

# HOUSE BILL REPORT

## ESSB 5338

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### As Reported by House Committee On: Transportation

**Title:** An act relating to registration enforcement for off-road vehicles and snowmobiles.

**Brief Description:** Concerning registration enforcement for off-road vehicles and snowmobiles.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Wilson and Takko).

#### **Brief History:**

##### **Committee Activity:**

Transportation: 3/9/17, 3/15/17 [DPA].

#### **Brief Summary of Engrossed Substitute Bill (As Amended by Committee)**

- Requires manufacturers of off-road vehicles (ORVs) and snowmobiles to report annually to the Department of Licensing (DOL) a listing of all warranties of such vehicles sold to Washington residents by out-of-state dealers in the previous calendar year.
- Requires the DOL to examine the listing provided by the manufacturers of ORVs and snowmobiles and to notify any owner whose vehicle is not properly registered in Washington of the owner's obligations under state law, as well as the penalties for noncompliance.
- Makes it a gross misdemeanor to knowingly fail to register an ORV or snowmobile, or to knowingly fail to apply for a certificate of title for an ORV, within 15 days of notification from the DOL that the vehicle is not properly registered and/or titled in Washington.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass as amended. Signed by 24 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Wylie, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking

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Minority Member; Chapman, Gregerson, Hayes, Irwin, Kloba, Lovick, McBride, Morris, Ortiz-Self, Pellicciotti, Pike, Riccelli, Rodne, Shea, Stambaugh, Tarleton and Van Werven.

**Staff:** Mark Matteson (786-7145).

**Background:**

*Off-Road Vehicles.*

Off-road vehicles (ORVs) are vehicles that are used for recreational purposes on nonhighway roads, trails, and other natural terrain. Off-road vehicles include all-terrain vehicles (ATVs), certain motorcycles, dune buggies, and certain four-wheel drive vehicles. An owner of an ORV who is a Washington resident must apply for a certificate of title for the vehicle after purchasing it in Washington or bringing the vehicle to the state for the first time. Among other things, the Department of Licensing (DOL) requires for titling purposes the manufacturer's statement or certificate of origin, an official document from the manufacturer that indicates: the country of origin; the first conveyance of the vehicle after its manufacture; the model year; the make; an indication that the vehicle was not manufactured for on-road use; and several other pieces of information. At the time of application for title, the DOL will also require the owner to pay state and local use tax on the vehicle, based on the selling price, if the owner has not already paid sales tax on the vehicle at the time of purchase.

An owner of an ORV that wishes to operate the vehicle in the state must first register the vehicle with the DOL and pay a fee of \$18. The DOL will issue a decal to the owner of an ORV, except for the owner of a wheeled ATV to whom the DOL will issue a metal tag. The decal or metal tag serves the same function as a license plate for on-road vehicles within Washington and, for states that have reciprocal laws governing out-of-state ORVs, allows the owner to operate the vehicle in that state. The penalty for a resident that operates an ORV without proper registration is a traffic infraction, with a fine of at least \$25.

An out-of-state owner of an ORV that is properly registered or permitted in another state may operate the vehicle in Washington if the other state has a reciprocal law that allows out-of-state residents with properly registered or permitted vehicles to operate there.

*Snowmobiles.*

Snowmobiles are self-propelled vehicles capable of traveling over snow and ice. Washington residents who purchase or bring in snowmobiles to the state are not required to apply for a certificate of title. However, like with ORVs that are purchased without sales tax, use tax is due when the vehicle is acquired or first brought into the state.

An owner must register the vehicle with the DOL before operating it and pay a \$50 fee. Upon receipt of payment, the DOL will issue the applicant a decal, which must be affixed to the right or left side of the snowmobile below the windshield. The decal serves the same function as a license plate for on-road vehicles within Washington and, for states that have reciprocal laws governing out-of-state snowmobiles, allows the owner to operate the vehicle in that state. The penalty for a resident that operates a snowmobile and fails to properly display the registration decal is a traffic infraction, with a fine of at least \$40.

Like with ORVs, an out-of-state owner of a snowmobile that is properly registered or permitted in another state may operate the vehicle in Washington if the other state has a reciprocal law that allows out-of-state residents with properly registered or permitted vehicles to operate there.

*Motorsport Vehicle Manufacturers.*

State law regulates the franchise relationship between motorsport vehicle manufacturers and dealers. A motorsport vehicle is an umbrella term that includes motorcycles, mopeds, motor-driven cycles, personal watercraft, snowmobiles, and four-wheeled ATVs. Among the regulatory provisions are requirements concerning warranty work conducted by dealers and the manufacturers' responsibilities to compensate for such work.

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**Summary of Amended Bill:**

Beginning in 2018, motorsports vehicle manufacturers are required to report annually to the DOL by the first business day in February a listing of all warranties for ORVs and snowmobiles that were sold to Washington residents by out-of-state dealers in the previous calendar year. Failure to report a complete listing results in an administrative fine of \$100 per day for each day that the DOL has not received the report. The State Treasurer must deposit any fines received in the ORV & Nonhighway Vehicle Account and the Snowmobile Account in proportion to the number of ORV and snowmobile registrations in the previous calendar year.

The DOL must examine the warranties listing provided by motorsports vehicle manufacturers to verify whether the vehicles are properly registered. By the end of February of each year, the DOL must notify the owner of the warranty of any ORV or snowmobile that is not properly registered of the owner's obligations under state law, as well as the penalties for failure to comply with the law. Notification must be by certified mail, with return receipt requested.

It is a gross misdemeanor to knowingly fail to register an ORV or a snowmobile, or to knowingly fail to apply for a certificate of title for an ORV, within 15 days of receiving or refusing a notice issued by the DOL that the vehicle is not properly registered in the state.

**Amended Bill Compared to Engrossed Substitute Bill:**

The first day that the administrative fine of \$100 per day may be assessed to nonreporting motorsports vehicle manufacturers is delayed to the day after the first business day in February, the deadline by which such manufacturers are required to submit a listing of all warranties of vehicles sold by out-of-state dealers to Washington residents in the previous calendar year.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect on August 1, 2017.

**Staff Summary of Public Testimony:**

(In support) In 2007, 50 percent of off-road vehicles were purchased out of the state. Now, the figure is close to 90 percent. In Clark County, it is relatively easy to go to Oregon to avoid sales tax. The Senate bill before you is the same as the companion that passed out of the House Transportation Committee.

As described in the bill report, this bill closes a significant loophole. This levels the playing field for Washington dealers. Oregon dealers have a 10 percent advantage over their Washington counterparts.

(Opposed) None.

(Other) Early last summer, the DOL started working with the advocates on this issue. It appears to be an increasing problem in the state. The fiscal note, in the narrative portion, shows that the potential revenue gains from the enforcement offset the costs to the DOL.

**Persons Testifying:** (In support) Senator Wilson, prime sponsor; Grant Nelson and Jim Boltz, Washington State Motorsports Dealers Association; and Vicki Gray, South Sound Honda.

(Other) Tony Sermonti, Department of Licensing.

**Persons Signed In To Testify But Not Testifying:** None.