

SENATE BILL REPORT

SB 5640

As Reported By Senate Committee On:
Transportation, March 7, 2001

Title: An act relating to licensing of motor vehicle dealers and manufacturers.

Brief Description: Revising provisions for licensing of motor vehicle dealers and manufacturers.

Sponsors: Senators Benton and T. Sheldon; by request of Department of Licensing.

Brief History:

Committee Activity: Transportation: 2/28/01, 3/7/01 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5640 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Eide, Jacobsen, Kastama, McAuliffe, McDonald, Oke, Patterson, Prentice, T. Sheldon, Shin and Swecker.

Staff: Dean Carlson (786-7305)

Background: Currently, the Department of Licensing (DOL) has the authority to monitor and regulate the business and sales practices of licensed vehicle dealers. Part of DOL's responsibility in regulating dealers is to investigate complaints filed by customers. After conducting an investigation, if DOL finds a dealer to be in violation of current regulations, DOL may issue a correction notice, assess a fine, or suspend or revoke the dealer's license.

If DOL receives a customer complaint related specifically to a lease agreement, current law does not explicitly authorize DOL to regulate or monitor lease agreements. This fact notwithstanding, DOL has historically investigated lease complaints which have been done with dealer consent and cooperation. However, because this practice is not specifically authorized in statute, it could be questioned and challenged.

When DOL issues a vehicle dealer license it is required to provide an up-to-date vehicle dealer manual that outlines the various statutes and rules that apply to vehicle dealers, as well as providing on-going updates and revisions in the future.

Vehicle dealers are required to have a valid certificate of registration as one of the requirements to qualify for a vehicle dealer license.

Summary of Substitute Bill: DOL's authority is clarified as it relates to regulating and monitoring vehicle lease practices of auto dealers by adding the word "lease" throughout Chapter 46.70 ("Dealers and Manufacturers") to be included with current authority over vehicle sales.

Language is added authorizing DOL to electronically transmit to dealers the vehicle dealer manual, and updates and revisions to the manual.

Language is added which authorizes DOL to suspend or revoke a dealer's business license if the dealer does not have a current certificate of registration with the Department of Revenue.

Technical amendments are made to make current language gender neutral.

Substitute Bill Compared to Original Bill: The substitute bill corrects an unintended consequence to vehicle leasing companies.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The bill clarifies the responsibilities of the Department of Licensing in monitoring vehicle dealers that lease automobiles.

Testimony Against: None.

Testified: Senator Benton, prime sponsor; Evelyn Barker, Department of Licensing (pro).