

SENATE BILL REPORT

SB 5553

As Reported By Senate Committee On:
Transportation, March 10, 1997

Title: An act relating to vehicle titling and licensing.

Brief Description: Enhancing vehicle titling and licensing.

Sponsors: Senators Wood, Patterson, Horn, Heavey and Winsley.

Brief History:

Committee Activity: Transportation: 2/20/97, 3/10/97 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5553 be substituted therefor, and the substitute bill do pass.

Signed by Senators Benton, Vice Chair; Wood, Vice Chair; Goings, Heavey, Horn, Morton, Oke, Patterson, Prentice and Sellar.

Staff: Jeff Doyle (786-7322)

Background: When a car dealer sells a car to a customer, the dealership must determine the proper amount of vehicle license fees and taxes owed, and collect these fees from the customer. The calculation for determining the license fees is complex, and the rate can vary depending upon the residential address of the customer. After collecting the license fees, the dealer remits the amount to the Department of Licensing or an authorized subagent for processing of the vehicle registration and title.

Car dealers are provided with the latest tax and fee schedules, but do not receive training, materials, computer equipment or software necessary to conduct the actual vehicle licensing.

Current law imposes a penalty of \$100 upon a secured party (such as a bank) for not transferring a vehicle title to the Department of Licensing within 10 days after proper demand is made. The fine is owed to the vehicle owner.

Rental cars pay a sales tax in lieu of normal vehicle license fees and taxes. When a dealer sells a car that was formerly a rental car, the dealer is required to terminate the license tabs and issue a new vehicle registration, even where the old rental car tabs were still valid. The Department of Licensing is currently in the midst of a pilot project that allows cars formerly used as rentals to retain the original tabs and license plates, provided the tabs have not expired.

Persons living within the boundaries of the Regional Transit Authority (RTA) are subject to an additional excise tax that is due at the time of vehicle registration or renewal. Since the RTA boundary encompasses parts of Snohomish, King and Pierce counties, it is often

difficult for car dealers to determine which customers are subject to this additional excise tax.

Summary of Substitute Bill: The Department of Licensing (DOL) is required to make its vehicle information database available to enable dealers to properly conduct vehicle titling, licensing and collection of motor vehicle excise taxes.

DOL must give dealers at least 60 days advance written notice of any changes in fees and excise tax schedules and procedural changes in vehicle titling, licensing or registration.

DOL is authorized to contract with private entities to provide necessary data base information and materials.

If a secured party (i.e., bank) fails to transfer a vehicle title to the debtor (i.e., car owner) or his/her assignee or transferee (i.e., car dealer), the secured party is liable to the debtor, assignee or transferee in the amount of \$100 plus actual damages.

Dealers are authorized to impose a \$20 administrative fee to customers to cover the dealer's cost in preparing vehicle documents. Dealers may collect the fee as soon as the law becomes effective. However, once DOL makes its vehicle database available to a third party computer service provider, dealers must elect to subscribe to the computer service within one year, or else cease collection of the \$20 administrative cost recovery fee.

Substitute Bill Compared to Original Bill: The requirement that DOL continue its pilot project for two more years is removed. Dealers are allowed to charge a \$20 administrative fee to recover document preparation costs.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Car dealers are having difficulty calculating the proper MVET owed on car sales. This information needs to be made available when dealers are conducting business (including evenings and weekends).

Testimony Against: The costs for DOL to equip dealers with computer equipment is prohibitive « in excess of \$20 million.

Testified: Jim Boldt, Rod Parr (pro); Janet Rambo, Washington Auto Dealers Association (pro); David Miller, Versidata, Systems, Inc. (pro); Patrick McMahan, Don Burrell, Al Paulson, WAVS (con); Jim Wadsworth, Department of Licensing (con); Randy Scott, Regional Transit Authority (con).