

HOUSE BILL REPORT

HB 2995

As Reported by House Committee On:
Transportation

Title: An act relating to vehicle dealer documentary service fees.

Brief Description: Allowing vehicle dealers to charge documentary service fees.

Sponsors: Representative Fisher.

Brief History:

Committee Activity:

Transportation: 2/27/02 [DPS].

Brief Summary of Substitute Bill

- Authorizes auto dealers to charge a documentary service fee of up to \$35 per vehicle sale or lease, to recover costs associated with administrative and documentary services rendered in connection with the sale or lease of a vehicle.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 21 members: Representatives Fisher, Chair; Cooper, Vice Chair; Lovick, Vice Chair; Armstrong, Ericksen, Haigh, Hankins, Hatfield, Holmquist, Jackley, Jarrett, Morell, Murray, Ogden, Rockefeller, Romero, Simpson, Skinner, Sullivan, Wood and Woods.

Minority Report: Do not pass. Signed by 5 members: Representatives Mitchell, Ranking Minority Member; Anderson, Edwards, Mielke and Schindler.

Staff: Reema Griffith (786-7301).

Background:

Under current law, licensed vehicle dealers are required to license and title vehicles they sell, as well as collect a variety of related taxes and fees. However, current law prohibits vehicle dealers from charging any kind of fee for carrying out their licensing and titling

responsibilities.

Summary of Substitute Bill:

PSHB 2995 authorizes auto dealers to charge a documentary service fee of up to \$35 per vehicle sale or lease, to recover costs associated with administrative and documentary services rendered in connection with the sale or lease of a vehicle.

In order to charge the document service fee, vehicle dealers must observe the following conditions:

- The service fee must be disclosed in writing before the execution of a purchase and sale or lease agreement;
- the service fee is not represented to the buyer as a fee or charge required by the state to be paid by either the dealer or the buyer;
- the service fee must be separately designated from the selling price of the vehicle and from any other taxes, fees or charges; and
- dealers must disclose in any advertisement that a document service fee of up to \$35 may be added to the sale price of a vehicle.

This bill is null and void if HB 2969 is not ratified by the voters by January 1, 2003.

Substitute Bill Compared to Original Bill:

The original bill had two technical errors which required correction:

(1) The \$35 fee mentioned in 2 (b) (iv) in the substitute bill was erroneously stated as \$25 in the original bill. This was corrected to state \$35 in the substitute bill; and

(2) in the original bill, language on page 3 limited the services for which a "documentary service fee" may be charged to processing sales and use taxes. This language excluded many other services that would also have the fee attached, and which were specifically listed in 2 (a) in the original bill. The substitute bill replaced the limiting language on page 3 with language that references all of the services stated in 2 (a) to ensure consistency.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed. However, the bill is null and void if House Bill No. 2969 is not ratified by the voters by January 1, 2003.

Testimony For: This bill is very much needed to help vehicle dealers defer some of the administrative and documentary costs associated with titling and registering every vehicle they sell.

Testimony Against: None.

Testified: Jim Boldt, Washington Auto Dealers.