

# SENATE BILL REPORT

## EHB 1049

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As of March 11, 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.

### Brief Summary of 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.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

**Staff:** Kellee Gunn (786-7429)

**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

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*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.*

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 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.

**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:** 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.