
**Consumer Protection & Business
Committee**

HB 1388

Brief Description: Concerning motor vehicle sales.

Sponsors: Representatives Kloba, Bateman, Ramel, Lekanoff, Chopp and Slatter.

Brief Summary of Bill

- Authorizes manufacturers of zero emissions vehicles to own, operate, or control new motor vehicle dealerships and companies providing finance, leasing, and services for their vehicles.
- Increases authorized documentary service fees from \$150 to \$300.

Hearing Date: 2/10/21

Staff: John Burzynski (786-7133).

Background:

Direct Sale of Vehicles.

Washington generally bars motor vehicle manufacturers and distributors from competing with new motor vehicle dealers by acting as dealers, or by owning, operating, or controlling a dealership. However, manufacturers that held a vehicle dealer license in Washington on January 1, 2014 are authorized to:

- own, operate, or control a new motor vehicle dealership that sells new vehicles that are only of that manufacturer's makes or lines and that are not sold new by a licensed independent franchise dealer; and
- own, operate, or control or contract with companies that provide finance, leasing, or service for vehicles that are of that manufacturer's makes or lines.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Documentary Service Fees.

Washington prohibits sellers of motor vehicles from including as an added cost to the selling price or capitalized cost of a vehicle an amount for licensing or transfer of title which is not actually due to the state, unless such amount has in fact been paid by the dealer prior to the sale.

However, dealers are authorized to charge a documentary service fee up to \$150 per vehicle sale or lease to recover administrative costs for collecting motor vehicle excise taxes, licensing and registration fees and other agency fees, verifying and clearing titles, transferring titles, perfecting, releasing, or satisfying liens or other security interests, and other administrative and documentary services rendered by a dealer in connection with the sale or lease of a vehicle and in carrying out the requirements of Washington law.

A dealer may only charge a documentary service fee if it complies with certain requirements, including disclosure in any advertisement that such fee in an amount up to \$150 may be added to the sale price or the capitalized cost.

Summary of Bill:

Direct Sale of Zero Emissions Vehicles.

A manufacturer that produces only zero emissions vehicles is authorized to:

- own, operate, or control a new motor vehicle dealership that sells new vehicles that are only of that manufacturer's makes or lines and that are not sold new by a licensed independent franchise dealer; and
- own, operate, or control or contract with companies that provide finance, leasing, or service for vehicles that are of that manufacturer's makes or lines.

Zero emissions vehicle is defined as a vehicle that emits no exhaust gas from the onboard source of power, other than water vapor.

The provision of Washington law authorizing manufacturers that held a vehicle dealer license in Washington on January 1, 2014 to engage in the above practices is removed.

Documentary Service Fees.

The documentary service fee a motor vehicle dealer may charge is increased from \$150 to \$300, subject to the requirement the dealer disclose in any advertisement that such fee in an amount up to \$300 may be added to the sale price or the capitalized cost.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.