



2001 ASSEMBLY BILL 453

June 26, 2001 – Introduced by Representatives LADWIG, SCHNEIDER, STONE, ALBERS, BIES, FREESE, GRONEMUS, GUNDERSON, HUNDERTMARK, JOHNSRUD, KRAWCZYK, MUSSER, NASS, OTT, OWENS, PETTIS, POWERS, SKINDRUD, STASKUNAS, SYKORA, TURNER and PETROWSKI, cosponsored by Senator PLACHE. Referred to Committee on Ways and Means.

1 **AN ACT to create** 77.51 (4) (b) 3m., 77.51 (15) (b) 4m. and 218.0171 (2) (cq) of the
2 statutes; **relating to:** sales tax on motor vehicles purchased after a consumer
3 receives a refund under a new motor vehicle warranty.

Analysis by the Legislative Reference Bureau

Currently, the law governing repair, replacement, and refund under a new motor vehicle warranty, commonly called the “lemon law,” provides remedies for a person who purchases or leases a motor vehicle, or who otherwise may enforce a motor vehicle warranty (a consumer). Under the lemon law, if a motor vehicle cannot be repaired, the manufacturer must either replace the vehicle or give the consumer, and any holder of a perfected security interest in the consumer’s vehicle, a full refund. A full refund includes, in addition to the purchase price and other charges, any sales taxes paid by the consumer at the point of sale. The sales tax is calculated at 5% of the difference between the purchase price of the vehicle and any vehicle the consumer traded in when he or she purchased the vehicle.

Under current law, if a consumer receives a refund under the lemon law and subsequently purchases a motor vehicle to replace the vehicle for which he or she received a refund, the person pays a sales tax based on the full purchase price of the replacement vehicle.

This bill requires a manufacturer, upon payment of a refund under the lemon law, to provide a written statement to the consumer that includes the purchase price of the vehicle and the date on which the manufacturer issued the lemon law refund. Under the bill, a consumer who makes a subsequent purchase of a motor vehicle and

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presents the written statement to a motor vehicle dealer within 180 days of the date on which the manufacturer issued the refund pays sales tax only on that part of the purchase price that is the difference between the full purchase price of the original vehicle and the replacement vehicle.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 77.51 (4) (b) 3m. of the statutes is created to read:

2 77.51 (4) (b) 3m. If a person who purchases a motor vehicle presents a
3 statement issued under s. 218.0171 (2) (cq) to the seller at the time of purchase, and
4 the person presents the statement within 180 days from the date of receiving a
5 refund under s. 218.0171 (2) (b) 2. b., the purchase price specified in the statement
6 issued under s. 218.0171 (2) (cq).

7 **SECTION 2.** 77.51 (15) (b) 4m. of the statutes is created to read:

8 77.51 (15) (b) 4m. If a person who purchases a motor vehicle presents a
9 statement issued under s. 218.0171 (2) (cq) to the seller at the time of purchase, and
10 the person presents the statement within 180 days from the date of receiving a
11 refund under s. 218.0171 (2) (b) 2. b., the purchase price specified in the statement
12 issued under s. 218.0171 (2) (cq).

13 **SECTION 3.** 218.0171 (2) (cq) of the statutes is created to read:

14 218.0171 (2) (cq) Upon payment of a refund to a consumer under par. (b) 2. b.,
15 the manufacturer shall provide to the consumer a written statement that specifies
16 the full purchase price of the motor vehicle having the nonconformity and the date
17 on which the manufacturer provided the refund.

18 **SECTION 4. Initial applicability.**

