

CHAPTER 143

MOTOR VEHICLES AND TRAFFIC REGULATION

HOUSE BILL 16-1317

BY REPRESENTATIVE(S) Williams, Hulinghorst;
also SENATOR(S) Holbert, Baumgardner, Woods.

AN ACT

CONCERNING CLARIFYING THE TYPES OF TRANSACTIONS THAT MAY BE INCLUDED IN A MOTOR VEHICLE SERVICE CONTRACT.

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

SECTION 1. In Colorado Revised Statutes, 42-11-101, **amend** (3); and **add** (5.5) as follows:

42-11-101. Definitions. As used in this article, unless the context otherwise requires:

(3) (a) "Motor vehicle service contract" or "service contract" means a contract or agreement between a provider and a service contract holder, WHICH CONTRACT OR AGREEMENT IS given for consideration over and above the lease or purchase price of a motor vehicle ~~that undertakes~~ AND OBLIGATES THE PROVIDER to perform or provide repair or replacement service, or indemnification for that service, for the operational or structural failure of a motor vehicle due to a defect in materials or skill of work or normal wear and tear. ~~but~~ A MOTOR VEHICLE SERVICE CONTRACT MAY PROVIDE FOR ANY ONE OR MORE OF THE FOLLOWING SERVICES:

(I) REPAIRING OR REPLACING TIRES OR WHEELS ON A MOTOR VEHICLE DAMAGED AS A RESULT OF COMING INTO CONTACT WITH ROAD HAZARDS;

(II) REMOVING DENTS, DINGS, OR CREASES ON A MOTOR VEHICLE THAT CAN BE REPAIRED USING THE PROCESS OF PAINTLESS DENT REMOVAL WITHOUT AFFECTING THE EXISTING PAINT FINISH AND WITHOUT REPLACING VEHICLE BODY PANELS, SANDING, BONDING, OR PAINTING;

(III) REPLACING OR REPAIRING A WINDSHIELD DAMAGED BY ROAD HAZARDS;

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(IV) REPLACING A MOTOR VEHICLE KEY OR KEY FOB IF THE KEY OR KEY FOB BECOMES INOPERABLE OR IS LOST OR STOLEN;

(V) OTHER SERVICES THAT ARE SIMILAR TO THE SERVICES LISTED IN THIS PARAGRAPH (a).

(b) "MOTOR VEHICLE SERVICE CONTRACT" OR "SERVICE CONTRACT" does not include mechanical breakdown insurance.

(5.5) "ROAD HAZARD" MEANS A HAZARD THAT IS ENCOUNTERED WHILE DRIVING A MOTOR VEHICLE. "ROAD HAZARD" MAY INCLUDE POTHOLES, ROCKS, WOOD DEBRIS, METAL PARTS, GLASS, PLASTIC, CURBS, OR COMPOSITE SCRAPS.

SECTION 2. In Colorado Revised Statutes, **amend** 42-11-105 as follows:

42-11-105. Manufacturers' express warranties and service contracts excluded. This article does not apply to motor vehicle manufacturers' express warranties and service contracts as defined in section 42-10-101 (3). FOR PURPOSES OF THIS SECTION, THE TERM "MANUFACTURER" INCLUDES THE MANUFACTURER OR DISTRIBUTOR OF THE COVERED VEHICLE OR A SUBSIDIARY OR AFFILIATE OF A MANUFACTURER OR DISTRIBUTOR IF FIFTY-ONE PERCENT OR MORE OF THE SUBSIDIARY OR AFFILIATE IS OWNED DIRECTLY OR INDIRECTLY BY THE MANUFACTURER, DISTRIBUTOR, OR COMMON OWNER OF FIFTY-ONE PERCENT OR MORE OF THE MANUFACTURER OR DISTRIBUTOR.

SECTION 3. In Colorado Revised Statutes, **add** 42-11-109 as follows:

42-11-109. Maintenance agreement excluded. A PREPAID AGREEMENT THAT PROVIDES ONLY ROUTINE MAINTENANCE IS NOT A SERVICE CONTRACT NOR A CONTRACT OF INSURANCE.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 10, 2016, if adjournment sine die is on May 11, 2016); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2016 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 4, 2016