

# HOUSE BILL REPORT

## HB 2412

---

As Reported By House Committee On:  
Transportation

**Title:** An act relating to rental car businesses.

**Brief Description:** Revising provisions relating to registration of rental cars.

**Sponsors:** Representatives Zellinsky and Schmidt.

**Brief History:**

Reported by House Committee on:  
Transportation, January 31, 1994, DPS.

---

### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives R. Fisher, Chair; Brown, Vice Chair; Jones, Vice Chair; Schmidt, Ranking Minority Member; Backlund; Brough; Brumsickle; Cothorn; Eide; Finkbeiner; Forner; Fuhrman; Hansen; Heavey; Horn; Johanson; J. Kohl; R. Meyers; Orr; Patterson; Quall; Romero; Sheldon; Shin and Zellinsky.

**Staff:** Robin Rettew (786-7306).

**Background:** In 1992, EHB 2964 was passed by the Legislature. EHB 2964 moved rental vehicles out of the registration and licensing provisions set forth under RCW 46.16 and, instead, allowed rental vehicles to be registered and licensed under RCW 46.87--the proportional registration statutes.

In order to process rental vehicles under the proportional registration division of the Department of Licensing (DOL), DOL determined that an administrative fee of \$5.00 per rental vehicle registration was required. This cost was to offset the unique computer modifications required to properly track and register rental vehicles.

In keeping with the provisions of the proportional registration requirements set forth in RCW 46.87.130, rental vehicles were added to those proportionally registered vehicles subject to a vehicle transaction fee. This fee is

set internally by DOL and applicable each time a vehicle is added to a Washington-based fleet and each time the proportional registration is renewed.

A \$10.00 fee was also charged to rental car businesses for each set of rental car license plates issued. Special plates were developed to specifically identify the vehicles as rental cars.

**Summary of Substitute Bill:** A number of drive-by shootings targeted at rental vehicles occurred last year in the state of Florida. In order to avoid such problems in Washington State, HB 2412 removes the existing language requiring rental vehicles to be specially registered and licensed under the proportional registration statutes, RCW 46.87. The effect of this proposed change is that rental vehicles will be registered and licensed the same as privately-owned vehicles under RCW 46.16.

The special costs for registering and licensing vehicles under RCW 46.87 are no longer needed since the fees for registering and licensing vehicles under RCW 46.16 are already identified in statute. Thus, the \$5.00 per rental registration fee required for administration under the proportional registration statutes is eliminated. The \$10.00 fee for each set of rental vehicle license plates issued under the proportional registration program is eliminated. And the transaction fee is no longer applicable since rental vehicles will no longer be licensed under the proportional registration program.

Rental vehicles will, instead, be charged the same registration and licensing fees that all vehicles are charged normally under RCW 46.16.

When a rental vehicle is sold at retail, DOL may collect the motor vehicle excise tax (MVET) for the remaining months of the registration year.

HB 2412 does not change the provision that rental car companies may register as a business under the proportional registration statute, RCW 46.87. Rental car companies remain exempt from the motor vehicle excise tax under RCW 82.44.020 and subject to the sales tax imposed under RCW 82.08.020.

**Substitute Bill Compared to Original Bill:** Clarification is made that rental vehicles are subject to RCW 46.16 for registration and licensing and RCW 46.12 for titling purposes.

An erroneous reference to the MVET is corrected.

When a rental vehicle is sold at retail, DOL may collect the MVET for the remaining months of the registration year.

**Fiscal Note:** Requested January 24, 1994.

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

**Testimony For:** The bill is needed for safety purposes so rental cars are not readily identified as such.

**Testimony Against:** None.

**Witnesses:** Rick Lucas, Car & Truck Renting & Leasing Association (CATRALA); and Rick Jensen, CATRALA.