

SENATE BILL REPORT

SB 5590

As of February 7, 2017

Title: An act relating to illegal vehicle wrecking operations.

Brief Description: Addressing illegal vehicle wrecking operations.

Sponsors: Senators Chase, Ericksen and Hobbs.

Brief History:

Committee Activity: Transportation: 2/07/17.

Brief Summary of Bill

- Creates a task force to identify, inspect, and minimize illegal vehicle wrecking.
- Clarifies authority to inspect vehicle wreckers and the definitions relating to vehicle wrecking in statute.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Kellee Keegan (786-7429)

Background: A vehicle wrecker is a person, firm, partnership, association, or corporation that is engaged in the business of buying, selling, or dealing in vehicles for the purpose of wrecking, dismantling, disassembling, or substantially changing the form of a vehicle.

It is unlawful for a person to engage in the business of wrecking vehicles without having first applied for and received a license. Any person engaged in unlawful vehicle wrecking is guilty of a gross misdemeanor. If a person is caught unlawfully wrecking vehicles a second time they are guilty of a Class C felony.

A vehicle wrecker license may be obtained by the Department of Licensing (DOL) by paying a fee of \$25, filing a surety bond with the DOL in the amount of \$1,000, and signing an application that includes the following information:

- name and address of the person, firm, partnership, association, or corporation under which the name of the business is to be conducted;
- names and residence addresses of all people having an interest in the business;

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- certificate of approval by the chief of police of any city or town having a population of over 5000 people, and in all other instances a member of the Washington State Patrol (WSP), certifying that the applicant has a place of business shown on the vehicle wrecker application and that they are in compliance with the law; and
- any other information that the DOL may require.

Within 30 days of acquiring a vehicle, a vehicle wrecker must provide a written report to the DOL accompanied with proof of ownership. A vehicle wrecker must report all acquired vehicles to the DOL monthly. A record and description of every vehicle and component that was altered or purchased must be kept. The data recorded by the wrecker is specifically prescribed in law. Failure to keep lawful records is a gross misdemeanor.

The DOL may deny, suspend, or revoke the license of a vehicle wrecker or assess a civil fine of up to \$500 for each violation if the applicant or licensee has failed to comply with the state laws pertaining to vehicle wrecking.

It is the duty of the chiefs of police in cities with a population of over 5000 people, or the WSP, to make periodic inspections of a licensed vehicle wrecker's premises and records during normal business hours. The city's police or WSP must furnish a certificate of inspection to the DOL in a manner determined by the DOL. An authorized representative of the DOL may also conduct the inspection.

Summary of Bill: Definitions of motor vehicle and used vehicle parts are added to the laws relating to vehicle wrecking. Advertising or offering to sell, barter, trade, or give any used vehicle parts without a vehicle wrecker license is in violation of the laws relating to vehicle wreckers and laws pertaining to consumer protection. Permission is given to the WSP to delegate inspection authority to a police chief, or sheriff, if it is determined they have the same expertise as the WSP.

A taskforce is created with representatives from the DOL, WSP, Department of Revenue, and the Department of Ecology to establish a plan to identify, inspect, and stop or minimize illegal wrecking operations in Washington State. A written report is due on November 1, 2017 to the standing Transportation committees of both chambers, the Environment Committee of the House of Representatives, the Energy, Environment, and Telecommunication Committee of the Senate, the Public Safety Committee of the House of Representatives, and the Law and Justice Committee in the Senate. The report must include:

- a plan to identify illegal wrecking operations;
- a plan to investigate illegal wrecking operations;
- a plan to stop or minimize illegal wrecking operations;
- a schedule of the task force and resources needed;
- recommendations for changes in statute or rule; and
- any other recommendations.

By January 1, 2020, the taskforce must provide a written report detailing the following:

- the number of illegal wrecking operations there were;
- how many illegal wrecking operations the task force has investigated;
- the number of illegal wrecking operations that have ceased operating;
- the impact illegal wrecking operations have had on sales tax; and

- the amount of hazardous substances released into the environment as a result of illegal wrecking operations.

If the final report is submitted by January 1, 2020, the taskforce will come to an end on July 1, 2020.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony: PRO: This bill cracks down on the underground economy and protects legitimate businesses, the environment, and citizens of Washington State. More than 50 percent of the licensed vehicle wreckers have ceased doing business because of illegal vehicle wrecking and recycling. Illegal wreckers have a 78 percent advantage over legal vehicle wreckers. In the past 10 years, illegal wreckers have skyrocketed and many of licensed vehicle wreckers have closed shop. Illegal competition and costly regulation is making it difficult for law-abiding businesses. Illegal wreckers do not have the same costs as legal wreckers and auto recyclers. Illegal wreckers do not collect sales tax, pay B&O tax, or follow environmental regulations. Washington State has one of the highest vehicle theft rates. The Washington State DOL keeps thorough records of licensed vehicle wreckers' business but there is nothing kept on what is happening illegally. Illegal wreckers have found a niche to make money under the radar.

OTHER: A technical amendment is needed to change the definition of "used vehicle parts" in section 2. In this bill, a "used vehicle part" would have the same definition as a vehicle. Vehicle parts come from vehicles and are not vehicles themselves. The definitions need to be cleaned up in section 2 and a section toward the end needs to be reviewed. Section 4 relating to the authority for inspecting licensed vehicle wreckers gives the Washington State Patrol the delegation authority over who does the inspecting. The language in current law should be retained.

Persons Testifying: PRO: Senator Maralyn Chase, Prime Sponsor; Gary Smith, Independent Business Association; Bill Fazeka, Automotive Recyclers of Washington; Dave Currier, Kitsap Auto Parts.

OTHER: James McMahan, WA Assn. Sheriffs & Police Chiefs; Mel Sorensen, Property Casualty Insurers Association of America; Captain Monica Alexander, Washington State Patrol.

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