



Lemon Law for Farm Equipment

Issue

Lemon laws are state laws that cover nonconformity to the warranty, defect or condition that substantially impairs consumer products in violation of the Magnuson-Moss Warranty Act, the federal law governing warranties. Typically, lemon laws refer to motor vehicles. “Substantially impair” is defined as to render a vehicle unreliable or unsafe for normal operation or to reduce its resale market value below the average resale value for comparable vehicles. The Tennessee lemon law covers a passenger motor vehicle that is sold in Tennessee and is subject to registration and title in Tennessee or any other state. The Tennessee lemon law does not cover motor homes used as a dwelling place, garden tractors, recreational vehicles, off-road vehicles, and vehicles over 10,000 pounds gross vehicle weight. Some states have lemon laws pertaining to farm equipment and machinery not conforming to the express warranties offered by the manufacturer, and there is interest in applying Tennessee’s lemon law on passenger motor vehicles to include farm equipment and machinery.

Background

Lemon laws are consumer protection laws that exist to provide rights and remedies in the event a consumer purchases a defective product. Over a century ago the term “lemon” originated colloquially to describe something of substandard quality and therefore was used to describe the purpose of these laws. All fifty states have some form of lemon laws to compliment the federal Magnusom-Moss Warranty Act. This federal statute passed in 1975 to ensure obligations under manufactures’ warranties were upheld and standards for warranties were followed nationwide. Prior to the Act, written or implied warranties did not have federal oversight. The only laws remotely applicable to warranties were covered under the Uniform Commercial Code (UCC) laws that existed in each state. UCC laws are a body of law first introduced in most states in the 1950s to ensure commercial transactions in each state have a foundation of law for clarity and predictability between parties in a commercial transaction regarding personal property. Warranties are a form of commercial transaction, but the Magnusom-Moss Warranty Act built upon UCC laws by specifically providing a legal framework for manufacturer warranties.

State lemon laws provide an added layer of obligations for manufacturers. While the Magnusom-Moss Warranty Act provides legal protection to ensure a warranty meets federal standards, state lemon laws provide consumer protection to force manufacturers to fulfill the warranty in a certain manner. Depending on the state, lemon laws cover a wide range of products such as appliances. The most common lemon laws apply to automobiles. Automobile lemon laws typically require a manufacturer to repair the vehicle within a certain amount of time and in some cases require buyback of the vehicle if the repair does not correct a product defect. Some states have lemon laws applicable to farm machinery. These laws vary from state to state however, the intent of these laws is to closely follow lemon laws for automobiles.

Farm Bureau policy states we believe state laws should provide consumer protection for farmers that experience chronic maintenance problems on new equipment. The Tennessee lemon law covers a passenger motor vehicle but does not include farm equipment. Some states like Missouri and Arkansas have specific lemon laws pertaining to self-propelled farm equipment such as tractors and combines.

Questions

1. Have you or farmers in your community dealt with issues of new farm equipment that was not covered by the warranty?
2. Should Farm Bureau pursue legislation in Tennessee to add a Lemon Law for farm equipment?

Farm Bureau Policy

Farm Input Costs (Partial)

Equipment manufacturers should be held to a high standard for product quality. We believe state laws should provide consumer protection for farmers that experience chronic maintenance problems on new equipment. We believe property rights should extend to every component of farm machinery. We support farm equipment owners and individual service technicians having access to diagnostic tools, equipment, procedures, service, and technical information necessary at a fair and reasonable price.

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