

HOUSE BILL REPORT

SB 5244

As Reported by House Committee On: Business & Financial Services

Title: An act relating to the means of communication between a buyer or lessee and an auto dealer during the "bushing" period.

Brief Description: Concerning the means of communication between a buyer or lessee and an auto dealer during the "bushing" period.

Sponsors: Senators O'Ban, Hobbs, Takko and Wilson.

Brief History:

Committee Activity:

Business & Financial Services: 3/6/17 [DP].

Brief Summary of Bill

- Specifies the ways an auto dealer may communicate the acceptance or rejection of the auto sales contract, lease, or financing to a buyer or lessee during the "bushing" period.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: Do pass. Signed by 11 members: Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; J. Walsh, Assistant Ranking Minority Member; Barkis, Bergquist, Blake, Jenkin, McCabe, Santos and Stanford.

Staff: Robbi Kesler (786-7153).

Background:

If an offer to purchase or lease a vehicle is accepted contingent on securing financing, or on some other factor, the auto dealer must give final acceptance or rejection of the offer within four calendar days (excluding Saturdays, Sundays, and holidays) without further negotiation. For example, an offer made on Tuesday must be accepted or rejected by Friday.

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.

"Bushing" occurs when an auto dealer does not accept or reject the agreement to purchase or lease a motor vehicle, without negotiation, within four calendar days. Bushing has been prohibited in statute since 1967, when Washington first specified unlawful practices for motor vehicle dealers. Dealers typically use the time before the acceptance of an offer to obtain financing for the prospective buyer.

If the dealer rejects the agreement, any money, trade-in vehicle, or anything else given as initial payment or security must be returned, and the deal must be called off before there can be any attempt to reopen negotiations.

The Department of Licensing (Department) regulates and licenses auto dealers doing business in Washington.

Summary of Bill:

An auto dealer may notify the buyer or lessee of the acceptance or rejection of the auto sales contract, lease, or financing by:

- sending an electronic mail (email) message to the buyer or lessee's supplied email address;
- phone call;
- leaving a voice message at the buyer or lessee's supplied phone number;
- sending a text message to the buyer or lessee's supplied phone number;
- in-person oral communication;
- mailing a letter by first-class mail if the buyer or lessee expresses a preference for a letter or declines to provide an email address and phone number capable of receiving text messages; or
- other means agreed to by the buyer or lessee, or approved by the Department.

The notification is effective when executed, mailed, or sent, so long as the "bushing" period has not expired.

Appropriation: None.

Fiscal Note: Not requested.

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) This bill simplifies and modernizes communication.

(Opposed) None.

Persons Testifying: Senator O'Ban, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.