

108TH CONGRESS  
1ST SESSION

# H. R. 1283

To protect automobile consumers by requiring complete disclosure and warranty of any add-ons included with the sale of new automobiles.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2003

Mr. MEEKS of New York introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To protect automobile consumers by requiring complete disclosure and warranty of any add-ons included with the sale of new automobiles.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “New Automobile Add-  
5 On Disclosure and Consumer Protection Act”.

6 **SEC. 2. DISCLOSURES FOR PURCHASERS OF NEW AUTO-**  
7 **MOBILES.**

8 In accordance with regulations prescribed by the Fed-  
9 eral Trade Commission under section 5, a dealer shall pro-  
10 vide, to each consumer that purchases a new automobile

1 from the dealer the following (with respect to each auto-  
2 mobile):

3 (1) DEALER ADD-ON INVOICE.—With respect to  
4 the particular new automobile purchased by a con-  
5 sumer from the new car dealer, an invoice (separate  
6 from any other document) that contains the fol-  
7 lowing:

8 (A) A description of any add-on included  
9 with (or included in the total price of) the new  
10 automobile.

11 (B) The consumer's request, consent, or  
12 agreement for provision by the dealer of any  
13 add-ons itemized under subparagraph (A).

14 (C) With respect to any add-ons itemized  
15 under subparagraph (A), the following itemized:

16 (i) The cost to the dealer of each add-  
17 on and the total cost to the dealer for all  
18 add-ons.

19 (ii) The cost to the consumer of each  
20 add-on and the total cost to the consumer  
21 for all add-ons, excluding any applicable  
22 taxes.

23 (iii) Any applicable taxes imposed on  
24 the consumer for each add-on and the total  
25 amount of such taxes for all add-ons.

1           (2) DEALER ADD-ON WARRANTY STATEMENT.—

2           With respect to the particular new automobile pur-  
3           chased by a consumer from the new car dealer, a  
4           warranty statement (separate from any other docu-  
5           ment) that contains the following:

6                   (A) A description of any written warranty  
7                   or service contract provided by a warrantor, the  
8                   dealer, or a third party with respect to any add-  
9                   on itemized under paragraph (1)(A).

10                   (B) A description of any effect on a writ-  
11                   ten warranty or service contract described  
12                   under subparagraph (A) that results from the  
13                   installation, modification, or provision of an  
14                   add-on, including by a third party.

15                   (C) A description of any effect an add-on  
16                   itemized under paragraph (1)(A) has on a writ-  
17                   ten warranty of the new automobile as origi-  
18                   nally manufactured, including—

19                           (i) the extent of such effect; and

20                           (ii) the extent to which (and manner  
21                           in which) the dealer will cover any dis-  
22                           parity between any written warranty for  
23                           the automobile as originally manufactured  
24                           and the written warranty for the auto-  
25                           mobile as affected by any add-ons.

1           (D) Information (including separate docu-  
2           mentation, if applicable) sufficient for the con-  
3           sumer to utilize or otherwise take advantage of  
4           any warranty described under subparagraphs  
5           (A) through (C).

6           (E) A statement of the extent to which  
7           (and manner in which) the dealer will cover any  
8           disparity between any warranty for an add-on,  
9           or for the automobile as originally manufac-  
10          tured, and any such warranty actually provided  
11          to the customer.

12          (3) TIMING OF DISCLOSURE.—The invoice re-  
13          quired by paragraph (1) and warranty statement re-  
14          quired by paragraph (2) shall be provided to the  
15          consumer—

16               (A) for any add-ons included with the  
17               automobile up to the time in which the sale of  
18               the automobile is finalized, at the time in which  
19               the sale is finalized; and

20               (B) for any add-ons included with the  
21               automobile after the time the sale is finalized  
22               and up to the time in which the automobile is  
23               delivered to the consumer, at the time in which  
24               the automobile is delivered to the consumer.

1 **SEC. 3. ENFORCEMENT.**

2 (a) CIVIL PENALTY.—A dealer that violates section  
3 2 shall be liable to the United States for a civil penalty  
4 of not more than \$10,000 or the total cost of the new  
5 automobile involved (including add-ons, taxes, and any  
6 other fees charged to the customer by the dealer), which-  
7 ever is greater. The Federal Trade Commission may en-  
8 force a civil penalty under this subsection in a civil action  
9 in an appropriate district court of the United States.

10 (b) PRIVATE RIGHT OF ACTION.—A consumer ag-  
11 grieved by a violation of this Act may bring in an appro-  
12 priate district court of the United States or, if otherwise  
13 permitted by the laws or rules of court of a State, in an  
14 appropriate court of that State—

15 (1) a civil action to enjoin a violation of this  
16 Act;

17 (2) a civil action to recover—

18 (A) the greater of actual monetary loss or  
19 \$10,000 in damages for each such violation;

20 (B) up to three times the amount de-  
21 scribed in subparagraph (A), to be determined  
22 in the discretion of the court, if the court finds  
23 that the defendant willfully or knowingly com-  
24 mitted such violation; and

25 (C) a reasonable attorney fee and the costs  
26 of the action; or

1 (3) both such actions.

2 (c) LIMITATION.—Nothing in this Act shall prohibit  
3 the enforcement of any State laws or regulations relating  
4 to the sale of automobiles, or requiring the disclosure of  
5 information regarding automobiles to the consumer.

6 **SEC. 4. DEFINITIONS.**

7 In this Act:

8 (1) The term “add-on” means, with respect to  
9 a new automobile purchased from a dealer by a con-  
10 sumer—

11 (A) any motor vehicle equipment (as such  
12 term is used in section 30102(a) of title 49,  
13 United States Code) that is—

14 (i) not a system, part, or component  
15 of the new automobile as originally manu-  
16 factured; and

17 (ii) not itemized on the label required  
18 under section 3 of the Automobile Infor-  
19 mation Disclosure Act (15 U.S.C. 1232);

20 (B) any modification of the new auto-  
21 mobile, or of any motor vehicle equipment pro-  
22 vided as a system, part, or component of the  
23 new automobile as originally manufactured,  
24 that is performed by, or on behalf of, the deal-  
25 er;

1 (C) any written warranty or service con-  
2 tract provided by a warrantor, the dealer, or a  
3 third party (other than the manufacturer); or

4 (D) any service provided by, or on behalf  
5 of, the dealer to the consumer that is—

6 (i) related to any equipment described  
7 in subparagraph (A) (including installa-  
8 tion) or to a modification described in sub-  
9 paragraph (B);

10 (ii) not included in the cost of such  
11 equipment or modification; and

12 (iii) not a financial service.

13 (2) The term “consumer” has the meaning  
14 given the term “ultimate purchaser” in section 2 of  
15 the Automobile Information Disclosure Act (15  
16 U.S.C. 1231).

17 (3) The term “dealer” has the meaning given  
18 that term in section 30102(a) of title 49, United  
19 States Code.

20 (4) The terms “manufacturer” and “new auto-  
21 mobile” have the meanings given those terms in sec-  
22 tion 2 of the Automobile Information Disclosure Act  
23 (15 U.S.C. 1231).

24 (5) The terms “service contract”, “warranty”,  
25 and “warrantor” have the meanings give those

1 terms in section 101 of the Magnuson-Moss War-  
2 ranty—Federal Trade Commission Improvement Act  
3 (15 U.S.C. 2301), except that any reference to a  
4 consumer product shall be deemed to be a reference  
5 to a new automobile or an add-on.

6 **SEC. 5. RULEMAKING.**

7 Within 180 days following the enactment of this Act,  
8 the Federal Trade Commission shall prescribe regulations  
9 to carry out this Act, including guidelines setting forth  
10 a uniform method by which a dealer may provide the dis-  
11 closures required by section 2.

12 **SEC. 6. EFFECTIVE DATE.**

13 This Act shall take effect 30 days following the  
14 issuance of a final rule by the Federal Trade Commission  
15 pursuant to section 5.

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