SUMMARY OF
2014 WIS. ACT 101
AND THE WISCONSIN LEMON LAW

Wisconsin recently enacted significant changes to its lemon law, effective March 1, 2014.

The Wisconsin Department of Transportation indicated that the prior law applies to vehicles that were purchased or leased before March 1, 2014. The new lemon law applies to vehicles that were purchased or leased on or after March 1, 2014.

Please review the legal standards and remedies that will apply to your claim:

- A summary for vehicles purchased or leased before March 1, 2014 is found at pages 2 through 7.

- A summary of the Lemon Law for vehicles purchased or leased on or after March 1, 2014 is found at pages 8 through 14.

If you have questions about either law, please contact the Wisconsin Department of Transportation at (608) 266-1425.
PLEASE NOTE: The standards and remedies set forth below apply to warranty disputes involving new motor vehicles purchased or leased before March 1, 2014. For standards and remedies applicable to vehicles purchased or leased on or after that date, see pages 8 through 13.

STANDARDS OF THE WISCONSIN LEMON LAW

The following is a brief explanation of most relevant provisions of the Wisconsin lemon law. The complete text of the lemon law can be found at Wisconsin Statutes § 218.0171.

VEHICLES COVERED

The Wisconsin lemon law covers any motor driven vehicle that (1) is required to be registered or is exempt from registration as a nonresident or foreign-registered vehicle, and (2) a consumer purchases or accepts transfer of in Wisconsin. This includes a demonstrator or executive vehicle, but does not include mopeds, semitrailers, or trailers designed for use in combination with a truck or truck tractor.

The lemon law does not cover previously-owned vehicles.¹

CONSUMERS COVERED

The lemon law covers any of the following “consumers”:

1. The purchaser of a new motor vehicle, if the vehicle was purchased from a dealer for purposes other than resale;

2. A person to whom the motor vehicle is transferred during the warranty period unless the vehicle is transferred for purposes of resale;

3. A person who may enforce the vehicle’s warranty; and

4. A person who leases a motor vehicle under a written lease.

The lemon law does not cover a former lessee who purchases the vehicle at the expiration of the lease term.²

¹ Schey v. Chrysler Corp., 228 Wis.2d 483 (Ct. App.), review denied 228 Wis.2d 174 (1999).
² Varda v. General Motors Corp., 242 Wis.2d 756 (Ct. App.), review denied 246 Wis.2d 174 (2001).

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Summary of the Wisconsin Lemon Law
For vehicles purchased before March 1, 2014

VEHICLE CONVERTERS
The lemon law applies to vehicle converters.

PROBLEMS COVERED
The lemon law covers vehicle “nonconformities.” A nonconformity is defined as a condition or defect that (1) is covered by an express warranty of the manufacturer applicable to the motor vehicle or to a component of the motor vehicle and (2) substantially impairs the use, value or safety of a motor vehicle. A nonconformity does not include a condition or defect that is the result of abuse, neglect, or unauthorized modification or alteration of a motor vehicle by a consumer.

MANUFACTURER'S DUTY TO REPAIR
A nonconformity must be repaired if, before the expiration of the warranty or one year after the vehicle’s first delivery to the consumer – whichever is sooner, the consumer reports the nonconformity to the manufacturer, lessor, or the any of manufacturer’s authorized dealers and makes the vehicle available for repair.

MANUFACTURER'S DUTY TO REPURCHASE OR REPLACE A VEHICLE
If after a reasonable attempt to repair the nonconformity is not repaired, the manufacturer must either repurchase the vehicle or, if the vehicle is owned, replace the vehicle. [The Wisconsin lemon law does not provide for replacement of a leased vehicle.]

REASONABLE NUMBER OF REPAIR ATTEMPTS
The Wisconsin lemon law defines “reasonable attempt to repair” as the occurrence of any of the following within the term of a vehicle’s warranty or within one year after the vehicle’s first delivery to a consumer, whichever is sooner:

1. The same nonconformity is subject to repair by the manufacturer, lessor, or any of the manufacturer’s authorized dealers at least four times and the nonconformity continues. A nonconformity may be “subject to repair” if the vehicle was presented to the dealership for repair; or

2. The vehicle is out of service for an aggregate of at least 30 days because of warranty nonconformities. A vehicle is out of service if it is not capable of rendering service as

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Wisconsin
Summary of the Wisconsin Lemon Law
For vehicles purchased before March 1, 2014

warranted due to a nonconformity, even though the vehicle may be in possession of the consumer and may still be driven by the consumer, as long as the consumer provided notice and made the vehicle available for repair.

NOTICE

To receive a replacement or refund, a consumer must notify the manufacturer to request one of these remedies and must offer to transfer title of the motor vehicle to the manufacturer.

DISPUTE RESOLUTION

If a manufacturer participates in an informal dispute settlement procedure and that procedure has been certified by the Department of Transportation as complying with applicable regulations, a consumer may not bring an action in court under the lemon law unless the consumer first resorts to that informal dispute settlement procedure.

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5 Vultaggio v. General Motors Corp., 145 Wis.2d 874 (Ct. App. 1988).

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Wisconsin
4
REMEDIES UNDER WISCONSIN LEMON LAW

REPURCHASE OF AN OWNED VEHICLE

The Wisconsin lemon law sets out the following amounts that a manufacturer must pay when it repurchases an owned vehicle under the lemon law:

1. The full purchase price (not including any cash rebate\(^8\));

2. Sales taxes paid by the consumer, as well as any other amounts paid by the consumer at the point of sale;

3. Finance charges incurred by the consumer; and

4. Collateral costs, which are defined as expenses incurred by a consumer in connection with the repair of a nonconformity, including the costs of obtaining alternative transportation;

5. Less a reasonable allowance for the vehicle’s use.

Refunds must be made to the vehicle owner and to any holder of a perfected security interest in the vehicle, as their interests may appear. When the manufacturer provides the refund, the consumer must return the nonconforming motor vehicle to the manufacturer and provide the manufacturer with the certificate of title and all endorsements necessary to transfer title to the manufacturer.

The Wisconsin lemon law provides that a reasonable allowance for a vehicle’s use is subtracted from the amounts that a manufacturer must pay when it repurchases a vehicle under the lemon law. This reasonable allowance for use may not exceed the amount set out in the following formula for an owned motor vehicle:

\[
\text{reasonable allowance for use} = \frac{\text{# miles vehicle driven before nonconformity first reported to motor vehicle dealer} \times \text{vehicle purchase price}}{100,000}
\]

In computing the reasonable allowance for use of a motorcycle, the denominator should be changed from 100,000 to 20,000.

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\(^8\) *Church v. Chrysler Corp.*, 221 Wis.2d 460 (Ct. App. 1998).

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REPURCHASE OF A LEASED VEHICLE

The Wisconsin lemon law sets out the following amounts that a manufacturer must pay when it repurchases a leased vehicle under the lemon law:

To the lessor: The current value of the written lease. This is defined as –

1. The total amount for which the lease obligates the consumer during the period of the lease remaining after its early termination;

2. The motor vehicle dealer’s early termination costs [any expenses or obligation the lessor incurs as a result of early termination]; and

3. The value of the motor vehicle at the lease expiration date if the lease sets forth that value;

4. Less the motor vehicle lessor’s early termination savings [any expenses or obligation the lessor avoids as a result of early termination of the lease and the vehicle’s return]. This includes any interest charges the lessor would have paid to finance the motor vehicle. If the lessor does not finance the vehicle, the early termination savings includes the difference between the total amount for which the lease obligates the consumer during the period of the lease term remaining after the early termination and the present value of that amount at the date of the early termination.

To the lessee:

1. The amount the consumer paid under the written lease; and

2. Any sales tax and collateral costs [expenses incurred by a consumer in connection with the repair of a nonconformity, including the costs of obtaining alternative transportation];

3. Less a reasonable allowance for the vehicle’s use.

When the manufacturer provides the refund, the consumer must return the nonconforming motor vehicle to the manufacturer. The lessor must provide to the manufacturer the certificate of title and all endorsements necessary to transfer title to the manufacturer.

The Wisconsin lemon law provides that a reasonable allowance for a vehicle’s use is subtracted from the amounts that a manufacturer must pay when it repurchases a vehicle under the lemon law. This reasonable allowance for use may not exceed the amount set out in the following formula for a leased motor vehicle:

\[ \text{Reasonable Allowance} = \text{Amount Paid by Consumer} - \text{Lessor's Early Termination Savings} \]

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Wisconsin
Summary of the Wisconsin Lemon Law
For vehicles purchased before March 1, 2014

reasonable allowance for use = nonconformity first reported to manufacturer, dealer, or lessor X total amount for which the lease obligates consumer

100,000

In computing the reasonable allowance for use of a motorcycle, the denominator should be changed from 100,000 to 20,000.

REPLACEMENT OF AN OWNED VEHICLE

The Wisconsin lemon law provides that a replacement vehicle must be a comparable new vehicle. A demonstrator may be a comparable replacement if the returned vehicle was also a demonstrator. The reasonable allowance for use does not apply to a replacement.

When the manufacturer replaces a vehicle, it must also refund any collateral costs [expenses incurred by a consumer in connection with the repair of a nonconformity, including the costs of obtaining alternative transportation].

When the manufacturer provides the replacement motor vehicle, the consumer must return the nonconforming motor vehicle to the manufacturer and provide the manufacturer with the certificate of title and all endorsements necessary to transfer title to the manufacturer.

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This information is not intended as legal advice. Please direct specific questions to your legal counsel.
Wisconsin
Summary of the Wisconsin Lemon Law
For vehicles purchased after March 1, 2014

PLEASE NOTE: The standards and remedies set forth below apply to warranty disputes involving new motor vehicles purchased or leased after March 1, 2014. For standards and remedies applicable to vehicles purchased or leased on or before that date, see pages 2 through 7.

STANDARDS OF THE WISCONSIN LEMON LAW

The following is a brief explanation of most relevant provisions of the Wisconsin lemon law. The complete text of the lemon law can be found at Wisconsin Statutes § 218.0171.

VEHICLES COVERED

The Wisconsin lemon law covers any motor driven vehicle that (1) is required to be registered or is exempt from registration as a nonresident or foreign-registered vehicle, and (2) a consumer purchases or accepts transfer of in Wisconsin. This includes a demonstrator or executive vehicle that is not titled or is titled by a manufacturer or a motor vehicle dealer, but does not include mopeds, semitrailers, or trailers designed for use in combination with a truck or truck tractor.

The lemon law does not cover previously-owned vehicles.¹

CONSUMERS COVERED

The lemon law covers any of the following “consumers”:

1. The purchaser of a new motor vehicle, if the vehicle was purchased from a dealer for purposes other than resale;

2. A person to whom the motor vehicle is transferred during the express warranty period unless the vehicle is transferred for purposes of resale;

3. A person who may enforce the vehicle’s warranty; and

4. A person who leases a motor vehicle from a motor vehicle lessor under a written lease.

The lemon law does not cover a former lessee who purchases the vehicle at the expiration of the lease term.²

¹ Schey v. Chrysler Corp., 228 Wis.2d 483 (Ct. App.), review denied 228 Wis.2d 174 (1999).
² Varda v. General Motors Corp., 242 Wis.2d 756 (Ct. App.), review denied 246 Wis.2d 174 (2001).

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Summary of the Wisconsin Lemon Law
For vehicles purchased after March 1, 2014

PROBLEMS COVERED

The lemon law covers vehicle “nonconformities.” A nonconformity is defined as a condition or defect that (1) is covered by an express warranty of the manufacturer applicable to the motor vehicle or to a component of the motor vehicle and (2) substantially impairs the use, value or safety of a motor vehicle. A nonconformity does not include a condition or defect that is the result of abuse, neglect, or unauthorized modification or alteration of a motor vehicle by a consumer.

MANUFACTURER’S DUTY TO REPAIR

A nonconformity must be repaired if, before the expiration of the warranty or one year after the vehicle’s first delivery to the consumer – whichever is sooner, the consumer reports the nonconformity to the manufacturer, lessor, or the any of manufacturer’s authorized dealers and makes the vehicle available for repair. The consumer must report the nonconformity using the form issued by the Wisconsin Department of Transportation (DOT) for this purpose.

MANUFACTURER’S DUTY TO REPURCHASE OR REPLACE A VEHICLE

If after a reasonable attempt to repair the nonconformity is not repaired and if the consumer provides the manufacturer with the form issued by the Wisconsin DOT electing repurchase or replacement, the manufacturer must either repurchase the vehicle or, if the vehicle is owned, replace the vehicle. [The Wisconsin lemon law does not provide for replacement of a leased vehicle.]

If a consumer elects a comparable new vehicle on the form required by the Wisconsin DOT, no later than 30 days after receiving the form, the manufacturer shall agree in writing to provide a comparable new vehicle or a refund. Upon the consumer’s receipt of this writing, the manufacturer shall have until the 45th day after receiving the form from the consumer to either provide the comparable new vehicle or the refund. During this period, the manufacturer shall exercise due diligence in locating and providing a comparable new vehicle.

If a comparable new motor vehicle does not exist or cannot be delivered within this 45-day period, the manufacturer may provide a refund. For heavy-duty vehicles, which are any motor vehicles having a gross vehicle weight rating or actual gross weight of more than 10,000 pounds, the time period is 120 days.

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Wisconsin
Summary of the Wisconsin Lemon Law
For vehicles purchased after March 1, 2014

REASONABLE NUMBER OF REPAIR ATTEMPTS

The Wisconsin lemon law defines “reasonable attempt to repair” as the occurrence of any of the following within the term the new vehicle’s express warranty or within one year after the vehicle’s first delivery to a consumer, whichever is sooner:

1. The same nonconformity is subject to repair through presentation of the vehicle to the dealership for repair at least four times and the nonconformity continues; or

2. The vehicle is out of service for an aggregate of at least 30 days because of warranty nonconformities. A vehicle is out of service if (a) the vehicle is unable to be used by the consumer for the vehicle’s intended purpose as a result of the vehicle being in the possession of the manufacturer, lessor, or dealer for the purpose of performing or attempting to repairs to correct a nonconformity; or (b) the vehicle is in the possession of the consumer and the vehicle has a nonconformity that substantially affects the use or safety of the vehicle and that has been subject to an attempt to repair on at least 2 occasions. The consumer must make the vehicle available for repair before the expiration of the warranty or one year after the first delivery of the motor vehicle to a consumer, whichever is sooner. The 30-day period does not include time during which repair services are not available to the consumer because of flood or other natural disaster, war, invasion, fire or strike.

NOTICE

To receive a replacement or refund, a consumer must notify the manufacturer to request replacement or repurchase using the form issued by the Wisconsin DOT, and must offer to transfer title of the motor vehicle to the manufacturer.

DISPUTE RESOLUTION

If a manufacturer participates in an informal dispute settlement procedure and that procedure has been certified by the Department of Transportation as complying with applicable regulations, a consumer may not bring an action in court under the lemon law unless the consumer first resorts to that informal dispute settlement procedure.

TIME PERIOD FOR FILING CLAIMS

A consumer may bring an action under the lemon law within 36 months after first delivery of the vehicle to a consumer.

Summary of the Wisconsin Lemon Law
For vehicles purchased after March 1, 2014
REMEDIES UNDER WISCONSIN LEMON LAW

REPURCHASE OF AN OWNED VEHICLE

The Wisconsin lemon law sets out the following amounts that a manufacturer must pay when it repurchases an owned vehicle under the lemon law:

1. The full purchase price (not including any cash rebate). Wisconsin Department of Transportation has advised that “full purchase price” is the purchase price as set out on the contract, without any adjustment for negative equity or trade-in overallowance;

2. Sales taxes paid by the consumer, as well as any other amounts paid by the consumer at the point of sale;

3. Finance charges incurred by the consumer; and

4. Collateral costs, which are defined as expenses incurred by a consumer in connection with the repair of a nonconformity, including the costs of obtaining alternative transportation;

5. Less a reasonable allowance for the vehicle’s use.

Refunds must be made to the vehicle owner and to any holder of a perfected security interest in the vehicle, as their interests may appear. When the manufacturer provides the refund, the consumer must return the nonconforming motor vehicle to the manufacturer and provide the manufacturer with the certificate of title and all endorsements necessary to transfer title to the manufacturer.

The Wisconsin lemon law provides that a reasonable allowance for a vehicle’s use is subtracted from the amounts that a manufacturer must pay when it repurchases a vehicle under the lemon law. This reasonable allowance for use may not exceed the amount set out in the following formula for an owned motor vehicle:

\[
\text{reasonable allowance for use} = \frac{\text{# miles vehicle driven before nonconformity first reported to motor vehicle dealer}}{\text{vehicle price}} \times 100,000
\]

In computing the reasonable allowance for use of a motorcycle, the denominator should be changed from 100,000 to 20,000.

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5 Church v. Chrysler Corp., 221 Wis.2d 460 (Ct. App. 1998).
Summary of the Wisconsin Lemon Law
For vehicles purchased after March 1, 2014

REPURCHASE OF A LEASED VEHICLE

The Wisconsin lemon law sets out the following amounts that a manufacturer must pay when it repurchases a leased vehicle under the lemon law:

To the lessor: The current value of the written lease. This is defined as –

1. The total amount for which the lease obligates the consumer during the period of the lease remaining after its early termination;

2. The motor vehicle dealer’s early termination costs [any expenses or obligation the lessor incurs as a result of early termination]; and

3. The value of the motor vehicle at the lease expiration date if the lease sets forth that value;

4. Less the motor vehicle lessor’s early termination savings [any expenses or obligation the lessor avoids as a result of early termination of the lease and the vehicle’s return]. This includes any interest charges the lessor would have paid to finance the motor vehicle. If the lessor does not finance the vehicle, the early termination savings includes the difference between the total amount for which the lease obligates the consumer during the period of the lease term remaining after the early termination and the present value of that amount at the date of the early termination.

To the lessee:

1. The amount the consumer paid under the written lease; and

2. Any sales tax and collateral costs [expenses incurred by a consumer in connection with the repair of a nonconformity, including the costs of obtaining alternative transportation];

3. Less a reasonable allowance for the vehicle’s use.

When the manufacturer provides the refund, the consumer must return the nonconforming motor vehicle to the manufacturer. The lessor must provide to the manufacturer the certificate of title and all endorsements necessary to transfer title to the manufacturer.
Summary of the Wisconsin Lemon Law
For vehicles purchased after March 1, 2014

The Wisconsin lemon law provides that a reasonable allowance for a vehicle’s use is subtracted from the amounts that a manufacturer must pay when it repurchases a vehicle under the lemon law. This reasonable allowance for use may not exceed the amount set out in the following formula for a leased motor vehicle:

\[
\text{reasonable allowance} = \frac{\# \text{ miles vehicle driven before nonconformity first reported to manufacturer, dealer, or lessor}}{100,000} \times \text{total amount for which the lease obligates consumer}
\]

In computing the reasonable allowance for use of a motorcycle, the denominator should be changed from 100,000 to 20,000.

REPLACEMENT OF AN OWNED VEHICLE

The Wisconsin lemon law provides that a replacement vehicle must be a comparable new vehicle. A demonstrator may be a comparable replacement if the returned vehicle was also a demonstrator.\(^6\) The reasonable allowance for use does not apply to a replacement.\(^7\)

When the manufacturer provides the replacement motor vehicle, the consumer must return the nonconforming motor vehicle to the manufacturer and provide the manufacturer with the certificate of title and all endorsements necessary to transfer title to the manufacturer.

\(^6\) Dussault v. Chrysler Corp., 229 Wis.2d 296 (Ct. App. 1999).
\(^7\) Chmill v. Friendly Ford-Mercury of Janesville, Inc., 144 Wis.2d 796 (Ct. App. 1988).

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Wisconsin