



April 8, 2020

Lease Wear and Tear Contracts Are Now Limited in New York

Effective as of April 3, 2020 and retroactively effective as of December 23, 2019, the Lease Wear and Tear legislation that passed last year is limited. As a result, a Lease Wear and Tear contract **may not cover** the following:

- Exterior dents or scratches;
- Window shield cracks or chips;
- Tires;
- Paint cracks or chips; and
- Missing exterior parts.

Importantly, dealers may still offer individual service contracts for the following:

- repair or replacement of the tire or wheel as the result of damage arising from a road hazard;
- repair of chips or cracks in a motor vehicle windshield, but not including services that involve the replacement of the entire windshield;
- repair or removal of dents, dings or other creases from a motor vehicle without affecting the existing paint finish using paintless dent repair techniques, but not including services that involve the replacement of vehicle body panels, or sanding, bonding or painting;
- repair or replacement of a motor vehicle key or key fob in the event that the key or key fob becomes inoperable, lost or stolen.

Lease Wear and Tear contracts **may continue** to cover interior stains, rips or scratches or missing interior parts.

Originally, this bill was proposed in the Legislature as S.6953/A.9081 (Senator Breslin/ Assemblymember Cahill). That bill came about as an agreement between the Governor's office and the Legislature regarding the Lease Wear and Tear contract legislation that passed in 2019. The Governor, in signing the law allowing such service contracts, also demanded the removal of the ability to bundle such service contracts. NYSADA made its opposition to this bill known, but there was a preexisting agreement between the Governor and the Legislature to pass this bill.

The provision that passed, however, was slipped—last minute—into the budget. It wasn't in the budget bills when they were introduced. It did not appear until the bills were put before the Legislature for a vote, during a time when the Capitol was closed. The budget bills passed with most legislators voting remotely. It was one of the least transparent budgets passed in modern memory.

We understand dealers frustrations and disappointment about this action, especially to have such an action taken during a time when dealers across New York are hurting so badly. NYSADA will continue to advocate tirelessly for you during these unprecedented times.