
HOUSE BILL 2374

State of Washington

66th Legislature

2020 Regular Session

By Representatives Kirby, Vick, Ryu, Barkis, Young, Wylie, Doglio, Goodman, and Pollet

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1 AN ACT Relating to preserving the ability of auto dealers to
2 offer consumers products not supplied by an auto manufacturer;
3 amending RCW 63.14.043; and adding a new section to chapter 46.96
4 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 46.96
7 RCW to read as follows:

8 (1) Notwithstanding the terms of a franchise agreement, a brand
9 owner shall not directly or indirectly:

10 (a) Require a new motor vehicle dealer to offer a secondary
11 product;

12 (b) Require a new motor vehicle dealer to provide a customer with
13 a disclosure not otherwise required by law; or

14 (c) Prohibit a new motor vehicle dealer from offering a secondary
15 product including, but not limited to:

16 (i) Service contracts;

17 (ii) Maintenance agreements;

18 (iii) Extended warranties;

19 (iv) Protection product guarantees;

20 (v) Guaranteed asset protection waivers;

21 (vi) Insurance;

- 1 (vii) Replacement parts;
- 2 (viii) Vehicle accessories;
- 3 (ix) Oil; or
- 4 (x) Supplies.

5 (2) It is not a violation of this section for a brand owner to
6 offer an incentive program to new motor vehicle dealers to encourage
7 them to sell or offer to sell a secondary product approved, endorsed,
8 sponsored, or offered by the brand owner, provided the program does
9 not provide vehicle sales or service incentives.

10 (3) For the purposes of this section:

11 (a) "Brand owner" means a manufacturer, distributor, factory
12 branch, factory representative, agent, officer, parent company,
13 wholly or partially owned subsidiary, affiliate entity, or other
14 person under common control with a factory, importer, or distributor.

15 (b) "Common control" has the same meaning as in RCW 48.31B.005.

16 (c) "Customer" means the retail purchaser of a vehicle or
17 secondary product from a new motor vehicle dealer.

18 (d) "Original equipment manufacturer parts" means parts
19 manufactured by a vehicle's original manufacturer or its designee and
20 supplied through the manufacturer's normal distribution channels.

21 (e) "Secondary product" means all products that are not new motor
22 vehicles or original equipment manufacturer parts.

23 **Sec. 2.** RCW 63.14.043 and 2006 c 288 s 1 are each amended to
24 read as follows:

25 (1) If a retail installment contract for the purchase of a motor
26 vehicle meets the requirements of this chapter and meets the
27 requirements of any federal law applicable to a retail installment
28 contract for the purchase of a motor vehicle, the retail installment
29 contract shall be accepted for consideration by any lender, except
30 for lenders licensed and regulated under the provisions of chapter
31 31.04 RCW, to whom application for credit relating to the retail
32 installment contract is made.

33 (2) If a retail installment contract for the purchase of a motor
34 vehicle includes the purchase of a secondary product, a lender who
35 shares common control with a brand owner may not directly or
36 indirectly require, as a condition of acceptance of assignment of the
37 retail installment contract, that the buyer purchase a secondary
38 product from a particular provider, administrator, or insurer. A
39 violation of this subsection is deemed to affect the public interest

1 and constitutes an unlawful and unfair practice under chapter 19.86
2 RCW.

3 (3) For the purposes of this section, "secondary product,"
4 "common control," and "brand owner" have the same meanings as
5 provided in section 1 of this act.

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