
Business & Financial Services Committee

ESSB 6606

Brief Description: Concerning wholesale vehicle dealers.

Sponsors: Senate Committee on Transportation (originally sponsored by Senator King).

Brief Summary of Engrossed Substitute Bill

- Redefines "wholesale vehicle dealer."
- Requires a wholesale vehicle dealer's office facilities to be in a commercial building in the state with no more than two other licensed vehicle dealers in the same building.

Hearing Date: 2/24/16

Staff: Peter Clodfelter (786-7127).

Background:

The Department of Licensing (DOL) is responsible for licensing all motor vehicle dealers operating in Washington. A "vehicle dealer" is defined to include a person, business, or trust that is engaged in the business of buying, selling, listing, exchanging, offering, brokering, leasing with an option to purchase, or advertising the sale of new or used vehicles, irrespective of whether the motor vehicles are owned by that person.

With certain exceptions, a person selling more than four vehicles per year that are registered to the person must have a vehicle dealer license. And a person selling any vehicles not registered to the person must have a vehicle dealer license. In addition to the license requirement, vehicle dealers must file a surety bond with the DOL. Generally, the surety bond must be in the amount of \$30,000.

Within the broad category of "vehicle dealers" are several subcategories of vehicle dealers. The license fee for each type of vehicle dealer license is \$975, except for each "subagency" of a vehicle dealer, which is a \$100 license fee.

- A "motor vehicle dealer" is a vehicle dealer that deals in new or used motor vehicles.

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- A "retail vehicle dealer" is a vehicle dealer that may buy and sell vehicles at both wholesale and retail.
- A "wholesale vehicle dealer" is a vehicle dealer that buys and sells other than at retail.
- A "mobile home and travel trailer dealer" is a vehicle dealer that deals in mobile homes, park trailers, or travel trailers.
- A "miscellaneous vehicle dealer" is a vehicle dealer that deals in motorcycles or vehicles other than motor vehicles or mobile homes and travel trailers. (\$5,000 surety bond instead of \$30,000 surety bond).
- A "subagency" is any place of business of a vehicle dealer within the state, which is physically and geographically separated from the principal place of business of the firm or any place of business of a vehicle dealer within the state, at which place the firm does business using a name other than the principal name of the firm, or both.

The business of a vehicle dealer must be lawfully carried on at an established place of business in accordance with the terms of all applicable building code, zoning, and other land-use regulatory ordinances. An established place of business is a permanent, enclosed commercial building located in Washington that is easily accessible at all reasonable times. Generally, a vehicle dealer's building must be kept open to the public so that the public may contact the vehicle dealer or the vehicle dealer's salespersons at all reasonable times (at least 10:00 a.m. to 4:00 p.m.).

However, certain requirements that apply to other types of vehicle dealers do not apply to wholesale vehicle dealers and additional specific requirements apply to wholesale vehicle dealers. Wholesale vehicle dealers are not required to maintain normal business hours, are not required to have a building that is kept open to the public at all reasonable times, and are not required to have a phone book listing, like other vehicle dealers. But all storage facilities for a wholesale vehicle dealer's inventory must be listed with the DOL and comply with local land use ordinances. Also, a wholesale vehicle dealer must maintain a telecommunications system, and an exterior sign visible from the nearest street must identify the wholesale vehicle dealer's business name and the nature of business. If a wholesale vehicle dealer and another vehicle dealer or dealers businesses share a location, all records, office facilities, and inventory, if any, must be physically segregated and clearly identified.

Summary of Bill:

The definition of "wholesale vehicle dealer" is changed to require a wholesale vehicle dealer to buy vehicles from or sell vehicles to other Washington licensed vehicle dealers.

A requirement is added so that the office facilities in a commercial building within the state that a wholesale vehicle dealer must have are required to be in a commercial building within the state that has no more than two other wholesale or retail vehicle dealers in the same building.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Immediately.