

HOUSE BILL REPORT

HB 2506

As Reported By House Committee On:
Transportation

Title: An act relating to the transfer of appointments by subagents of the director of the department of licensing.

Brief Description: Allowing licensing subagents to nominate successors.

Sponsors: Representatives Fisher, Mitchell and Hurst.

Brief History:

Committee Activity:

Transportation: 2/2/00, 2/7/00 [DPS].

Brief Summary of Substitute Bill

- Allows vehicle licensing subagents to nominate a successor who is an immediate family member or subagency employee.
- Requires the county auditor to recommend that the director of the Department of Licensing appoint the nominee as the subagent's successor to the appointment unless the nominee does not meet established eligibility criteria.
- Prohibits the subagent from receiving any direct or indirect compensation for the nomination. The provisions do not create a property interest in the subagency appointment.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Fisher, Democratic Co-Chair; Mitchell, Republican Co-Chair; Cooper, Democratic 1st Vice Chair; Edwards, Democratic 2nd Vice Chair; Ericksen, Republican Vice Chair; Hankins, Republican Vice Chair; Buck; G. Chandler; DeBolt; Fortunato; Haigh; Hatfield; Hurst; Lovick; McDonald; Mielke; Morris; Murray; Ogden; Pflug; Radcliff; Romero; Schindler; Skinner; Wood and Woods.

Staff: Paul Neal (786-7315).

Background:

The state of Washington uses three different entities to collect motor vehicle license fees. Citizens of Washington may pay the required fees directly to the Department of Licensing (DOL), to county auditors as agents of the state, or to private businesses, individuals, or other organizations appointed as subagents. A county auditor appointed as an agent by the director of the DOL may request the director to appoint subagents following an application and approval process. The appointment grants the subagent the authority to operate a subagency within a specified geographical area.

Subagents are authorized to charge a fee in addition to the vehicle licensing fees collected. Subagents are not required to purchase, or otherwise pay a fee in exchange for their appointment. They are, however, required to post a bond in the amount of \$1,000 to cover plates, tabs, etc., plus \$5,000 or three times their daily revenue, whichever is greater. Currently, transfer of a subagency from one appointee to another is accomplished by the county auditor placing an advertisement in a newspaper of general circulation to solicit applications for a replacement, and forwarding a recommended applicant to the DOL's director for approval. No legal recognition is placed upon the current subagent's preference of a successor.

Summary of Substitute Bill:

Allows vehicle licensing subagents to nominate a successor who is an immediate family member or subagency employee. The county auditor is required to recommend that the director of the DOL appoint the subagent's nominee as the subagent's successor to the appointment unless the nominee does not meet established eligibility criteria.

Subagents are prohibited from receiving any direct or indirect compensation for the nomination. The provisions of the bill do not create a property interest in the subagency appointment.

Substitute Bill Compared to Original Bill: The original bill authorized subagents to directly transfer subagency appointments subject to approval by the director of the DOL. The transfer could be made as part of the sale of the subagent's business. The substitute bill authorizes subagents to nominate a successor who is an immediate family member or a subagency employee. The nomination then follows the current process of going through the county auditor, who recommends the new appointment to the director. The substitute bill clarifies that the ability to make a nomination does not create a property right in the subagency appointment and that a subagent may not

receive any direct or indirect compensation in consideration for the nomination of a successor.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The bill would allow the subagency business to be passed on to a family member and avoid a possible interruption in service to the public.

Testimony Against: None.

Testified: Bob Van Schoorl, Washington State Association of County Auditors; and George Cohee and Donald E. Burrell, Washington Association of Vehicle Subagents.