

# SENATE BILL REPORT

## EHB 2808

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As Reported by Senate Committee On:  
Transportation, February 26, 2018

**Title:** An act relating to vehicle dealer licensing.

**Brief Description:** Concerning vehicle dealer licensing.

**Sponsors:** Representatives Kirby and Walsh.

**Brief History:** Passed House: 2/13/18, 96-2.

**Committee Activity:** Transportation: 2/22/18, 2/26/18 [DP].

### Brief Summary of Bill

- Requires the Department of Licensing (DOL) to renew a wholesale vehicle dealer license of a dealer who has held the license for the previous six years, while otherwise retaining the elimination of the license category, pursuant to 2017 legislation.

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass.

Signed by Senators Hobbs, Chair; Saldaña, Vice Chair; King, Ranking Member; Chase, Cleveland, Dhingra, Fortunato, Lias, McCoy, Sheldon, Takko, Walsh, Wellman and Zeiger.

**Staff:** Bryon Moore (786-7726)

**Background:** House Bill 1722 enacted in the 2017 legislative session, phased out the wholesale vehicle dealer license over a two-year period. DOL may not issue any new wholesale vehicle dealer licenses, effective July 1, 2017. DOL may not renew any wholesale vehicle dealer licenses effective July 1, 2018. The wholesale vehicle dealer license category and all references to wholesale vehicle dealers are removed from law on July 1, 2019.

Certain requirements that apply to other types of vehicle dealers do not apply to wholesale vehicle dealers until July 1, 2019. Wholesale vehicle dealers are not required to maintain normal business hours or display facilities, 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 telephone book

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listing, like other vehicle dealers. However, all storage facilities for a wholesale vehicle dealer's inventory must be listed with DOL and comply with local land-use ordinances. 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. Wholesale vehicle dealers are also required to buy from or sell vehicles to other Washington licensed vehicle dealers. A wholesale vehicle dealer's required office facilities must be in a commercial building in which there are not more than two other wholesale or retail vehicle dealers in the same building.

**Summary of Bill:** Provisions phasing out and repealing the wholesale vehicle dealer license over a two-year period—July 2017 to July 2019—are amended to require DOL to renew a wholesale vehicle dealer license of a wholesale vehicle dealer who has held the license continuously for at least the previous six years from the effective date of the bill. Otherwise, the phase out of the wholesale vehicle dealer license is retained insofar as DOL is prohibited from otherwise issuing new or renewed wholesale vehicle dealer licenses.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill takes effect on July 1, 2018.

**Staff Summary of Public Testimony:** PRO: This bill fixes something that we collectively broke with the passage of HB 1722 last year. The 2017 law is currently eliminating the wholesale vehicle dealer license over a two-year period. The license is being eliminated because it was being used by out-of-state people taking advantage of our licensing system and committing fraudulent activities. However, the bill last year would also put out of business licensed wholesale vehicle dealers who were and are following the law. By grandfathering existing wholesale vehicle dealers, this will allow people who have built careers as wholesale vehicle dealers to finish their careers, and continue to have their license renewed until they retire. While this kind of business model will phase out over time, this fix is needed for these individuals.

**Persons Testifying:** Representative Steve Kirby, Prime Sponsor.

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