

SENATE BILL REPORT

SB 5816

As Reported by Senate Committee On:
Transportation, February 26, 2009

Title: An act relating to vehicle dealer documentary service fees.

Brief Description: Concerning vehicle dealer documentary service fees.

Sponsors: Senators Eide, Delvin, King, Jarrett, Sheldon, Berkey and Hatfield.

Brief History:

Committee Activity: Transportation: 2/19/09, 2/26/09 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5816 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Swecker, Ranking Minority Member; Becker, Berkey, Delvin, Eide, Jacobsen, Kastama, Kauffman, Kilmer and King.

Staff: Wendy Malkin (786-7434)

Background: Under current law, car dealers may charge a documentary service fee of \$50 or less per vehicle sale or lease to recover administrative costs. Administrative costs include collecting motor vehicle excise taxes and licensing and registration fees; verifying and clearing titles; transferring titles; and perfecting, satisfying, or releasing liens. A dealer can charge the documentary service fee under the following conditions: the dealer must disclose the fee in writing to a prospective purchaser or lessee; the dealer cannot represent that the fee is required by the state; the dealer must separately designate the fee from the selling price and other charges; and the dealer must disclose the fee in advertisements as an addition to the selling price.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): Car dealers may charge a documentary service fee of up to \$150. In addition to meeting the conditions under current law, the dealer must disclose to the purchaser or lessee in writing that the fee is a negotiable fee. The disclosure must be in typeface that is at least as large as the typeface used in the standard text of the document that contains the disclosure.

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

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Substitute as Passed Committee): Requires that the disclosure of the fee be in bold, italics, capitalized, or otherwise set-off from the rest of the document.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Proposed Substitute as Heard in Committee:
PRO: Auto dealers are facing tough times. Sales are down 30 percent. We need to level the playing field between dealers in Washington and dealers in neighboring states.

CON: This bill will hurt low-income individuals and seniors. It is a welfare package for car dealers at the expense of consumers. There is no relationship between the proposed increase in the fee and any additional work required of car dealers. Other states regulate the fee and keep the fee at lower amounts. Car dealers are in economic trouble but so are consumers. This fee is not truly negotiable.

OTHER: We are concerned about the disclosure requirement. The requirement should make the disclosure more conspicuous; for example, bold or italicized type should be required.

Persons Testifying: PRO: Senator Eide, prime sponsor; Scott Hazlegrove, Washington Auto Dealers Association.

CON: Bruce Reeves, Washington Senior Lobby; Nick Straley, Columbia Legal Services.

OTHER: Hunter Goodman, Mary Lobdell, Attorney General's Office.