

August 17, 2015

To the Honorable Members of  
The Illinois House of Representatives,  
99th General Assembly:

Today I veto House Bill 3746 from the 99th General Assembly, which would impose new and unnecessary burdens on used car dealers, single out only some dealers in the market, and drive up the cost of used cars in Illinois.

Since at least 1968, the Consumer Fraud and Deceptive Business Practices Act has established certain standards to protect car buyers from “lemon” purchases. The Act, which applies to both new car dealers and used car dealers, assigns liability to the dealer for repairs to defective engine and other power train components within the first 30 days after the sale. The Act also permits a dealer to sell a car as-is, without warranty, as long as the dealer conspicuously informs the seller prior to and at the time of sale.

House Bill 3746 would require every used car dealer – but not new car dealers that sell used cars or private sellers – to provide a warranty of merchantability for 15 days or 500 miles. The required warranty is not limited to power train components, but applies to any defect that could limit its use “for the ordinary purpose of transportation on any public highway.” This requirement is both overly-broad and ambiguous.

A significant proportion of used car sales in Illinois are as-is. Many used car dealers do not provide warranties for all or a portion of their sales, while others may offer service contracts instead of dealer warranties. Requiring warranties, therefore, would necessarily increase the cost of used cars, hurting low-income Illinoisans the most.

Even if the requirements of House Bill 3746 were good policy, the bill singles out only used car dealers, exempting new car dealers that sell used cars. As noted above, the current Consumer Fraud and Deceptive Business Practices Act applies to both used car dealers and

new car dealers. But this bill would apply only to used car dealers, even though new car dealers sell a large portion of used cars.

Protecting consumers from fraudulent practices and defective goods is important. But this bill would discriminately impose a significant mandate on an important industry without having first established a compelling need. We must end the cycle of regulation and taxation that hurts our economy, suppresses job creation, and costs the State valuable revenues.

Therefore, pursuant to Section 9(b) of Article IV of the Illinois Constitution of 1970, I hereby return House Bill 3746, entitled "AN ACT concerning motor vehicles", with the foregoing objections, vetoed in its entirety.

Sincerely,

Bruce Rauner  
GOVERNOR