

SENATE BILL REPORT

EHB 1049

As Reported by Senate Committee On:
Business, Financial Services & Trade, March 16, 2021

Title: An act relating to the off-site delivery of a vehicle by a vehicle dealer licensed under chapter 46.70 RCW.

Brief Description: Concerning the off-site delivery of a vehicle by a vehicle dealer licensed under chapter 46.70 RCW.

Sponsors: Representatives Kirby, Vick, Kloba, Leavitt, Ryu, Morgan, Ramel, Springer and Stokesbary.

Brief History: Passed House: 1/27/21, 96-0.

Committee Activity: Business, Financial Services & Trade: 3/11/21, 3/16/21 [DPA].

Brief Summary of Amended Bill

- Permits motor vehicle dealers to deliver vehicles for inspection, test drive, lease, or purchase; to have customers sign agreements over the Internet; and to provide an electronic statement of consumer rights under the Motor Vehicle Warranty Act.
- Removes the right to cancel off-site retail installment transactions for motor vehicles.
- Modifies required disclosures in retail installment contracts.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: Do pass as amended.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Dozier, Ranking Member; Brown, Frockt, Hobbs and Wilson, L.

Staff: Kellee Gunn (786-7429)

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.

Background: Motor Vehicle Dealers. Motor vehicle dealers must be licensed in Washington to sell vehicles. To qualify for a license they must meet certain requirements such as have a business site that meets local and state dealer licensing laws, carry a bond, and provide certain information such as on the manufacturer when selling new vehicles, the business's finances, and personal criminal history. The Department of Licensing is responsible for licensing motor vehicle dealers.

Besides laws governing their license and place of business, motor vehicle dealers must adhere to certain laws and rules regarding motor vehicle warranties, retail installment contracts, emissions requirements, and those regarding consumer rights such as the Lemon Law.

Retail Installment Contracts. A retail installment sales contract may be used for several kinds of goods or services. For motor vehicles, it is used when a buyer purchases a motor vehicle from a dealer, and the buyer requests that the dealer provide financing for the vehicle. The dealer then assigns or sells these contracts to a financial institution as soon as the purchase transaction for the vehicle is complete. For retail installment contracts signed somewhere other than the seller's place of business, the consumer has three business days after signing the contract to cancel the contract by certified mail. The seller must then refund the buyer within ten days and reclaim the goods under the contract.

Summary of Amended Bill: Motor Vehicle Dealers. In addition to other requirements, a motor vehicle dealer may:

- provide a consumer with a written statement, in paper or electronic form, that explains the consumer's rights under the Motor Vehicle Warranty Act;
- deliver a vehicle to a consumer for inspection, a test drive, lease, or purchase; and
- have the customer sign agreements over the Internet, or at a location other than the vehicle dealer's established place of business or licensed or temporary subagency.

Retail Installment Contracts. Retail installment contracts used for the sale of a motor vehicle by a licensed vehicle dealer and signed at a place other than the seller's place of business are excluded from the three-day cancellation by certified mail period for the buyer, and are exempt from the right to cancel procedure otherwise applicable to buyers under retail installment contracts. At the time of purchase, if selling a vehicle at a place other than the dealer's address, the vehicle dealer must disclose to the purchaser or lessee in writing that there is no right to cancel a contract for a vehicle purchase.

EFFECT OF BUSINESS, FINANCIAL SERVICES & TRADE COMMITTEE AMENDMENT(S):

- Requires vehicle dealers, when selling a vehicle at a place other than the dealer's address, to disclose to the purchaser or lessee in writing that there is no right to cancel a contract for a vehicle purchase.

Appropriation: None.

Fiscal Note: Not requested.

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 on Engrossed House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill was born out of COVID-19 and the desire of vehicle dealers to adapt and meet customers where they are. During this time, dealers discovered some hurdles to selling a vehicle. When a purchase is made from a physical location, a consumer does not have the right of rescission available to consumers under the law regarding retail installment contracts. This bill language is a result of extensive work with the Attorney General's Office and vehicle dealers. There is no change in the practice with what occurs at the dealership.

Persons Testifying: PRO: Scott Hazlegrove, Washington State Auto Dealers Association.

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