STATE OF NEW YORK

8594

2025-2026 Regular Sessions

IN ASSEMBLY

May 22, 2025

Introduced by M. of A. P. CARROLL -- read once and referred to the Committee on Consumer Affairs and Protection

AN ACT to amend the general business law, in relation to used motor vehicles

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Paragraphs 2, 4 and 7 of subdivision (a) of section 198-a of the general business law, paragraph 2 as amended by chapter 485 of the laws of 2003 and paragraphs 4 and 7 as added by chapter 799 of the laws of 1986, are amended to read as follows:

(2) "Motor vehicle" means a motor vehicle excluding off-road vehicles, which was subject to a manufacturer's express warranty at the time of original delivery and either (i) was purchased, leased or transferred in this state within either the first [~~eighteen~~] thirty-six thousand miles of operation or [~~two~~] three years from the date of original delivery, whichever is earlier, or (ii) is registered in this state;

(4) "Mileage deduction formula" means the mileage which is in excess of [~~twelve~~] twenty thousand miles times the purchase price, or the lease price if applicable, of the vehicle divided by [~~one~~] two hundred thousand miles.

(7) "Service fees" means the portion of a lease payment attributable to:

(i) an amount for earned interest, regardless of how it is characterized in the lease agreement, calculated on the rental payments, inclusive of the earned interest, previously paid to the lessor for the leased vehicle at an annual rate equal to two points above the prime rate in effect on the date of the execution of the lease; and

(ii) any insurance or other costs expended by the lessor for the benefit of the lessee.

§ 2. Paragraphs 1 and 2 of subdivision (b) of section 198-a of the general business law, paragraph 1 as amended by chapter 217 of the laws

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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of 1990 and paragraph 2 as amended by chapter 279 of the laws of 1989, are amended to read as follows:

(1) If a new motor vehicle which is sold and registered in this state does not conform to all express warranties during the first [~~eighteen~~] **thirty-six** thousand miles of operation or during the period of [~~two~~] **three** years following the date of original delivery of the motor vehicle to such consumer, whichever is the earlier date, the consumer shall during such period report the nonconformity, defect or condition to the manufacturer, its agent or its authorized dealer. If the notification is received by the manufacturer's agent or authorized dealer, the agent or dealer shall within seven days forward written notice thereof to the manufacturer by certified mail, return receipt requested, and shall include in such notice a statement indicating whether or not such repairs have been undertaken. The manufacturer, its agent or its authorized dealer shall correct said nonconformity, defect or condition at no charge to the consumer, notwithstanding the fact that such repairs are made after the expiration of such period of operation or such two year period.

(2) If a manufacturer's agent or authorized dealer refuses to undertake repairs within seven days of receipt of the notice by a consumer of a nonconformity, defect or condition pursuant to paragraph one of this subdivision, the consumer may immediately forward written notice of such refusal to the manufacturer by certified mail, return receipt requested. The manufacturer or its authorized agent shall have twenty days from receipt of such notice of refusal to commence such repairs. If within such twenty day period, the manufacturer or its authorized agent fails to commence such repairs, the manufacturer, at the option of the consumer, shall replace the motor vehicle with a comparable motor vehicle, or accept return of the vehicle from the consumer and refund to the consumer the full purchase price or, if applicable, the lease price and any trade-in allowance plus fees and charges. Such fees and charges shall include but not be limited to all license fees, registration fees and any similar governmental charges, less an allowance for the consumer's use of the vehicle in excess of the first [~~twelve~~] **twenty** thousand miles of operation pursuant to the mileage deduction formula defined in paragraph four of subdivision (a) of this section, and a reasonable allowance for any damage not attributable to normal wear or improvements.

§ 3. Paragraph 1 of subdivision c of section 198-a of the general business law, as amended by chapter 234 of the laws of 1990, is amended to read as follows:

(1) If, within the period specified in subdivision (b) of this section, the manufacturer or its agents or authorized dealers are unable to repair or correct any defect or condition which substantially impairs the value of the motor vehicle to the consumer after a reasonable number of attempts, the manufacturer, at the option of the consumer, shall replace the motor vehicle with a comparable motor vehicle, or accept return of the vehicle from the consumer and refund to the consumer the full purchase price or, if applicable, the lease price and any trade-in allowance plus fees and charges. Any return of a motor vehicle may, at the option of the consumer, be made to the dealer or other authorized agent of the manufacturer who sold such vehicle to the consumer or to the dealer or other authorized agent who attempted to repair or correct the defect or condition which necessitated the return and shall not be subject to any further shipping charges. Such fees and charges shall include but not be limited to all license fees, registration fees and any similar governmental charges, less an allowance for the consumer's

use of the vehicle in excess of the first [~~twelve~~] **twenty** thousand miles of operation pursuant to the mileage deduction formula defined in paragraph four of subdivision (a) of this section, and a reasonable allowance for any damage not attributable to normal wear or improvements.

§ 4. Subdivisions (e) and (h) of section 198-a of the general business law, subdivision (e) as added by chapter 444 of the laws of 1983 and subdivision (h) as amended by chapter 799 of the laws of 1986, are amended to read as follows:

(e) The term of an express warranty, the [~~two~~] **three** year warranty period and the thirty day out of service period shall be extended by any time during which repair services are not available to the consumer because of a war, invasion or strike, fire, flood or other natural disaster.

(h) A manufacturer shall have up to thirty days from the date the consumer notifies the manufacturer of [~~his or her~~] **such consumer's** acceptance of the arbitrator's decision to comply with the terms of that decision. Failure to comply with the thirty day limitation shall also entitle the consumer to recover a fee of [~~twenty-five~~] **up to two hundred fifty** dollars for each business day of noncompliance up to [~~five hundred~~] **two thousand** dollars. Provided, however, that nothing contained in this subdivision shall impose any liability on a manufacturer where a delay beyond the thirty day period is attributable to a consumer who has requested a replacement vehicle built to order or with options that are not comparable to the vehicle being replaced or otherwise made compliance impossible within said period. In no event shall a consumer who has resorted to an informal dispute settlement mechanism be precluded from seeking the rights or remedies available by law.

§ 5. Paragraph 2 of subdivision (m) of section 198-a of the general business law, as added by chapter 799 of the laws of 1986, subparagraph 1 as amended by chapter 217 of the laws of 1990, subparagraph 4 as amended by chapter 263 of the laws of 1990, is amended to read as follows:

(2) The following notice shall be provided to consumers and arbitrators and shall be printed in conspicuous ten point bold face type:

NEW CAR LEMON LAW BILL OF RIGHTS

(1) IN ADDITION TO ANY WARRANTIES OFFERED BY THE MANUFACTURER, YOUR NEW CAR, IF PURCHASED AND REGISTERED IN NEW YORK STATE, IS WARRANTED AGAINST ALL MATERIAL DEFECTS FOR [~~EIGHTEEN~~] **THIRTY-SIX** THOUSAND MILES OR [~~TWO~~] **THREE** YEARS, WHICHEVER COMES FIRST.

(2) YOU MUST REPORT ANY PROBLEMS TO THE MANUFACTURER, ITS AGENT, OR AUTHORIZED DEALER.

(3) UPON NOTIFICATION, THE PROBLEM MUST BE CORRECTED FREE OF CHARGE.

(4) IF THE SAME PROBLEM CANNOT BE REPAIRED AFTER FOUR OR MORE ATTEMPTS; OR IF YOUR CAR IS OUT OF SERVICE TO REPAIR A PROBLEM FOR A TOTAL OF THIRTY DAYS DURING THE WARRANTY PERIOD; OR IF THE MANUFACTURER OR ITS AGENT REFUSES TO REPAIR A SUBSTANTIAL DEFECT OR CONDITION WITHIN TWENTY DAYS OF RECEIPT OF NOTICE SENT BY YOU TO THE MANUFACTURER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED; THEN YOU MAY BE ENTITLED TO EITHER A COMPARABLE CAR OR A REFUND OF YOUR PURCHASE PRICE, PLUS LICENSE AND REGISTRATION FEES, MINUS A MILEAGE ALLOWANCE ONLY IF THE VEHICLE HAS BEEN DRIVEN MORE THAN [~~12,000~~] **20,000** MILES. SPECIAL NOTIFICATION REQUIREMENTS MAY APPLY TO MOTOR HOMES.

(5) A MANUFACTURER MAY DENY LIABILITY IF THE PROBLEM IS CAUSED BY ABUSE, NEGLECT, OR UNAUTHORIZED MODIFICATIONS OF THE CAR.

(6) A MANUFACTURER MAY REFUSE TO EXCHANGE A COMPARABLE CAR OR REFUND YOUR PURCHASE PRICE IF THE PROBLEM DOES NOT SUBSTANTIALLY IMPAIR THE VALUE OF YOUR CAR.

(7) IF A MANUFACTURER HAS ESTABLISHED AN ARBITRATION PROCEDURE, THE MANUFACTURER MAY REFUSE TO EXCHANGE A COMPARABLE CAR OR REFUND YOUR PURCHASE PRICE UNTIL YOU FIRST RESORT TO THE PROCEDURE.

(8) IF THE MANUFACTURER DOES NOT HAVE AN ARBITRATION PROCEDURE, YOU MAY RESORT TO ANY REMEDY BY LAW AND MAY BE ENTITLED TO YOUR ATTORNEY'S FEES IF YOU PREVAIL.

(9) NO CONTRACT OR AGREEMENT CAN VOID ANY OF THESE RIGHTS.

(10) AS AN ALTERNATIVE TO THE ARBITRATION PROCEDURE MADE AVAILABLE THROUGH THE MANUFACTURER, YOU MAY INSTEAD CHOOSE TO SUBMIT YOUR CLAIM TO AN INDEPENDENT ARBITRATOR, APPROVED BY THE ATTORNEY GENERAL. YOU MAY HAVE TO PAY A FEE FOR SUCH AN ARBITRATION. CONTACT YOUR LOCAL CONSUMER OFFICE OR ATTORNEY GENERAL'S OFFICE TO FIND OUT HOW TO ARRANGE FOR INDEPENDENT ARBITRATION.

§ 6. Paragraph 2 of subdivision a of section 198-b of the general business law, as amended by chapter 485 of the laws of 2003, is amended to read as follows:

2. "Used motor vehicle" means a motor vehicle, excluding motor homes and off-road vehicles, which has been purchased, leased, or transferred either after [~~eighteen~~] thirty-six thousand miles of operation or [~~two~~] three years from the date of original delivery, whichever is earlier;

§ 7. Paragraphs 1 and 2 of subdivision b of section 198-b of the general business law, paragraph 1 as amended by chapter 857 of the laws of 1990 and paragraph 2 as amended by chapter 444 of the laws of 1989, are amended to read as follows:

1. No dealer shall sell or lease a used motor vehicle to a consumer without giving the consumer a written warranty which shall at minimum apply for the following terms:

(a) If the used motor vehicle has [~~thirty-six~~] eighty thousand miles or less, the warranty shall be at minimum [~~ninety days or four~~] twelve months or twelve thousand miles, whichever comes first.

(b) If the used motor vehicle has more than [~~thirty-six~~] eighty thousand one miles, but less than [~~eighty~~] one hundred thousand miles, the warranty shall be at minimum [~~sixty days or three~~] six months or six thousand miles, whichever comes first.

(c) If the used motor vehicle has [~~eighty~~] one hundred one thousand miles or more but no more than [~~one~~] two hundred thousand miles, the warranty shall be at a minimum [~~thirty days or one~~] three months or three thousand miles, whichever comes first.

2. The written warranty shall require the dealer or [~~his~~] such dealer's agent to repair or, at the election of the dealer, reimburse the consumer for the reasonable cost of repairing the failure of a covered part. Covered parts shall at least include the following items:

(a) Engine. All lubricated parts, water pump, fuel pump, manifolds, engine block, cylinder head, rotary engine housings and flywheel.

(b) Transmission. The transmission case, internal parts, and the torque converter.

(c) Drive axle. Front and rear drive axle housings and internal parts, axle shafts, propeller shafts and universal joints.

(d) Brakes. Master cylinder, vacuum assist booster, wheel cylinders, hydraulic lines and fittings and disc brake calipers.

(e) Radiator.

(f) Steering. The steering gear housing and all internal parts, power steering pump, valve body, piston and rack.

(g) Alternator, generator, starter, ignition system excluding the battery.

(h) Other relevant parts, including but not limited to, modern critical systems, computers, or modules such as navigation systems, lane changing software, driver assistance or automation software.

§ 8. Paragraph 3 of subdivision d of section 198-b of the general business law, as amended by chapter 692 of the laws of 1994, is amended to read as follows:

3. Notwithstanding paragraph one of this subdivision, this article shall not apply to used motor vehicles sold for, or in the case of a lease where the value of the used motor vehicle as agreed to by the consumer and the dealer which vehicle is the subject of the contract is, less than one thousand five hundred dollars, or to used motor vehicles with over [~~one~~] **two** hundred thousand miles at the time of sale or lease if said mileage is indicated in writing at the time of sale or lease. Further, this article shall not apply to the sale or lease of historical motor vehicles as defined in section four hundred one of the vehicle and traffic law.

§ 9. Paragraphs 1 and 3 of subdivision f of section 198-b of the general business law, paragraph 1 as separately amended by chapters 609 and 444 of the laws of 1989, subparagraphs 2 and 3 of paragraph 1 as added by chapter 469 of the laws of 1994 and paragraph 3 as amended by chapter 323 of the laws of 1997, are amended to read as follows:

1. If a dealer has established or participates in an informal dispute settlement procedure which complies in all respects with the provisions of part seven hundred three of title sixteen of the code of federal regulations the provisions of this article concerning refunds or replacement shall not apply to any consumer who has not first resorted to such procedure. Dealers utilizing informal dispute settlement procedures pursuant to this subdivision shall [~~insure~~] **ensure** that arbitrators participating in such informal dispute settlement procedures are familiar with the provisions of this section and shall provide to arbitrators and consumers who seek arbitration a copy of the provisions of this section together with the following notice in conspicuous ten point bold face type:

USED CAR LEMON LAW BILL OF RIGHTS

1. If you purchase a used car for more than one thousand five hundred dollars, or lease a used car where you and the dealer have agreed that the car's value is more than one thousand five hundred dollars, from anyone selling or leasing three or more used cars a year, you must be given a written warranty.

2. If your used car has [~~18,000~~] **36,000** miles or less, you may be protected by the new car lemon law.

3. (a) If your used car has more than [~~18,000~~] **36,000** miles and up to and including [~~36,000~~] **80,000** miles, a warranty must be provided for at least [~~90 days or 4,000~~] **12 months or 12,000** miles, whichever comes first.

(b) If your used car has more than [~~36,000~~] **80,000** miles but less than [~~80,000~~] **100,000** miles, a warranty must be provided for at least [~~60 days or 3,000~~] **6 months or 6,000** miles, whichever comes first.

(c) If your used car has [~~80,000~~] **100,000** miles or more but no more than [~~100,000~~] **200,000** miles, a warranty must be provided for at least [~~30 days or 1,000~~] **3 months or 3,000** miles, whichever comes first. Cars with over [~~100,000~~] **200,000** miles are not covered.

4. If your engine, transmission, drive axle, brakes, radiator, steering, alternator, generator, starter, or ignition system (excluding the

battery) are defective, the dealer or [~~his~~] their agent must repair or, if [~~he~~] such dealer so chooses, reimburse you for the reasonable cost of repair.

5. If the same problem cannot be repaired after three or more attempts, you are entitled to return the car and receive a refund of your purchase price or of all payments made under your lease contract, and of sales tax and fees, minus a reasonable allowance for any damage not attributable to normal usage or wear, and, in the case of a lease contract, a cancellation of all further payments you are otherwise required to make under the lease contract.

6. If your car is out of service to repair a problem for a total of fifteen days or more during the warranty period you are entitled to return the car and receive a refund of your purchase price or of all payments made under your lease contract, and of sales tax and fees, minus a reasonable allowance for any damage not attributable to normal usage or wear, and, in the case of a lease contract, a cancellation of all further payments you are otherwise required to make under the lease contract.

7. A dealer may put into the written warranty certain provisions which will prohibit your recovery under certain conditions; however, the dealer may not cause you to waive any rights under this law.

8. A dealer may refuse to refund your purchase price, or the payments made under your lease contract, if the problem does not substantially impair the value of your car, or if the problem is caused by abuse, neglect, or unreasonable modification.

9. If a dealer has established an arbitration procedure, the dealer may refuse to refund your purchase price until you first resort to the procedure. If the dealer does not have an arbitration procedure, you may resort to any remedy provided by law and may be entitled to your attorney's fees if you prevail.

10. As an alternative to the arbitration procedure made available through the dealer you may instead choose to submit your claim to an independent arbitrator, approved by the attorney general. You may have to pay a fee for such an arbitration. Contact your local consumer office or attorney general's office to find out how to arrange for independent arbitration.

11. If any dealer refuses to honor your rights or you are not satisfied by the informal dispute settlement procedure, complain to the New York State Attorney General, Executive Office, Capitol, Albany, N.Y. 12224.

3. Upon the payment of a prescribed filing fee, a consumer shall have the option of submitting any dispute arising under this section to an alternate arbitration mechanism established pursuant to regulations promulgated hereunder by the attorney general. Upon application of the consumer and payment of the filing fee, the dealer shall submit to such alternate arbitration.

Such alternate arbitration shall be conducted by a professional arbitrator or arbitration firm appointed by and under regulations established by the attorney general. Such mechanism shall ensure the personal objectivity of its arbitrators and the right of each party to present its case, to be in attendance during any presentation made by the other party and to rebut or refute such presentation. In all other respects, such alternate arbitration mechanism shall be governed by article seventy-five of the civil practice law and rules.

The notice required by paragraph one of this subdivision, entitled Used Car Lemon Law Bill of Rights, shall be provided to arbitrators and consumers who seek arbitration under this subdivision.

A dealer shall have thirty days from the date of mailing of a copy of the arbitrator's decision to such dealer to comply with the terms of such decision. Failure to comply within the thirty day period shall entitle the consumer to recover, in addition to any other recovery to which [~~he~~] **such consumer** may be entitled, a fee of [~~twenty-five~~] **two hundred fifty** dollars for each business day beyond thirty days up to [~~five hundred~~] **two thousand** dollars; provided however, that nothing in this subdivision shall impose any liability on a dealer where a delay beyond the thirty day period is attributable to a consumer who has requested a particular replacement vehicle or otherwise made compliance impossible within said period.

The commissioner of motor vehicles or any person deputized by [~~him~~] **such commissioner** may deny the application of any person for registration under section four hundred fifteen of the vehicle and traffic law and suspend or revoke a registration under such section or refuse to issue a renewal thereof if [~~he~~] **such commissioner** or such deputy determines that such applicant or registrant or any officer, director, stockholder, or partner, or any other person directly or indirectly interested in the business has deliberately failed to pay an arbitration award, which has not been stayed or appealed, rendered in an arbitration proceeding pursuant to this paragraph for sixty days after the date of mailing of a copy of the award to the registrant. Any action taken by the commissioner of motor vehicles pursuant to this paragraph shall be governed by the procedures set forth in subdivision nine of section four hundred fifteen of the vehicle and traffic law.

§ 10. This act shall take effect one year after it shall have become a law.