

SENATE BILL REPORT

SB 6435

As of January 27, 1998

Title: An act relating to vehicle dealer license requirements.

Brief Description: Updating vehicle dealer license requirements.

Sponsors: Senators Wood, Prentice and Winsley.

Brief History:

Committee Activity: Transportation: 1/27/98.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Jeff Doyle (786-7322)

Background: Every person offering to sell a new vehicle in the state of Washington is required to maintain a valid service agreement with each respective vehicle manufacturer.

Under Washington law, "auto buying services" (also known as "buyers' agents" or "auto consultants") are companies that shop many auto dealerships in order to obtain the best value on a particular type of vehicle specified by the customer. In exchange for this service, the buyers' agent charges the customer a fee. Buyers' agents are prohibited from accepting fees from both buyers and dealerships; they must be exclusive agents, receiving their fee from only one source.

An auto buying service accepting a fee from both customers and dealerships is in violation of state law. An auto buying service may choose to accept a fee solely from a dealership. This is called auto "brokering." Just like anyone else desiring to sell new cars in the state of Washington, an auto broker must maintain a valid service agreement with the manufacturer of each vehicle offered for sale.

Summary of Bill: An auto broker is no longer required to maintain a valid service agreement with the manufacturer of each vehicle offered for sale, so long as the sale is arranged with a dealership having a valid service agreement.

Appropriation: None.

Fiscal Note: Not requested.

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