

Legislative History for Connecticut Act

HB 5523	P.A. 810	Feb	1994
Sen: 1873-1875			(3)
Use: 1132-1133, 3087-3096			(2)
General Law: 562-563			(2)
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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1994

VOL. 37
PART 6
1787-2173

001873

WEDNESDAY
April 27, 1994

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Bill 5420.

Calendar Page 12, Calendar No. 336, House

Bill No. 5603.

Calendar Page 14, Calendar No. 360, Substitute for
House Bill 5703.

Calendar Page 15, Calendar 361, Substitute for
House Bill 5498. Calendar 362, Substitute for House
Bill 5806. Calendar 366, Substitute for House Bill
5644.

Calendar Page 16, Calendar No. 367, House Bill No.
5749. Calendar No. 369, Substitute for House Bill
5823. Calendar 376, Substitute for House Bill 5557.

Calendar Page 17, Calendar No. 381, Substitute for
House Bill 5556.

Calendar Page 18, Calendar No. 384, Substitute for
House Bill 5185.

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House Bill 5591.

Calendar Page 20, Calendar 394, Substitute for
House Bill 5791. Calendar 395, Substitute for House
Bill 5523. Calendar 396, Substitute for House Bill
5868.

Calendar Page 21, Calendar 397, Substitute for
House Bill 5548. Calendar 398, Substitute for House
Bill 5618. Calendar 399, House Bill 5794.

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Calendar Page 24, Calendar No. 60, Substitute for
Senate Bill 143.

Calendar Page 25, Calendar 192, Substitute for
Senate Bill 271. Calendar 199, Substitute for House
Bill 5121.

Calendar Page 26, Calendar No. 252, Substitute for
Senate Bill No. 287.

Page 27, Calendar No. 280, House Bill No. 5517.
Calendar 46, Substitute for Senate Bill 112. Madam
President, I believe that completes the third Consent
Calendar.

THE CHAIR:

Thank you very much, Mr. Clerk. You've heard the
items that have been placed on Consent --. Senator
DiBella.

SENATOR DIBELLA:

Thank you, Madam President. On Page 24, Calendar
Item No. 60, Substitute for Senate Bill No. 143, I'd
ask this be withdrawn from the Consent Calendar and
P-R'd.

THE CHAIR:

Thank you very much. There is a motion that on
Page 24, Calendar Item 60, File No. 64, Senate Bill No.
143, be withdrawn from the Consent Calendar and Pass
Retained. All other items remain on the Consent

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Calendar. You've heard the items that have been placed on the Consent Calendar with the exception of that one. The machine is on. You may cast your vote.

Senator Aniskovich. Have all Senators voted and are your votes properly recorded? Have all Senators voted and are your votes properly recorded? The machine is closed.

The result of the vote:

36	Yea
0	Nay
0	Absent

The Consent Calendar is adopted.

Mr. Clerk, do you have any business on your desk?

THE CLERK:

Madam President, the Clerk is in possession of Senate Agenda #4, for Wednesday, April 27, 1994, copies of which have been distributed.

THE CHAIR:

Thank you very much, Mr. Clerk. The Chair would recognize Senator DiBella.

SENATOR DIBELLA:

Thank you, Madam President. I move acceptance of the Senate Agenda #4, dated Wednesday, April 27, 1994.

THE CHAIR:

Thank you very much. You have before you a motion

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House of Representatives

Thursday, April 7, 1994

SPEAKER RITTER:

Representative Luby.

REP. LUBY: (82nd)

I move that that matter be referred to the
Committee on GAE.

SPEAKER RITTER:

Without objection, so ordered. The Clerk please
call Calendar 206.

CLERK:

Page 6, Calendar 206, Substitute for House Bill No.
5448, AN ACT CONCERNING THE REGULATION OF CEMETERIES.

Favorable Report of the Committee on General Law.

SPEAKER RITTER:

Representative Luby.

REP. LUBY: (82nd)

I move that that matter be referred to the
Committee on Judiciary.

SPEAKER RITTER:

Without objection, so ordered. The Clerk please
call 207.

CLERK:

On Page 6, Calendar 207, Substitute for House Bill
No. 5523, AN ACT CONCERNING EXTENDED WARRANTIES.

Favorable Report of the Committee on General Law.

SPEAKER RITTER:

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House of Representatives

Thursday, April 7, 1994

Representative Luby.

REP. LUBY: (82nd)

I move that that matter be referred to the
Committee on Insurance.

SPEAKER RITTER:

Without objection, so ordered. The Clerk please
call 208.

CLERK:

On Page 7, Calendar 208, Substitute for House Bill
No. 5394, AN ACT CONCERNING THE IMPLEMENTATION OF THE
NATIONAL VOTER REGISTRATION ACT OF 1993.

Favorable Report of the Committee on Government
Administration and Elections.

SPEAKER RITTER:

Representative Luby.

REP. LUBY: (82nd)

I move that that matter be referred to the
Committee on Judiciary.

SPEAKER RITTER:

Without objection, so ordered. The Clerk please
call Calendar 209.

CLERK:

On Page 7, Calendar 209, Substitute for House Bill
No. 5403, AN ACT CONCERNING LOW-INCOME HOME ENERGY
ASSISTANCE FOR SECONDARY HEAT SOURCES.

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House of Representatives

Thursday, April 21, 1994

ACTING SPEAKER JOYCE: (25th)

Are there other announcements or points of personal privilege? Will the Clerk please call --

CLERK:

Calendar 428. Just kidding.

ACTING SPEAKER JOYCE: (25th)

Will the Clerk please call Calendar 207?

CLERK:

Please turn to page 16. Calendar 207. Substitute for House Bill 5523, AN ACT CONCERNING EXTENDED WARRANTIES. Favorable report of the Committee on Insurance.

ACTING SPEAKER JOYCE: (25th)

Representative Fox from the 144th.

REP. FOX: (144th)

Good afternoon, Mr. Speaker. Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

ACTING SPEAKER JOYCE: (25th)

The motion is on acceptance and passage. Will you remark, sir?

REP. FOX: (144th)

Yes, thank you Mr. Speaker. Mr. Speaker, last session we adopted a bill requiring providers of extended warranties to carry either insurance or to

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demonstrate that they could pay any claim that was put forward.

We, I think, as a result of oversight, failed to provide a penalty and what this bill would do is to make it a penalty and make is an unfair insurance practice. There is one amendment which corrects one aspect of the bill and I would like to call that, if I might. That, Mr. Speaker, is LCO1574. I would ask that that be called and I be allowed to summarize.

ACTING SPEAKER JOYCE: (25th)

Clerk, please call LCO1574, designated House "A".

(PAUSE)

ACTING SPEAKER JOYCE: (25th)

Would the Chamber please stand at ease while we find the amendment?

REP. FOX: (144th)

Mr. Speaker?

ACTING SPEAKER JOYCE: (25th)

Will the Chamber come to order, please?

Representative Fox.

REP. FOX: (144th)

Yes, thank you, Mr. Speaker. It is my understanding that at the present time, LCO1574 cannot be located. So from a technical standpoint, I understand that has not officially been called. What I

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will do, if I might, is ask the Clerk to call LCO1573 which in the spirit of bipartisanship, and evidencing the fact that brilliant minds think alike, does basically the same as 1574.

ACTING SPEAKER JOYCE: (25th)

Will the Clerk please call 1573?

CLERK:

Yes. LCO1573, House "A" offered by Representative Chase, et al.

ACTING SPEAKER JOYCE: (25th)

Do you request permission to summarize, sir?

REP. FOX: (144th)

If I may summarize. Yes, sir.

ACTING SPEAKER JOYCE: (25th)

Is there objection to summarization? Hearing none, proceed sir.

REP. FOX: (144th)

Thank you, Mr. Speaker. This amendment corrects an element of the new language found on or about line 496 which was inadvertently left out of the file copy and there are two basic exceptions. One being an adequate extended warranty reimbursement insurance policy or the other exception, which this now would provide, that they are able to demonstrate that reserve for claims contained in the provider's financial statements not in

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excess of one-half of the provider's audited net worth.

It is a technical correction of the file copy. I would move adoption of the amendment, Mr. Speaker.

ACTING SPEAKER JOYCE: (25th)

Thank you, sir. The motion is on the adoption of the amendment. Will you remark? Will you remark? If not, the Chair will test your minds. All in favor, say aye.

REPRESENTATIVES:

Aye.

ACTING SPEAKER JOYCE: (25th)

Opposed, nay. The ayes have it. The motion passes. Will you remark further on the bill, as amended? Representative Lockton.

REP. LOCKTON: (149th)

Thank you, Mr. Speaker. Welcome to the dais. If I may, would the Clerk please call LCO2065 and I be allowed to summarize?

ACTING SPEAKER JOYCE: (25th)

Will the Clerk please call ----

REP. LOCKTON: (149th)

2065.

ACTING SPEAKER JOYCE: (25th)

Will the Clerk please call 2065?

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CLERK:

LCO2065, House "B" offered by Representative
Lockton.

ACTING SPEAKER JOYCE: (25th)

Do you wish leave to summarize, Representative
Lockton?

REP. LOCKTON: (149th)

Thank you, Mr. Speaker. This amendment --

ACTING SPEAKER JOYCE: (25th)

Excuse me, Representative Lockton. Do you wish --
do you want leave to summarize?

REP. LOCKTON: (149th)

Yes, I would like leave to summarize. Thank you,
Mr. Speaker.

ACTING SPEAKER JOYCE: (25th)

The request has been made to summarize the
amendment. Is there objection? Hearing none, please
continue.

REP. LOCKTON: (149th)

Thank you. What this amendment will do is modify
the existing lemon law so that cars returned under the
lemon law, the manufacturer could request that the
state sales tax be reimbursed to the manufacturer after
the manufacturer has reimbursed the person who has
returned the car.

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Thank you, Mr. Speaker.

I move adoption for the amendment.

ACTING SPEAKER JOYCE: (25th)

Thank you, Representative Lockton. Will you remark? Will you remark further? Representative Fox.

REP. FOX: (144th)

Thank you. I wasn't quite sure if Representative Lockton was finished with her presentation. Mr. Speaker, in looking at this concept I believe I would have to object to it. My concerns are a couple.

Number one, it is not entirely clear from looking at the language as to what group of vehicles it might potentially apply to. If, for example, in a course of a year, you are looking at the number of vehicles that are turned back and are bought back by a manufacturer, on average, you are probably looking at something in the area of 75 to 80 vehicles in one given year. Using an average price of something in the area of \$20,000 which maybe low, you could be looking at a cost to this state in terms of lost revenue of something in the area of \$200,000 minimum.

If in fact, and I don't think it is clear from this language, you are looking at a longer period of time, then I think you could be talking something which could be ten times that. Consequently, it would appear as

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though this could have and has a potential for a serious fiscal impact and I realize that the fiscal note says without giving a number, that it could be significant. For that reason, I would have to object and oppose the amendment.

Thank you, sir.

ACTING SPEAKER JOYCE: (25th)

Thank you, Representative Fox. Will you remark further? Representative Lockton.

REP. LOCKTON: (149th)

Mr. Speaker, through you to the General Assembly to Representative Fox. The reason for this amendment is the way the law is written now, the way the law is written now, it makes absolutely no sense whatsoever. The manufacturer of the car has never received the sales tax for that car. Therefore, why is he responsible as he is now, under the law, to return the sales tax to the person who returns the car? In fact, the State receives the sales tax, but no sale has been made.

The person who has returned the car, under the lemon law, will go out and buy another car from the State of Connecticut and pay another sales tax. So the amount of money that the State is collecting, in fact, is not due to the State because the purchase has not

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been held.

Through you, Mr. Speaker.

ACTING SPEAKER JOYCE: (25th)

Thank you Representative Lockton. Would you remark further? Will you remark further? If not, the Chair will test your minds. I am sorry. Representative Munns.

REP. MUNNS: (9th)

Thank you very much, Mr. Speaker. It is a pleasure to address you that way as fellow -- not central alumni, but close enough to me.

Mr. Speaker, through you to Representative Lockton. Representative Lockton, do you know how many automobiles this amendment would affect?

ACTING SPEAKER JOYCE: (25th)

Representative Lockton.

REP. LOCKTON: (149th)

I do know, through you, Mr. Speaker. I do know that in 1993, 318 cars were returned under the lemon law. That is according to our Consumer Protection agency. The Consumer Protection Agency did recommend that the manufacturer request of the State that the State reimburse the manufacturer after the manufacturer has returned the sales tax to the purchaser of the car. And the reason we cannot determine the exact amount

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that it would cost the State is that we do not know how many manufacturers would return the sales tax from the State.

REP. MUNNS: (9th)

Thank you, Representative Lockton. The reason I asked, Mr. Speaker is that I figured we could get a clear understanding of what the fiscal impact would be, but I am know understanding why it wasn't more specific.

Thank you, Mr. Speaker.

ACTING SPEAKER JOYCE: (25th)

Thank you, sir. Will you remark further? Will you remark further? If not, the Chair will test your minds. All in favor of the amendment, say aye.

REPRESENTATIVES:

Aye.

ACTING SPEAKER JOYCE: (25th)

All opposed, nay. The amendment fails. Will you remark further on the bill, as amended? Will you remark further? If not, will the staff and guests please come to the well of the House? The machine will be opened.

CLERK:

The House of Representatives is voting by roll call. Members to the chamber. Members to the chamber,

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please. The House is taking a roll call vote.

ACTING SPEAKER JOYCE: (25th)

Has everyone voted? Check the voting machine to make sure your vote is cast correctly. Has everyone voted now? The machine will be closed. The Clerk will take a tally. Has everyone voted? Clerk, please close the machine. The machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

CLERK:

House Bill 5523, as amended by House "A"

Total Number Voting 145

Necessary for Passage 73

Those voting Yea 145

Those voting Nay 0

Those absent and not voting 6

ACTING SPEAKER JOYCE: (25th)

The bill, as amended passes. The Clerk will please call Calendar 189, please.

CLERK:

Page three, Calendar 189. Substitute for House Bill 5591, AN ACT CONCERNING THE LEGISLATIVE REGULATION REVIEW COMMITTEE. Favorable report of the Committee on Legislative Management.

ACTING SPEAKER JOYCE: (25th)

Representative O'Neill.

JOINT
STANDING
COMMITTEE
HEARINGS

GENERAL
LAW
PART 2
325-613

1994

000562



STATE OF CONNECTICUT
SENATE
STATE CAPITOL
HARTFORD, CONN. 06106

SENATOR JOHN B. LARSON
THIRD DISTRICT

ROOM 3300
LEGISLATIVE OFFICE BLDG.
HARTFORD, CONNECTICUT 06106

PRESIDENT PRO TEMPORE

Senate President Pro Tempore John B. Larson
Testimony in favor of H.B. 5523,
An Act Concerning Extended Warranties
General Law Committee
March 10, 1994

Last year the General Assembly moved Connecticut to the forefront of progressive consumer legislation by enacting Public Act 93-258, An Act Concerning Extended Warranties. With the passage of this law, Connecticut became one of the first states to require those providing extended service warranties to have the financial wherewithal to back up their promises and to fully disclose to consumers exactly what they are getting when they buy these contracts.

As the primary sponsor of PA 93-258, I am very proud of this law and I am supportive of House Bill 5523, also entitled An Act Concerning Extended Warranties, which makes some technical adjustments to the original act. I do however, have a question about one of the proposed changes included in this year's bill and a suggestion for an additional change.

The bill before you today adds a penalty section to the act by specifying that any violation by a provider will be deemed an unfair trade practice under Connecticut law. Such violations are under the jurisdiction of the Department of Consumer Protection while the act places responsibility for regulating service contracts within the Insurance Department. My question is whether the violation should instead be deemed an unfair insurance practice or does the committee want to split responsibility for this effort between the two departments?

In addition, I would expand the exclusions from the definition of an extended warranty provider to include a retailer who sells these contracts but actually performs the majority of repairs itself. The threshold could be as high as 90%. Our original purpose in Senator

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Larson
Testimony on H.B. 5523
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including retailers within the scope of the regulations was to reach those stores who offered their own warranties and then farmed out the repair work. That made them indistinguishable from the third party providers who were the general targets of the act.

To conclude, I believe that H.B. 5523, with a few minor changes, will only strengthen a very strong, pro-consumer statute. I thank you for your indulgence .