

HOUSE BILL REPORT

HB 2225

As Reported By House Committee On:
Transportation

Title: An act relating to vehicle dealer places of business.

Brief Description: Regulating vehicle dealer places of business.

Sponsors: Representatives Zellinsky, R. Fisher and Forner; by request of Department of Licensing.

Brief History:

Reported by House Committee on:
Transportation, January 25, 1994, DP.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 23 members:
Representatives R. Fisher, Chair; Brown, Vice Chair; Jones, Vice Chair; Schmidt, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Backlund; Brough; Brumsickle; Cothorn; Finkbeiner; Hansen; Heavey; Horn; Johanson; J. Kohl; R. Meyers; Orr; Patterson; Quall; Romero; Sheldon; Shin; and Wood.

Staff: Jennifer Joly (786-7305).

Background: This bill is the culmination of a study by a Department of Licensing (DOL) quality team. The team asked vehicle dealers about current licensing requirements and examined how best to reach the goal of consumer protection. The team concluded that in some cases dealer licensing requirements made compliance unduly burdensome. DOL would like to concentrate its consumer protection efforts on the regulation of unlawful dealer business practices rather than specific dealer place of business requirements.

Currently, a vehicle dealer's established place of business must have a display area not less than 3,000 square feet or large enough to display six vehicles of the type the dealer is licensed to sell, whichever is larger.

A vehicle dealer may only display vehicles at his or her established place of business.

The building where the dealer does business must be kept open to the public so that they may contact the dealer or the dealer's salespersons at all reasonable times.

Vehicle auction companies must have office facilities in the state where they are required to keep the books, records and files necessary to conduct business.

Wholesale vehicle dealers shall have office facilities in a commercial building within the state, and all storage facilities for inventory shall be listed with the department. Wholesale dealers shall post a sign, visible from the nearest street, to identify the name and nature of their business. Wholesale dealers must maintain a telecommunications system.

All vehicle dealers shall maintain ownership or leasehold throughout the license year of the real property from which they do business.

Dealers shall allow representatives or agents of the department to inspect all books, records and files maintained within this state during normal business hours.

Summary of Bill: Requirements prescribing the size of a dealer's display area are eliminated.

A vehicle dealer may display vehicles for sale only at his or her established place of business, licensed subagency or temporary subagency site.

Dealers must post a sign at their established place of business stating their business hours, during which times the business shall be open to the public and open for inspection by the department.

Dealers must maintain a telecommunications system and a telephone listing in the local directory.

If vehicle dealer businesses share a location, all records, office facilities and inventory must be physically segregated and clearly identified.

Vehicle dealers need not maintain ownership or leasehold throughout the license year of the real property from which they do business.

Dealers may keep records of the purchase and sale of vehicles older than two years at a location other than the established place of business, so long as the they are made available for inspection by the department within 24 hours. Records kept at the vehicle dealer's place of business shall

be available during business hours for inspection by the director or the director's agent.

Fiscal Note: Available

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: HB 2225 would allow the Department of Licensing to concentrate its consumer protection efforts on regulating unlawful dealer business practices, rather than enforcing specific dealer place of business requirements. This bill has the support of the industry.

Testimony Against: None.

Witnesses: Jim Wadsworth, Department of Licensing; and Jim Boldt, Washington State Auto Dealers Association.