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HOUSE BILL 1212

State of Washington 67th Legislature 2021 Regular Session

By Representatives Gregerson, Taylor, Peterson, Kloba, J. Johnson, Davis, Ortiz-Self, Ormsby, Simmons, Chase, Shewmake, Bergquist, Sells, Callan, Riccelli, Macri, Ramel, Paul, Frame, and Harris-Talley

Read first time 01/15/21. Referred to Committee on Consumer Protection & Business.

AN ACT Relating to promoting the fair servicing and repair of digital electronic products to increase access to appropriate and affordable digital products, support small businesses and jobs, and enhance digital connectivity in Washington state; adding a new chapter to Title 19 RCW; and prescribing penalties.

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

NEW SECTION. Sec. 1. The legislature finds that access to appropriate and affordable digital electronic products is necessary to overcome digital inequities in Washington state and that broader distribution of the information and tools necessary to repair digital electronic products will shorten repair times and lower costs for consumers.

The legislature further finds that the COVID-19 pandemic has made the need for devices even more critical as people rely on digital electronic devices to submit unemployment claims, join telehealth appointments, attend work and school, connect with family and friends, and generally access services from the safety of their home. The legislature recognizes that people will continue to need digital electronic products to function for the foreseeable future.

The legislature further finds that low-income and Black Washingtonians face disproportionate barriers to accessing internet

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in their homes. Recent census household pulse survey data shows that a computer is rarely or never available for children's educational use in 59 percent of households experiencing poverty and 80 percent of Black households in Washington state. Also, electronic product manufacturer shops or licensed repair shops can often be in urban areas, requiring rural consumers to travel long distances for repair.

The legislature further finds that independent repair businesses provide an important source of employment and contribute to a competitive repair market. In addition, these small business employees can more safely repair devices when appropriate parts and information are readily accessible.

The legislature further finds that digital electronic products are comprised of precious metals that are finite and unnecessary early disposal can be avoided with proper repair.

Therefore, the legislature intends to broaden access to the information and tools necessary to repair digital electronic products, thereby increasing access to appropriate and affordable digital electronic products, supporting small businesses and jobs, and making it easier for all residents of Washington state to connect digitally.

- NEW SECTION. Sec. 2. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
 - (1) "Authorized repair provider" means a person or business: (a) That has an arrangement for a definite or indefinite period with an original manufacturer in which the original manufacturer grants to a person or business a license to use a trade name, service mark, or related characteristic for the purposes of offering repair services under the name of the original manufacturer; or (b) retained by the original manufacturer to provide refurbishing services for the original manufacturer's product or products.
 - (2) "Digital electronic product" means an electronic device containing a microprocessor and originally manufactured for distribution and sale in the United States for general consumer purchase. Digital electronic product includes but is not limited to smartphones, electronic reading devices, appliances, laptop computers, and tablets.
 - (3) "Embedded software" means any programmable instructions provided on firmware delivered with the digital electronic product

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- 1 for the purposes of product operation, including all relevant patches
- 2 and fixes made by the original manufacturer for this purpose
- 3 including, but not limited to, synonyms "basic internal operating
- 4 system," "internal operating system," "machine code," "assembly
- 5 code," "root code," and "microcode."
- 6 (4) "Fair and reasonable terms" means an equitable price in light 7 of relevant factors including, but not limited to:
- 8 (a) The net cost to the authorized repair provider for similar 9 information obtained from an original manufacturer, less any 10 discounts, rebates, or other incentive programs;
 - (b) The cost to the original manufacturer for preparing and distributing the information, excluding any research and development costs incurred in designing and implementing, upgrading, or altering the product, but including amortized capital costs for the preparation and distribution of the information;
- 16 (c) The price charged by other original manufacturers for similar information;
 - (d) The price charged by original manufacturers for similar information prior to the launch of original manufacturer websites;
 - (e) The ability of aftermarket technicians or shops to afford the information;
 - (f) The means by which the information is distributed;
 - (g) The extent to which the information is used, which includes the number of users, and frequency, duration, and volume of use; and
 - (h) Inflation.

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- (5) "Firmware" means a software program or set of instructions programmed on a hardware device to allow the device to communicate with other computer hardware.
- (6) "Independent repair provider" means a person or business operating in this state that is not affiliated with an original manufacturer or an original manufacturer's authorized repair provider, which is engaged in the diagnosis, service, maintenance, or repair of digital electronic products. However, for the purposes of this section, an original manufacturer is considered an independent repair provider for purposes of those instances when such an original manufacturer engages in the diagnosis, service, maintenance, or repair of equipment that is not affiliated with the original manufacturer.
- 39 (7) "Medical device" means an instrument, apparatus, implement, 40 machine, contrivance, implant, or other similar or related article,

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- including a component part, or accessory, as defined in the federal food, drug, and cosmetic act (21 U.S.C. Sec. 321 (h)), as amended, that is intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, in man or other animals.
 - (8) (a) "Motor vehicle" means any vehicle that is designed for transporting persons or property on a street or highway and is certified by the motor vehicle manufacturer under all applicable federal safety and emissions standards and requirements for distribution and sale in the United States.
 - (b) Motor vehicle does not include:
 - (i) A motorcycle; or

- 13 (ii) A recreational vehicle or manufactured home equipped for 14 habitation.
 - (9) "Motor vehicle dealer" means any person or business who, in the ordinary course of business, is engaged in the business of selling or leasing new motor vehicles to a person or business pursuant to a franchise agreement, who has obtained a license under the motor vehicle industry regulation act, and who is engaged in the diagnosis, service, maintenance, or repair of motor vehicles or motor vehicle engines pursuant to such a franchise agreement.
- 22 (10) "Motor vehicle manufacturer" means any person or business 23 engaged in the business of manufacturing or assembling new motor 24 vehicles.
 - (11) "Nonroad engine" means an internal combustion engine, including the fuel system, that is not: (a) Used in a motor vehicle or a vehicle used solely for competition; or (b) subject to the standards of performance for new stationary sources or the emission standards for new motor vehicles or new motor vehicle engines promulgated under the clean air act, 42 U.S.C. Secs. 7411, 7521.
 - (12) "Nonroad engine, nonroad equipment, or nonroad vehicle dealer" means any person who is engaged in the sale or the distribution of new nonroad engines, new nonroad equipment, or new nonroad vehicles to the ultimate purchaser.
 - (13) "Nonroad engine, nonroad equipment, or nonroad vehicle manufacturer" means any person engaged in the manufacturing or assembling of new nonroad engines, new nonroad equipment, or new nonroad vehicles, or importing such engines, equipment, or vehicles for resale, or who acts for and is under the control of any such person in connection with the distribution of new nonroad engines,

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new nonroad equipment, or new nonroad vehicles, but does not include any dealer with respect to new nonroad engines, new nonroad equipment, or new nonroad vehicles received by the dealer in commerce.

- (14) "Nonroad equipment" means equipment that is powered by a nonroad engine and that is not a motor vehicle, a vehicle used solely for competition, or a nonroad vehicle.
- (15) "Nonroad vehicle" means a vehicle that is powered by a nonroad engine and that is not a motor vehicle or a vehicle used solely for competition.
- (16) "Original manufacturer" means a person or business who, in the ordinary course of its business, is engaged in the business of selling or leasing new digital electronic products to consumers or other end users, and is engaged in the diagnosis, service, maintenance, or repair of that product.
- 16 (17) "Owner" means a person or business who owns or leases a 17 digital electronic product purchased or used in this state.
 - (18) "Part" or "service part" means any replacement part, either new or used, made available by the original manufacturer to the authorized repair provider for purposes of effecting repair.
 - (19) "Remote diagnostic" means any remote data transfer function between a digital electronic product and the provider of repair services, including for the purposes of remote diagnostics, settings controls, or location identification.
 - (20) "Stationary engine" means an internal combustion engine that is not used in a motor vehicle, a vehicle used solely for competition, a nonroad vehicle, or nonroad equipment.
 - (21) "Stationary engine or stationary equipment dealer" means any person who is engaged in the sale or the distribution of new stationary engines or new stationary equipment to the ultimate purchaser.
 - (22) "Stationary engine or stationary equipment manufacturer" means any person engaged in the manufacturing or assembling of new stationary engines or new stationary equipment, or importing such engines or equipment for resale, or who acts for and is under the control of any such person in connection with the distribution of new stationary engines or new stationary equipment, but does not include any dealer with respect to new stationary engines or new stationary engines or new stationary equipment received by the dealer in commerce.

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(23) "Stationary equipment" means equipment that is powered by a stationary engine and that is not a motor vehicle, a vehicle used solely for competition, a nonroad vehicle, or nonroad equipment.

- (24) "Trade secret" means anything tangible or intangible or electronically stored or kept that constitutes, represents, evidences, or records intellectual property, including secret or confidentially held designs, processes, procedures, formulas, inventions, or improvements, or secret or confidentially held scientific, technical, merchandising, production, business, or management information, or any other trade secret as defined in 18 U.S.C. Sec. 1839, as that section existed on January 1, 2017.
- NEW SECTION. Sec. 3. (1) For digital electronic products that are at least five years past their manufacture date, original manufacturers of digital electronic products sold on or after January 1, 2012, in Washington state must make available:
 - (a) To independent repair providers or owners of digital electronic products manufactured by the original manufacturer the same diagnostic and repair information, including repair technical updates, schematic diagrams, updates, corrections to embedded software, and safety and security patches timely, and for no charge or for the same charge and in the same format the original manufacturer makes available to its authorized repair provider and subcontract repair of refurbishment facilities; and
 - (b) For purchase by the owner, the owner's authorized agent, or independent repair provider, equipment or service parts, inclusive of any updates to the embedded software of the equipment or parts, upon fair and reasonable terms.
 - (2) Nothing in this section requires the original manufacturer to sell equipment or service parts if the parts are no longer available to the original manufacturer or the authorized repair provider of the original manufacturer.
 - (3) Any original manufacturer that sells any diagnostic, service, or repair documentation to any independent repair provider or to any owner in a format that is standardized with other original manufacturers, and on terms and conditions more favorable than the manner and the terms and conditions pursuant to which the authorized repair provider obtains the same diagnostic, service, or repair documentation, is prohibited from requiring any authorized repair

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provider to continue purchasing diagnostic, service, or repair documentation in a proprietary format, unless the proprietary format includes diagnostic, service, or repair documentation or functionality that is not available in such a standardized format.

- (4) (a) Each original manufacturer of digital electronic products sold or used in the state must make available for purchase by owners and independent repair providers all diagnostic repair tools incorporating the same diagnostic, repair, and remote diagnostic capabilities that the original manufacturer makes available to its own repair or engineering staff or any authorized repair provider.
- (b) Each original manufacturer must offer such tools for sale to owners and independent repair providers upon fair and reasonable terms. Each original manufacturer that provides diagnostic repair documentation to aftermarket diagnostic tools, diagnostics, or third party service information publications and systems has fully satisfied its obligations under this section and thereafter is not responsible for the content and functionality of such aftermarket diagnostic tools, diagnostics, or service information systems.
- (5) Original manufacturer equipment or parts sold or used in this state for the purpose of providing security-related functions may not exclude diagnostic, service, and repair information necessary to reset a security-related electronic function from information provided to owners and independent repair facilities. If excluded under this subsection, the information necessary to reset an immobilizer system or security-related electronic module may be obtained by owners and independent repair facilities through the appropriate secure data release systems.
- (6) Original manufacturers of digital electronic products sold on or after January 1, 2023, in Washington state are prohibited from designing or manufacturing digital electronic products in such a way as to prevent reasonable diagnostic or repair functions by an independent repair provider.
- (7) As an alternative to the obligations set forth in subsections (1) through (6) of this section, original manufacturers of digital electronic products sold on or after January 1, 2023, may provide a training program and allow any licensed Washington business to get certified as a "manufacturer certified repair facility" in an open and fair certification process.

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NEW SECTION. **Sec. 4.** (1) Nothing in this chapter may be construed to require an original manufacturer to divulge a trade secret.

- (2) Notwithstanding any law or rule to the contrary, no provision in this section may be read, interpreted, or construed to abrogate, interfere with, contradict, or alter the terms of any agreement executed and in force between an authorized repair provider and an original manufacturer including, but not limited to, the performance or provision of warranty or recall repair work by an authorized repair provider on behalf of an original manufacturer pursuant to such an authorized repair agreement, except that any provision in such an authorized repair agreement that purports to waive, avoid, restrict, or limit an original manufacturer's compliance with this section is void and unenforceable.
- (3) Nothing in this section may be construed to require original manufacturers or authorized repair providers to provide an owner or independent repair provider access to nondiagnostic and repair information by an original manufacturer to an authorized repair provider pursuant to the terms of an authorizing agreement.
- NEW SECTION. Sec. 5. (1) Nothing in this section applies to motor vehicle manufacturers, any product or service of a motor vehicle manufacturer, or motor vehicle dealers.
 - (2) Nothing in this section applies to:
 - (a) Nonroad engine, nonroad equipment, or nonroad vehicle manufacturers, any product or service of a nonroad engine, nonroad equipment, or nonroad vehicle manufacturer, or nonroad engine, nonroad equipment, or nonroad vehicle dealers; or
 - (b) Stationary engine or stationary equipment manufacturers, any product or service of a stationary engine or stationary equipment manufacturer, or stationary engine or stationary equipment dealers.
 - (3) (a) Nothing in this section applies to manufacturers or distributors of a medical device as defined in the federal food, drug, and cosmetic act (21 U.S.C. Sec. 301 et seq.) or a digital electronic product or software manufactured for use in a medical setting including diagnostic, monitoring, or control equipment or any product or service that they offer. For the purposes of this section, "medical setting" includes, but is not limited to, acute care hospitals, long-term care facilities, such as nursing homes or skilled nursing facilities, physicians' offices, urgent care centers,

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- outpatient clinics, home settings where health care is provided at home by or at the direction of licensed health care providers, emergency medical services, and specific sites within nonhealth care settings where health care is routinely delivered, such as a medical clinic embedded within a school.
- 6 (b) A digital electronic product otherwise subject to the 7 provisions of this chapter is not considered a medical device or 8 considered manufactured for use in a medical setting by virtue of its 9 ability to be used in conjunction with a medical device or with a 10 digital electronic product or software manufactured for use in a 11 medical setting.
- 12 <u>NEW SECTION.</u> **Sec. 6.** (1) The legislature finds that the 13 practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection 14 15 act, chapter 19.86 RCW. A violation of this chapter is not reasonable 16 in relation to the development and preservation of business and is an 17 unfair or deceptive act in trade or commerce and an unfair method of 18 competition for the purpose of applying the consumer protection act, 19 chapter 19.86 RCW.
- 20 (2) In addition to any other remedies provided by law, including under the consumer protection act, chapter 19.86 RCW, any original manufacturer that violates any provision of this chapter is subject to a civil penalty in the amount of five hundred dollars for each act in violation of this chapter. All penalties imposed under this section must be paid to the state treasury and credited to the general fund.
- NEW SECTION. Sec. 7. This chapter may be known and cited as the fair repair act.
- NEW SECTION. Sec. 8. Sections 1 through 7 of this act constitute a new chapter in Title 19 RCW.

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