
SUBSTITUTE HOUSE BILL 1736

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Transportation (originally sponsored by Representatives Hatfield, Mitchell, Hurst, Talcott and Schoesler)

Read first time 03/07/2001. Referred to Committee on .

1 AN ACT Relating to licensing criteria for motor vehicle dealers;
2 amending RCW 46.70.070; reenacting and amending RCW 46.70.041; adding
3 a new section to chapter 46.70 RCW; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 46.70 RCW
6 to read as follows:

7 (1) Except as provided in subsection (2) of this section, the
8 following education requirements apply to an applicant for a vehicle
9 dealer license under RCW 46.70.021:

10 (a) An applicant for a vehicle dealer license under RCW 46.70.021
11 must complete a minimum of eight hours of approved education programs
12 described in subsection (3) of this section and pass a test prior to
13 submitting an application for the license; and

14 (b) An applicant for a renewal of a vehicle dealer license under
15 RCW 46.70.083 must complete a minimum of five hours per year in a
16 licensing period of approved continuing education programs described in
17 subsection (3) of this section prior to submitting an application for
18 the renewal of the vehicle dealer license.

1 (2) The education requirements in subsection (1) of this section do
2 not apply to an applicant for a vehicle dealer license under RCW
3 46.70.021 if the applicant is:

- 4 (a) A franchised dealer of new recreational vehicles;
- 5 (b) A nationally franchised or corporate-owned motor vehicle rental
6 company;
- 7 (c) A dealer of manufactured dwellings; or
- 8 (d) A national auction company that holds a vehicle dealer license
9 and a wrecker license whose primary activity in this state is the sale
10 or disposition of totaled vehicles.

11 (3) The education programs and test required in subsection (1) of
12 this section shall be developed by motor vehicle industry organizations
13 including, but not limited to, the state independent auto dealers
14 association and the department of licensing. The program or test must
15 include, but not be limited to, state and federal law in the following
16 areas:

- 17 (a) Motor vehicle advertising;
- 18 (b) Odometer laws and regulations;
- 19 (c) Vehicle licensing and registration;
- 20 (d) Unlawful dealer activities;
- 21 (e) Washington state and industry standard motor vehicle forms;
- 22 (f) Truthful lending practices;
- 23 (g) Motor vehicle financing; and
- 24 (h) Service and warranty contracts.

25 (4) The education programs and test may be provided by accredited
26 educational institutions, private vocational schools, correspondence
27 schools, or trade associations.

28 (5) A new motor vehicle dealer, as defined under RCW 46.96.020, is
29 deemed to have met the education requirements required for applicants
30 for a vehicle dealer license under this section.

31 **Sec. 2.** RCW 46.70.041 and 1993 c 307 s 6 and 1993 c 175 s 2 are
32 each reenacted and amended to read as follows:

33 (1) Every application for a vehicle dealer license shall contain
34 the following information to the extent it applies to the applicant:

- 35 (a) Proof as the department may require concerning the applicant's
36 identity, including but not limited to his or her fingerprints, the
37 honesty, truthfulness, and good reputation of the applicant for the
38 license, or of the officers of a corporation making the application;

- 1 (b) The applicant's form and place of organization including if the
2 applicant is a corporation, proof that the corporation is licensed to
3 do business in this state;
- 4 (c) The qualification and business history of the applicant and any
5 partner, officer, or director;
- 6 (d) The applicant's financial condition or history including a bank
7 reference and whether the applicant or any partner, officer, or
8 director has ever been adjudged bankrupt or has any unsatisfied
9 judgment in any federal or state court;
- 10 (e) Whether the applicant has been adjudged guilty of a crime which
11 directly relates to the business for which the license is sought and
12 the time elapsed since the conviction is less than ten years, or has
13 suffered any judgment within the preceding five years in any civil
14 action involving fraud, misrepresentation, or conversion and in the
15 case of a corporation or partnership, all directors, officers, or
16 partners;
- 17 (f) A business telephone with a listing in the local directory;
- 18 (g) The name or names of new vehicles the vehicle dealer wishes to
19 sell;
- 20 (h) The names and addresses of each manufacturer from whom the
21 applicant has received a franchise;
- 22 (i) A certificate by a representative of the department, that the
23 applicant's principal place of business and each subagency business
24 location in the state of Washington meets the location requirements as
25 required by this chapter. The certificate shall include proof of the
26 applicant's ownership or lease of the real property where the
27 applicant's principal place of business is established;
- 28 (j) A copy of a current service agreement with a manufacturer, or
29 distributor for a foreign manufacturer, requiring the applicant, upon
30 demand of any customer receiving a new vehicle warranty to perform or
31 arrange for, within a reasonable distance of his or her established
32 place of business, the service repair and replacement work required of
33 the manufacturer or distributor by such vehicle warranty. This
34 requirement applies only to applicants seeking to sell, to exchange, to
35 offer, to auction, to solicit, to advertise, or to broker new or
36 current-model vehicles with factory or distributor warranties;
- 37 (k) The class of vehicles the vehicle dealer will be buying,
38 selling, listing, exchanging, offering, brokering, leasing with an
39 option to purchase, auctioning, soliciting, or advertising, and which

1 classification or classifications the dealer wishes to be designated
2 as;

3 (1) A certificate from the provider of each education program or
4 test showing that the applicant has completed the education programs
5 and passed the test required under section 1 of this act if the
6 applicant is a dealer subject to the education and test requirements;

7 (m) Any other information the department may reasonably require.

8 (2) If the applicant is a manufacturer the application shall
9 contain the following information to the extent it is applicable to the
10 applicant:

11 (a) The name and address of the principal place of business of the
12 applicant and, if different, the name and address of the Washington
13 state representative of the applicant;

14 (b) The name or names under which the applicant will do business in
15 the state of Washington;

16 (c) Evidence that the applicant is authorized to do business in the
17 state of Washington;

18 (d) The name or names of the vehicles that the licensee
19 manufactures;

20 (e) The name or names and address or addresses of each and every
21 distributor, factory branch, and factory representative;

22 (f) The name or names and address or addresses of resident
23 employees or agents to provide service or repairs to vehicles located
24 in the state of Washington only under the terms of any warranty
25 attached to new or unused vehicles manufactured, unless such
26 manufacturer requires warranty service to be performed by all of its
27 dealers pursuant to a current service agreement on file with the
28 department;

29 (g) Any other information the department may reasonably require.

30 **Sec. 3.** RCW 46.70.070 and 1996 c 194 s 2 are each amended to read
31 as follows:

32 (1) Before issuing a vehicle dealer's license, the department shall
33 require the applicant to file with the department a surety bond in the
34 amount of:

35 (a) ~~((Fifteen))~~ Thirty thousand dollars for motor vehicle dealers;

36 (b) Thirty thousand dollars for mobile home, park trailer, and
37 travel trailer dealers(~~(: PROVIDED, That if such dealer does not deal~~

1 ~~in mobile homes or park trailers such bond shall be fifteen thousand~~
2 ~~dollars))~~;

3 (c) Five thousand dollars for miscellaneous dealers,
4 running to the state, and executed by a surety company authorized to do
5 business in the state. Such bond shall be approved by the attorney
6 general as to form and conditioned that the dealer shall conduct his or
7 her business in conformity with the provisions of this chapter.

8 Any retail purchaser, consignor who is not a motor vehicle dealer,
9 or a motor vehicle dealer who has purchased from, sold to, or otherwise
10 transacted business with a wholesale dealer, who has suffered any loss
11 or damage by reason of any act by a dealer which constitutes a
12 violation of this chapter shall have the right to institute an action
13 for recovery against such dealer and the surety upon such bond.
14 However, under this section, motor vehicle dealers who have purchased
15 from, sold to, or otherwise transacted business with wholesale dealers
16 may only institute actions against wholesale dealers and their surety
17 bonds. Successive recoveries against said bond shall be permitted, but
18 the aggregate liability of the surety to all persons shall in no event
19 exceed the amount of the bond. Upon exhaustion of the penalty of said
20 bond or cancellation of the bond by the surety the vehicle dealer
21 license shall automatically be deemed canceled.

22 (2) The bond for any vehicle dealer licensed or to be licensed
23 under more than one classification shall be the highest bond required
24 for any such classification.

25 (3) Vehicle dealers shall maintain a bond for each business
26 location in this state and bond coverage for all temporary subagencies.

27 NEW SECTION. **Sec. 4.** Sections 1 and 2 of this act take effect
28 July 1, 2002.

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