

HOUSE BILL REPORT

HB 1198

As Passed House

March 10, 1997

Title: An act relating to motor vehicle dealer practices.

Brief Description: Regulating motor vehicle dealer practices.

Sponsors: By House Committee on Transportation Policy & Budget (originally sponsored by Representatives Mitchell, Fisher, Robertson, Johnson, Costa and L. Thomas).

Brief History:

Committee Activity:

Transportation Policy & Budget: 1/27/97, 2/3/97 [DP].

Floor Activity:

Passed House: 3/10/97, 95-0.

HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

Majority Report: Do pass. Signed by 26 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Fisher, Ranking Minority Member; Blalock, Assistant Ranking Minority Member; Cooper, Assistant Ranking Minority Member; Backlund; Buck; Cairnes; Constantine; DeBolt; Gardner; Hatfield; Johnson; Murray; O'Brien; Ogden; Radcliff; Robertson; Romero; Scott; Skinner; Sterk; Wood and Zellinsky.

Staff: Jeff Doyle (786-7322).

Background: Under current law if a car buyer makes a purchase offer to a dealer, the dealer must accept or reject the offer within 48 hours (excluding Saturdays, Sundays and holidays), and is prohibited from further negotiating with the buyer.

Dealers are also prohibited from renegotiating the trade-in allowance granted to a buyer, except under limited circumstances: (1) only if the title to the trade-in car has been branded— (e.g., rebuilt—); and (2) only if there is substantial physical damage or mechanical defect that the dealer could not have discovered at the time of accepting the purchase offer.

Upon request of a prospective purchaser, dealers are required to furnish the name and address of the former owner of a used vehicle that is being offered for sale.

Dealers are prohibited from issuing more than one temporary permit for a vehicle, even if the permit is due to expire before the dealer can obtain the vehicle title.

Summary of Bill: Car dealers have three calendar days (excluding Saturdays, Sundays and holidays) to accept or reject a purchase offer, instead of 48 hours. This allows the dealer an additional day to obtain financing for a prospective buyer.

A dealer may renegotiate the trade-in value on a car under any of these circumstances: (1) the title to the trade-in car has been branded– (e.g., rebuilt–); (2) there is substantial physical damage or mechanical defect that the dealer could not have discovered at the time of accepting the purchase offer; or (3) the dealer discovers large discrepancies in the mileage from the time the dealer appraised the car for trade-in value to the time the car was surrendered to the dealer. A large discrepancy is considered to be 500 miles or more. A discrepancy– means the difference between the mileage reflected on the vehicle’s odometer and the stated mileage on the odometer statement, or the difference between the stated mileage on the odometer statement and the actual miles on the vehicle.

Dealers are no longer required to furnish the name and address of the previous owner of a used car unless the car was owned by a business or governmental entity.

Dealers are permitted to issue a second 45-day temporary permit under the following conditions: (1) the lienholder (bank) fails to deliver the vehicle title to the dealer within the required time period; (2) the dealer has paid off the underlying lienholder; and (3) the dealer has proof that the lien was paid within two working days after the sales contract was executed by all parties.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The provisions of this bill were contained in a bill that passed the Legislature last session but was vetoed by the Governor for other reasons. The Department of Licensing is in agreement with the bill, and there is no known opposition.

Testimony Against: None.

Testified: Lisa Thatcher, Washington State Auto Dealers.