



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 24-1136	Date:	August 19, 2024
Prime Sponsors:	Sen. Michaelson Jenet Rep. Soper; Snyder	Bill Status:	Signed into Law
		Fiscal Analyst:	Nina Forbes 303-866-4785 nina.forbes@coleg.gov

Bill Topic: **MOTOR VEHICLE LEMON LAW**

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill expands the state’s motor vehicle Lemon Law, including creating a “lemon law buyback” title brand. It increases state expenditures in FY 2025-26 only.

Appropriation Summary: The bill includes but does not require an appropriation for FY 2024-25. See State Appropriations section for detail.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 24-192

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	Cash Funds	-	\$20,025
Transfers		-	-
Other Budget Impacts		-	-

Summary of Legislation

Under current law, known as the “Lemon Law,” a vehicle manufacturer, manufacturer’s agent, or a manufacturer’s authorized dealer must replace or buy back a motor vehicle if the purchaser notified the dealer within the earlier of either the warranty period or one year after the original delivery of the vehicle and the vehicle underwent a reasonable number of repair attempts. Reasonable repair attempts mean the 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 vehicle four or more times.

The bill expands the Lemon Law to:

- cover vehicles affected by safety-based nonconformities;
- lengthen the notification time to include the earlier of either the first 24,000 miles or two years after original delivery of the vehicle;
- lengthen the statute of limitations to 30 months after the delivery of the vehicle;
- lower the number of out-of-service business days from 30 to 24;
- lower the number of required repair attempts from four to three;
- add a 10-business day limit on the opportunity for a manufacture to cure the defect;
- set a formula for determining the reasonable allowance for use deduction when a dealer buys back the vehicle;
- clarify that vehicles exempt from the Lemon Law due to problems that do not affect the market value of the vehicle must not be problems affecting safety;
- require a dealer to allow an agent of the purchaser to inspect the vehicle unless the dealer proves a 7-day free-look period in which the purchaser may return the vehicle and receive a full refund; and
- require dealers to give certain notices that a vehicle was returned, including notifying the Department of Revenue (DOR). Beginning January 1, 2027, DOR must put a “lemon law buyback” brand on the vehicle’s title to notify subsequent purchasers of the return.

State Expenditures

The bill increases state expenditures in the Department of Revenue by about \$20,000 in FY 2025-26 from the DRIVES Vehicle Services Account, as shown in Table 2.

Table 2
Expenditures Under SB 24-192

	FY 2024-25	FY 2025-26
Department of Revenue		
Computer Programming	-	\$20,025
Total Cost	-	\$20,025

Department of Revenue. The DOR will have costs to add the new title brand into the DRIVES system. Computer programming costs in FY 2025-26 include DRIVES programming, estimated at 60 hours at a rate of \$252 per hour; ISD development and testing costs, estimated at 44 hours at a rate of \$35 per hour; support from the Office of Information Technology estimated at 23 hours at a rate of \$99 per hour, paid to OIT through real-time billing; and business user acceptance testing at 34 hours at a rate of \$32 per hour. These costs will require roll-forward spending authority through FY 2026-27.

Effective Date

The bill was signed into law by the Governor on June 6, 2024, and it took effect on August 7, 2024.

State Appropriations

For FY 2024-25, the bill includes an appropriation of \$19,605 to the Department of Revenue from the DRIVES Vehicle Services Account. The bill was amended at the end of session to move the requirement that the DOR put a "lemon law buyback" brand on affected vehicle titles to apply after January 1, 2027. As a result, the DOR no longer requires this FY 2024-25 appropriation and these funds will be unspent.

State and Local Government Contacts

Information Technology

Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).