

# SENATE BILL REPORT

## SB 6606

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As of February 4, 2016

**Title:** An act relating to wholesale vehicle dealers.

**Brief Description:** Concerning wholesale vehicle dealers.

**Sponsors:** Senator King.

**Brief History:**

**Committee Activity:** Transportation: 2/03/16.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Kellee Keegan (786-7429)

**Background:** The Department of Licensing (DOL) is responsible for licensing all motor vehicle dealers operating in Washington.

Wholesale motor vehicle dealers. Current law defines a wholesale motor vehicle dealer as a vehicle dealer who buys and sells other than at retail.

A wholesale vehicle dealer must have office facilities in a commercial building within Washington State, and all storage facilities for inventory shall be listed with the DOL, and must meet local zoning and land use ordinances. A wholesale vehicle dealer shall maintain a telecommunications system. An exterior sign visible from the nearest street must identify the business name and the nature of the business. When two or more vehicle dealer businesses share a location, all records, office facilities, and inventory must be clearly segregated and clearly identified.

Motor vehicle dealers. A motor vehicle dealer deals in new and used motor vehicles, or both. A license is needed for anyone who sells more than four vehicles in any 12 months, buys and sells vehicles for the purpose of making a profit, or sells vehicles that are not registered to the seller. A motor vehicle dealer must have an established place of business that includes a publicly available commercial space open at least five days a week, with signage, located in a commercially zoned area with a business telephone listing in the local directory. Required books and records must be kept at the place of business.

Before a motor vehicle dealer may be issued a license, they must have:

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- filed with the DOL a surety bond worth \$30,000;
- shown proof of either owning or renting a business site;
- submitted an application of a business license to the Department of Revenue;
- submitted a source of funds statement;
- submitted a personal criminal history statement with a fingerprint card for each member of the business; and
- submitted proof of required training, if selling only used vehicles.

**Summary of Bill:** The "wholesale vehicle dealer" subcategory of licensed vehicle dealers is removed from statute.

Accordingly, the following related to wholesale vehicle dealers is removed:

- specific requirements for office facilities, storage facilities, telecommunications equipment, signage, and shared locations;
- the authorization for vehicle dealers to recover damages from wholesale vehicle dealers because of a loss or damage; and
- the requirement that a consignor not be a motor vehicle dealer in order to institute an action for recovery against another dealer and the other dealer's surety bond.

By removing the subcategory of these licenses, a wholesale vehicle dealer would need to submit an application to the DOL for another applicable dealer license, such as a motor vehicle dealer license.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: This is an unusual issue. In a period of a week, over 100 motor vehicle dealers licenses were issued. The law as it is now allows for illegal dealings and fraud. This is a consumer protection issue. The FBI and DEA are interested in this. This permissibility essentially allows for the laundering of vehicles.

**Persons Testifying:** PRO: Rick Jensen, Dealers Auto Auctions NW; Anthony Sermonti, Department of Licensing.

**Persons Signed In To Testify But Not Testifying:** No one.