UNDER SECTION 44-20-141.

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

7 **42-10-102. Repairs to conform vehicle to warranty.** (1) If a  
8 motor vehicle HAS A SAFETY-BASED NONCONFORMITY OR does not  
9 conform to a warranty and the consumer reports the nonconformity to the  
10 manufacturer, ~~its~~ THE MANUFACTURER'S agent, or ~~its~~ THE  
11 MANUFACTURER'S authorized dealer ~~during the term of such warranty or~~  
12 ~~during a period of one year~~ WITHIN THE FIRST THIRTY-SIX THOUSAND  
13 MILES OF THE MOTOR VEHICLE'S OPERATION OR WITHIN THREE YEARS  
14 following the date of the original delivery of the motor vehicle to a  
15 consumer, whichever ~~is the~~ OCCURS earlier, ~~date~~; the manufacturer, ~~its~~  
16 THE MANUFACTURER'S agent, or ~~its~~ THE MANUFACTURER'S authorized  
17 dealer shall make such repairs as are necessary to conform the MOTOR  
18 vehicle to ~~such~~ THE warranty, notwithstanding the fact that ~~such~~ THE  
19 repairs are made after the expiration of ~~such term or such one-year~~ THE  
20 period.

21 (2) THIS SECTION IS NOT AN AFFIRMATIVE DEFENSE AGAINST A  
22 CONSUMER'S CLAIM WHEN THE STATUTE OF LIMITATIONS IS TOLLED FOR A  
23 PERIOD OF TIME AFTER THE CONSUMER HAS PRESENTED A CLAIM AND  
24 SUBMITTED THE MOTOR VEHICLE FOR REPAIR BUT BEFORE THE THRESHOLD  
25 FOR CURE HAS BEEN MET.

26 **SECTION 3.** In Colorado Revised Statutes, 42-10-103, **amend**  
27 (1), (2)(a), (2)(b), and (2)(c); and **add** (4) as follows:

1           **42-10-103. Failure to conform vehicle to warranty -**

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

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

22           (I) ~~The same~~ A nonconformity has been subject to repair ~~four~~  
23 THREE or more times by the manufacturer, ~~its~~ THE MANUFACTURER'S  
24 agent, or ~~its~~ THE MANUFACTURER'S authorized dealer within ~~the warranty~~  
25 ~~term or during a period of one year~~ THE FIRST THIRTY-SIX THOUSAND  
26 MILES OR WITHIN THREE YEARS following the date of the original delivery  
27 of the motor vehicle to the consumer, whichever ~~is the~~ OCCURS earlier,

1 ~~date~~, but ~~such~~ THE nonconformity continues to exist; ~~or~~

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

8 (III) A SAFETY-BASED NONCONFORMITY HAS BEEN SUBJECT TO  
9 TWO OR MORE REPAIR ATTEMPTS BY THE MANUFACTURER, THE  
10 MANUFACTURER'S AGENT, OR THE MANUFACTURER'S AUTHORIZED DEALER  
11 WITHIN THE FIRST THIRTY-SIX THOUSAND MILES OF OPERATION OR WITHIN  
12 THREE YEARS FOLLOWING THE DATE OF THE ORIGINAL DELIVERY OF THE  
13 MOTOR VEHICLE TO THE CONSUMER, WHICHEVER OCCURS EARLIER, BUT  
14 THE SAFETY-BASED NONCONFORMITY CONTINUES TO EXIST.

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

20 (c) ~~In no event shall~~ A presumption under ~~paragraph (a) of this~~  
21 ~~subsection (2)~~ SUBSECTION (2)(a) OF THIS SECTION DOES NOT apply  
22 against a manufacturer unless the manufacturer has received prior written  
23 notification by certified mail from or on behalf of the consumer and has  
24 been provided an opportunity to cure the ALLEGED defect ~~alleged~~. Such  
25 WITHIN TEN DAYS AFTER RECEIPT OF THE NOTIFICATION. THE defect ~~shall~~  
26 ~~count~~ COUNTS as one nonconformity subject to repair under ~~subparagraph~~  
27 ~~(f) of paragraph (a) of this subsection (2)~~ SUBSECTION (2)(a)(I) OF THIS

1 SECTION.

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

7 (a) THE NUMBER OF MILES THAT THE MOTOR VEHICLE TRAVELED  
8 BEFORE THE CONSUMER'S FIRST REPORT OF THE NONCONFORMITY TO THE  
9 MANUFACTURER, THE MANUFACTURER'S AGENT, OR THE MANUFACTURER'S  
10 DEALER OR LESSOR; AND

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

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

16 **42-10-104. Affirmative defenses.** (1) It ~~shall be~~ IS an affirmative  
17 defense to any claim under this ~~article~~ ARTICLE 10 that:

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

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

22 **42-10-107. Statute of limitations.** Any action brought to enforce  
23 ~~the provisions of this article shall~~ THIS ARTICLE 10 MUST be commenced  
24 within ~~six months following the expiration date of any warranty term or~~  
25 ~~within one year~~ FORTY-TWO MONTHS following the date of the original  
26 delivery of a motor vehicle to a consumer; ~~whichever is the earlier date;~~  
27 except that the statute of limitations ~~shall be~~ IS tolled during the period

1 the consumer has submitted to arbitration under section 42-10-106.

2 **SECTION 6.** In Colorado Revised Statutes, **add** 42-10-108 and  
3 42-10-109 as follows:

4 **42-10-108. Third-party inspection - disclosure.** (1) IF A MOTOR  
5 VEHICLE IS RETURNED PURSUANT TO SECTION 42-10-103 (1), THE  
6 MANUFACTURER, THE MANUFACTURER'S AGENT, OR THE MANUFACTURER'S  
7 AUTHORIZED DEALER SHALL ALLOW A THIRD-PARTY AGENT OF A  
8 POTENTIAL PURCHASER TO INSPECT A MOTOR VEHICLE BEFORE SELLING  
9 THE MOTOR VEHICLE UNLESS THE MANUFACTURER, THE MANUFACTURER'S  
10 AGENT, OR THE MANUFACTURER'S AUTHORIZED DEALER PROVIDES A  
11 SEVEN-DAY FREE-LOOK PERIOD IN WHICH THE PURCHASER MAY RETURN  
12 THE MOTOR VEHICLE AND RECEIVE A REFUND OF ALL MONEY PAID TO  
13 PURCHASE THE MOTOR VEHICLE.

14 (2) IF THE MOTOR VEHICLE IS RETURNED PURSUANT TO SECTION  
15 42-10-103 (1), THE MANUFACTURER, THE MANUFACTURER'S AGENT, OR  
16 THE MANUFACTURER'S AUTHORIZED DEALER SHALL DISCLOSE, BEFORE THE  
17 MOTOR VEHICLE IS PURCHASED, TO EACH POTENTIAL PURCHASER OF THE  
18 MOTOR VEHICLE THE RIGHT DESCRIBED IN SUBSECTION (1) OF THIS  
19 SECTION.

20 **42-10-109. Buy back notice.** (1) IF THE MOTOR VEHICLE IS  
21 RETURNED PURSUANT TO SECTION 42-10-103 (1), A MANUFACTURER, A  
22 MANUFACTURER'S AGENT, OR A MANUFACTURER'S AUTHORIZED DEALER  
23 SHALL:

24 (a) NOTIFY A POTENTIAL PURCHASER THAT THE MOTOR VEHICLE  
25 WAS RETURNED TO THE MANUFACTURER, THE MANUFACTURER'S AGENT,  
26 OR THE MANUFACTURER'S AUTHORIZED DEALER PURSUANT TO SECTION  
27 42-10-103 (1);



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

5 (c) ATTACH A DECAL TO THE MOTOR VEHICLE THAT READS  
6 "LEMON LAW BUYBACK AND REPAIR" IN A CLEAR AND CONSPICUOUS OR  
7 EASILY VISIBLE LOCATION ON THE DATE THE MOTOR VEHICLE IS RETURNED  
8 AND SHALL NOT REMOVE THE DECAL UNTIL THE MOTOR VEHICLE IS SOLD;  
9 AND

10 (d) APPLY FOR A CERTIFICATE OF TITLE PURSUANT TO ARTICLE 6  
11 OF THIS TITLE 42 IN THE MANUFACTURER'S, THE MANUFACTURER'S  
12 AGENT'S, OR THE MANUFACTURER'S AUTHORIZED DEALER'S NAME.

13 **SECTION 7.** In Colorado Revised Statutes, 42-6-102, **amend**  
14 (1.7)(e) and (1.7)(f); and **add** (1.7)(g) as follows:

15 **42-6-102. Definitions.** As used in this part 1, unless the context  
16 otherwise requires:

17 (1.7) "Brand" means a permanent designation or marking on a  
18 motor vehicle's title, associated with the vehicle identification number,  
19 that conveys information about the value of the vehicle or indicates that  
20 the vehicle:

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

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

23 (g) HAS BEEN RETURNED TO THE MANUFACTURER, THE  
24 MANUFACTURER'S AGENT, OR THE MANUFACTURER'S AUTHORIZED DEALER  
25 PURSUANT TO SECTION 42-10-103 (1).

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

1           **42-6-107. Certificates of title - contents - rules.** (1) (a) (III) If  
2 a vehicle shows a brand in ~~its~~ THE VEHICLE'S title history, or if the vehicle  
3 is subject to a brand, the department shall place the appropriate brand on  
4 the certificate of title. If the vehicle has multiple brands, the department  
5 shall place the most recent brand on the certificate of title and the notice  
6 "other brands exist". If the brand is from a certificate of title issued in  
7 another jurisdiction, the brand must be carried forward to the Colorado  
8 certificate of title along with the name of the jurisdiction originating the  
9 brand. IF A MOTOR VEHICLE IS RETURNED PURSUANT TO SECTION  
10 42-10-103 (1), THE APPROPRIATE BRAND IS "LEMON LAW BUYBACK AND  
11 REPAIR".

12           **SECTION 9.** In Colorado Revised Statutes, 44-20-121, **add**  
13 (1)(d), (3)(t), (6)(q), and (6.5)(q) as follows:

14           **44-20-121. Licenses - grounds for denial, suspension, or**  
15 **revocation.** (1) A manufacturer's or distributor's license may be denied,  
16 suspended, or revoked on the following grounds:

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

18           (3) A motor vehicle dealer's, wholesale motor vehicle auction  
19 dealer's, wholesaler's, buyer agent's, or used motor vehicle dealer's license  
20 may be denied, suspended, or revoked on the following grounds:

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

22           (6) The license of a motor vehicle salesperson may be denied,  
23 revoked, or suspended on the following grounds:

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

25           (6.5) A business disposal license may be denied, suspended, or  
26 revoked on the following grounds:

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

1           **SECTION 10. Act subject to petition - effective date -**  
2           **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
3           the expiration of the ninety-day period after final adjournment of the  
4           general assembly; except that, if a referendum petition is filed pursuant  
5           to section 1 (3) of article V of the state constitution against this act or an  
6           item, section, or part of this act within such period, then the act, item,  
7           section, or part will not take effect unless approved by the people at the  
8           general election to be held in November 2024 and, in such case, will take  
9           effect on the date of the official declaration of the vote thereon by the  
10          governor.  
11          (2) This act applies to motor vehicles sold or leased on or after the  
12          applicable effective date of this act.