

HOUSE BILL REPORT

HB 2215

As Reported by House Committee On:
Transportation

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

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

Sponsors: Representatives Murray and Simpson.

Brief History:

Committee Activity:

Transportation: 3/26/03, 3/28/03 [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 23 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Ericksen, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Armstrong, Bailey, Campbell, Clibborn, Cooper, Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Lovick, Morris, Nixon, Romero, Shabro, Sullivan, Wood and Woods.

Minority Report: Do not pass. Signed by 2 members: Representatives Anderson and Kristiansen.

Staff: Jeff Doyle (786-7322).

Background:

Under current law, licensed vehicle dealers are required to collect a variety of government taxes and fees. Most vehicle dealers also license and title the vehicles they sell. Current law prohibits vehicle dealers from charging any kind of administrative or

document preparation fee for performing tax collection, licensing and titling activities.

Summary of Substitute Bill:

Vehicle dealers are authorized to charge a documentary service fee of up to \$35 per vehicle sale or lease. 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.

Substitute Bill Compared to Original Bill:

The legislation authorizing dealer documentary service fees is null and void if HB 2231, relating to transportation revenues, is not enacted by September 1, 2003.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void if not funded in the budget.

Testimony For: Washington law does not allow dealers to separately charge this fee. Many other states permit dealers to charge this fee.

Testimony Against: None.

Testified: Representative Murray, prime sponsor; and Jim Boldt, Washington Auto Dealers Association.