

HOUSE BILL REPORT

HB 2257

As Reported by House Committee On: Transportation

Title: An act relating to changing the expiration date of the current allowable vehicle documentary service charge.

Brief Description: Changing the expiration date of the current allowable vehicle documentary service charge.

Sponsors: Representatives Takko, Armstrong, Clibborn, Johnson, Springer, Ryu, Kristiansen, Rivers and Billig.

Brief History:

Committee Activity:

Transportation: 1/24/12, 2/1/12 [DP].

Brief Summary of Bill

- Removes the current expiration date of June 30, 2014, for the vehicle dealer allowable documentary service charge of up to \$150.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 27 members: Representatives Clibborn, Chair; Billig, Vice Chair; Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Eddy, Finn, Fitzgibbon, Hansen, Jinkins, Johnson, Klippert, Kristiansen, Ladenburg, McCune, Morris, Moscoso, Overstreet, Reykdal, Rivers, Rodne, Ryu, Shea, Takko, Upthegrove and Zeiger.

Minority Report: Do not pass. Signed by 2 members: Representatives Liias, Vice Chair; Moeller.

Staff: Jerry Long (786-7306).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A vehicle dealer may charge a maximum documentary fee of \$150 per vehicle sale or lease to cover administrative costs for collecting motor vehicle excise taxes, licensing and registration fees, verifying and clearing titles, transferring titles and perfecting, releasing, or satisfying liens or other security interested, and other documentary services.

During the 2009 legislative session, the fee was temporarily increased from \$50 to the existing \$150 fee from July 26, 2009, through June 30, 2014, which at that time the fee would return to an amount not to exceed \$50.

The dealer must disclose to the purchaser or lessee in writing that the documentary service fee is a negotiable fee. The disclosure must be written in a typeface that is at least as large as the typeface used in the standard text of the document and is bold faced, capitalized, underlined, to set it out from the surrounding material. The service charge must be separately designated from the selling price or capital costs and other taxes, fees, or charges. The dealer must not represent to the purchaser or lessee that the fee or charge is required by the state to be paid by either the dealer or prospective purchaser or lessee. The dealer must disclose in any advertisement that a documentary fee in an amount of up to \$150 may be added to the sale price or the capitalized cost.

Summary of Bill:

The expiration date of the current allowable vehicle documentary service fee of \$150 that vehicle dealers may charge customers to recover administrative costs is removed, and the fee is permanently established at up to \$150.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The fee is a negotiable fee. The vehicle dealers are preparing the paper work for the State of Washington. The fee has been at \$150 for the last two years and there have been no complaints. In many other states there is no limit on what a vehicle's dealer can charge for a documentary fee, so having a limit ensures that dealers are not charging abusive fees to the consumers. The existing statute requires full disclosure about the fee and that it is negotiable. The vehicle dealers also pay Washington business and occupation tax on the fee.

(Opposed) None.

Persons Testifying: Representative Takko, prime sponsor; and Scott Hazlegrove, Washington State Auto Dealers Association.

Persons Signed In To Testify But Not Testifying: None.