

HOUSE BILL REPORT

HB 1581

As Amended by the Senate

Title: An act relating to licensing of motor vehicle dealers and manufacturers.

Brief Description: Revising provisions for licensing of motor vehicle dealers and manufacturers.

Sponsors: By Representatives Cooper, Haigh, Morell, Hankins, Rockefeller and Delvin; by request of Department of Licensing.

Brief History:

Committee Activity:

Transportation: 2/14/01, 2/19/01 [DP].

Floor Activity:

Passed House: 3/9/01, 93-0.

Senate Amended.

Passed Senate: 4/9/01, 47-0.

Brief Summary of Bill
<ul style="list-style-type: none">· Authorizes the Department of Licensing to monitor and regulate the lease practices of vehicle dealers and manufacturers.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 28 members: Representatives Fisher, Democratic Co-Chair; Mitchell, Republican Co-Chair; Cooper, Democratic Vice Chair; Ericksen, Republican Vice Chair; Hankins, Republican Vice Chair; Lovick, Democratic Vice Chair; Ahern, Anderson, Armstrong, G. Chandler, Edmonds, Haigh, Hatfield, Hurst, Jackley, Jarrett, Marine, Mielke, Morell, Ogden, Reardon, Rockefeller, Romero, Schindler, Simpson, Sump, Wood and Woods.

Staff: Reema Griffith (786-7301).

Background:

Currently, the Department of Licensing (DOL) has the authority to monitor and regulate the business and sales practices of licensed vehicle dealers. Part of the department's

responsibility in regulating dealers is to investigate complaints filed by customers. After conducting an investigation, if the department finds a dealer to be in violation of current regulations, the department may issue a correction notice, assess a fine, or suspend or revoke their license.

If the department receives a customer complaint related specifically to a lease agreement, current law does not explicitly authorize the department to regulate or monitor lease agreements. This fact notwithstanding, the department has historically investigated lease complaints which have been done with dealer consent and cooperation. However, because this practice is not specifically authorized in statute, it could be questioned and challenged if so desired. With vehicle leasing becoming a very popular option with the general public, it is likely that there will also be an increase in lease complaints filed with the DOL, thus the need for clarification on regulatory authority.

Summary of Bill:

In order to clarify the DOL's authority as it relates to regulating and monitoring vehicle lease practices of auto dealers, the word lease- is added throughout Chapter 46.70 (Dealers and Manufacturers-) to be included with current authority over vehicle sales.

In order to save time and money, language is added authorizing the DOL to electronically transmit the vehicle dealer manual, which is provided to dealers when they initially license their business and when they renew their license, if any revisions or updates have occurred.

In an effort to ensure that a dealer is both registered and in good standing with the Department of Revenue (DOR), language is added which authorizes the DOL to suspend or revoke a dealer's business license if the dealer does not have a current certificate or registration with the DOR.

Technical amendments are made to gender neutralize current language.

EFFECT OF SENATE AMENDMENT(S):

Similar provisions to those contained in HB 1736 (auto dealer education and bonding requirements) are added in the Senate's striking amendment to HB 1581. Specifically, applicants for a vehicle dealer license are required to complete a minimum of eight hours of education and pass a test. Applicants for a renewal of their vehicle dealer license are required to complete a minimum of five hours of continuing education each year. Certification of the applicants successful completion of the education program and test must be provided to DOL.

The education requirements apply only to used car dealers as the senate language specifically exempts franchise car dealers, dealers of new recreational vehicles, rental car companies, dealers of manufactured dwellings, and wholesale auto action companies that hold a vehicle dealer license.

The education programs and test are to be developed by motor vehicle industry organizations including, but not limited to, the independent auto dealers association and the Department of Licensing.

The amount of the surety bond the applicant must file with DOL is increased from \$15,000 to \$30,000.

The effect date for the education provisions is July 1, 2002.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This will clarify the DOL's responsibility over lease agreements.

Testimony Against: None.

Testified: Evelyn Parker, Department of Licensing.