

# FINAL BILL REPORT

## SHB 2374

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Synopsis as Enacted

**Brief Description:** Preserving the ability of auto dealers to offer consumers products not supplied by an auto manufacturer.

**Sponsors:** House Committee on Consumer Protection & Business (originally sponsored by Representatives Kirby, Vick, Ryu, Barkis, Young, Wylie, Doglio, Goodman and Pollet).

**House Committee on Consumer Protection & Business**  
**Senate Committee on Labor & Commerce**

### **Background:**

A new motor vehicle manufacturer (manufacturer) or new motor vehicle brand owner (brand owner) maintains a relationship with a new motor vehicle dealer (dealer) through a franchise agreement. The responsibilities of each party are delineated in state law and the franchise agreement. State law generally dictates when a manufacturer may own or terminate a dealer's franchise, that manufacturers may not discriminate between dealers, and how manufacturers must reimburse a dealer for warranty work.

A retail installment sales contract is used when a buyer purchases a motor vehicle from a dealer, and the buyer requests that the dealer provide financing for the vehicle. Generally, the dealer then assigns or sells these contracts to a financial institution as soon as the purchase transaction for the vehicle is complete.

### **Summary:**

A brand owner may not require a dealer to offer a secondary product or provide a disclosure not otherwise required by law. A brand owner may not prohibit a dealer from offering a secondary product, including service contracts, maintenance agreements, extended warranties, protection product guarantees, guaranteed asset protection waivers, insurance, replacement parts, vehicle accessories, oil, and supplies. A brand owner may offer an incentive program to a dealer to encourage the dealer to sell or offer a specific secondary product. A secondary product is defined as all products that are not new motor vehicles or original equipment manufacturer parts.

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*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.*

A brand owner may prohibit a dealer from using secondary products for any repair work paid for by the brand owner under the terms of a warranty, recall, service contract, extended warranty, maintenance plan, or certified preowned vehicle program established or offered by the brand owner.

A lender who shares common control with a brand owner may not require a customer to purchase a secondary product from a particular provider, administrator, or insurer. A violation constitutes an unlawful practice under the Consumer Protection Act.

**Votes on Final Passage:**

House	96	0	
Senate	47	1	(Senate amended)
House	96	0	(House concurred)

**Effective:** June 11, 2020