

CERTIFICATION OF ENROLLMENT

**ENGROSSED HOUSE BILL 2501**

Chapter 282, Laws of 1998

(partial veto)

55th Legislature  
1998 Regular Session

WHOLESALE MOTOR VEHICLE DEALERS--REGULATION--EXEMPTIONS

EFFECTIVE DATE: 6/11/98

Passed by the House March 10, 1998  
Yeas 98 Nays 0

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Passed by the Senate March 6, 1998  
Yeas 46 Nays 0

BRAD OWEN  
**President of the Senate**

Approved April 2, 1998, with the  
exception of sections 1, 3, and 5,  
which are vetoed.

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 2501** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

April 2, 1998 - 2:19 p.m.

**Secretary of State  
State of Washington**

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ENGROSSED HOUSE BILL 2501

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AS AMENDED BY THE SENATE

Passed Legislature - 1998 Regular Session

State of Washington                      55th Legislature                      1998 Regular Session

By Representatives Zellinsky, Robertson, L. Thomas and Carrell

Read first time 01/14/98. Referred to Committee on Transportation Policy & Budget.

1            AN ACT Relating to wholesale motor vehicle auctions; amending RCW  
2 46.70.011, 46.79.010, 46.80.010, and 46.70.101; adding a new section to  
3 chapter 46.70 RCW; adding a new section to chapter 46.79 RCW; and  
4 adding a new section to chapter 46.80 RCW.

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

6            *\*Sec. 1. RCW 46.70.011 and 1996 c 194 s 1 are each amended to read*  
7 *as follows:*

8            *As used in this chapter:*

9            *(1) "Vehicle" means and includes every device capable of being*  
10 *moved upon a public highway and in, upon, or by which any persons or*  
11 *property is or may be transported or drawn upon a public highway,*  
12 *excepting devices moved by human or animal power or used exclusively*  
13 *upon stationary rails or tracks.*

14            *(2) "Motor vehicle" means every vehicle which is self-propelled and*  
15 *every vehicle which is propelled by electric power obtained from*  
16 *overhead trolley wires, but not operated upon rails, and which is*  
17 *required to be registered and titled under Title 46 RCW, Motor*  
18 *Vehicles.*

1       (3) "Vehicle dealer" means any person, firm, association,  
2 corporation, or trust, not excluded by subsection (4) of this section,  
3 engaged in the business of buying, selling, listing, exchanging,  
4 offering, brokering, leasing with an option to purchase, auctioning,  
5 soliciting, or advertising the sale of new or used vehicles, or  
6 arranging or offering or attempting to solicit or negotiate on behalf  
7 of others, a sale, purchase, or exchange of an interest in new or used  
8 motor vehicles, irrespective of whether the motor vehicles are owned by  
9 that person. Vehicle dealers shall be classified as follows:

10       (a) A "motor vehicle dealer" is a vehicle dealer that deals in new  
11 or used motor vehicles, or both;

12       (b) A "mobile home and travel trailer dealer" is a vehicle dealer  
13 that deals in mobile homes, park trailers, or travel trailers, or more  
14 than one type of these vehicles;

15       (c) A "miscellaneous vehicle dealer" is a vehicle dealer that deals  
16 in motorcycles or vehicles other than motor vehicles or mobile homes  
17 and travel trailers or any combination of such vehicles;

18       (d) "Wholesale motor vehicle auction dealer" is a person or firm  
19 offering motor vehicles for sale by competitive bidding at a permanent  
20 location and regularly scheduled dates and times. A salvage pool  
21 operation is not a wholesale motor vehicle auction dealer.

22       (4) The term "vehicle dealer" does not include, nor do the  
23 licensing requirements of RCW 46.70.021 apply to, the following  
24 persons, firms, associations, or corporations:

25       (a) Receivers, trustees, administrators, executors, guardians, or  
26 other persons appointed by, or acting under a judgment or order of, any  
27 court; or

28       (b) Public officers while performing their official duties; or

29       (c) Employees of vehicle dealers who are engaged in the specific  
30 performance of their duties as such employees; or

31       (d) Any person engaged in an isolated sale of a vehicle in which he  
32 is the registered or legal owner, or both, thereof; or

33       (e) Any person, firm, association, corporation, or trust, engaged  
34 in the selling of equipment other than vehicles, subject to  
35 registration, used for agricultural or industrial purposes; or

36       (f) A real estate broker licensed under chapter 18.85 RCW, or his  
37 authorized representative, who, on behalf of the legal or registered  
38 owner of a used mobile home negotiates the purchase, sale, or exchange  
39 of the used mobile home in conjunction with the purchase, sale,

1 exchange, rental, or lease of the land upon which the used mobile home  
2 is located and the real estate broker is not acting as an agent,  
3 subagent, or representative of a vehicle dealer licensed under this  
4 chapter; or

5 (g) Owners who are also operators of the special highway  
6 construction equipment or of the highway construction equipment for  
7 which a vehicle license and display vehicle license number plate is  
8 required as defined in RCW 46.16.010; or

9 (h) Any bank, trust company, savings bank, mutual savings bank,  
10 savings and loan association, credit union, and any parent, subsidiary,  
11 or affiliate thereof, authorized to do business in this state under  
12 state or federal law with respect to the sale or other disposition of  
13 a motor vehicle owned and used in their business; or with respect to  
14 the acquisition and sale or other disposition of a motor vehicle in  
15 which the entity has acquired an interest as a lessor, lessee, or  
16 secured party.

17 (5) "Vehicle salesperson" means any person who for any form of  
18 compensation sells, auctions, leases with an option to purchase, or  
19 offers to sell or to so lease vehicles on behalf of a vehicle dealer.

20 (6) "Department" means the department of licensing, which shall  
21 administer and enforce the provisions of this chapter.

22 (7) "Director" means the director of licensing.

23 (8) "Manufacturer" means any person, firm, association,  
24 corporation, or trust, resident or nonresident, who manufactures or  
25 assembles new and unused vehicles or remanufactures vehicles in whole  
26 or in part and further includes the terms:

27 (a) "Distributor," which means any person, firm, association,  
28 corporation, or trust, resident or nonresident, who in whole or in part  
29 offers for sale, sells, or distributes any new and unused vehicle to  
30 vehicle dealers or who maintains factory representatives.

31 (b) "Factory branch," which means a branch office maintained by a  
32 manufacturer for the purpose of selling or offering for sale, vehicles  
33 to a distributor, wholesaler, or vehicle dealer, or for directing or  
34 supervising in whole or in part factory or distributor representatives,  
35 and further includes any sales promotion organization, whether a  
36 person, firm, or corporation, which is engaged in promoting the sale of  
37 new and unused vehicles in this state of a particular brand or make to  
38 vehicle dealers.

1       (c) "Factory representative," which means a representative employed  
2 by a manufacturer, distributor, or factory branch for the purpose of  
3 making or promoting for the sale of their vehicles or for supervising  
4 or contracting with their dealers or prospective dealers.

5       (9) "Established place of business" means a location meeting the  
6 requirements of RCW 46.70.023(1) at which a vehicle dealer conducts  
7 business in this state.

8       (10) "Principal place of business" means that dealer firm's  
9 business location in the state, which place the dealer designates as  
10 their principal place of business.

11       (11) "Subagency" means any place of business of a vehicle dealer  
12 within the state, which place is physically and geographically  
13 separated from the principal place of business of the firm or any place  
14 of business of a vehicle dealer within the state, at which place the  
15 firm does business using a name other than the principal name of the  
16 firm, or both.

17       (12) "Temporary subagency" means a location other than the  
18 principal place of business or subagency within the state where a  
19 licensed vehicle dealer may secure a license to conduct the business  
20 and is licensed for a period of time not to exceed ten days for a  
21 specific purpose such as auto shows, shopping center promotions, tent  
22 sales, exhibitions, or similar merchandising ventures. No more than  
23 six temporary subagency licenses may be issued to a licensee in any  
24 twelve-month period.

25       (13) "Wholesale vehicle dealer" means a vehicle dealer who buys and  
26 sells other than at retail.

27       (14) "Retail vehicle dealer" means a vehicle dealer who may buy and  
28 sell at both wholesale and retail.

29       (15) "Listing dealer" means a used mobile home dealer who makes  
30 contracts with sellers who will compensate the dealer for obtaining a  
31 willing purchaser for the seller's mobile home.

32       (16) "Auction" means a transaction conducted by means of exchanges  
33 between an auctioneer and the members of the audience, constituting a  
34 series of oral invitations for offers for the purchase of vehicles made  
35 by the auctioneer, offers to purchase by members of the audience, and  
36 the acceptance of the highest or most favorable offer to purchase.

37       (17) "Auction company" means a sole proprietorship, partnership,  
38 corporation, or other legal or commercial entity licensed under chapter

1 18.11 RCW that only sells or offers to sell vehicles at auction or only  
2 arranges or sponsors auctions.

3 (18) "Buyer's agent" means any person, firm, partnership,  
4 association, limited liability company, limited liability partnership,  
5 or corporation retained or employed by a consumer to arrange for or to  
6 negotiate, or both, the purchase of a new motor vehicle on behalf of  
7 the consumer, and who is paid a fee or receives other compensation from  
8 the consumer for its services.

9 (19) "New motor vehicle" means any motor vehicle that is self-  
10 propelled and is required to be registered and titled under Title 46  
11 RCW, has not been previously titled to a retail purchaser or lessee,  
12 and is not a "used vehicle" as defined under RCW 46.04.660.

13 \*Sec. 1 was vetoed. See message at end of chapter.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 46.70 RCW  
15 to read as follows:

16 (1) A wholesale motor vehicle auction dealer may:

17 (a) Sell any classification of motor vehicle;

18 (b) Sell only to motor vehicle dealers and vehicle wreckers  
19 licensed under Title 46 RCW by the state of Washington or licensed by  
20 any other state; or

21 (c) Sell a motor vehicle belonging to the United States government,  
22 the state of Washington, or a political subdivision to nonlicensed  
23 persons as may be required by the contracting public agency. However,  
24 a publicly owned "wrecked vehicle" as defined in RCW 46.80.010 may be  
25 sold to motor vehicle dealers and vehicle wreckers licensed under Title  
26 46 RCW by the state of Washington or licensed by any other state.

27 (2) If the wholesale motor vehicle auction dealer knows that a  
28 vehicle is a "wrecked vehicle" as defined by RCW 46.80.010, the dealer  
29 must disclose this fact on the bill of sale.

30 \*Sec. 3. RCW 46.79.010 and 1990 c 250 s 69 are each amended to  
31 read as follows:

32 The definitions set forth in this section apply throughout this  
33 chapter unless the context indicates otherwise.

34 (1) "Junk vehicle" means a motor vehicle certified under RCW  
35 46.55.230 as meeting all the following requirements:

36 (a) Is three years old or older;

1 (b) Is extensively damaged, such damage including but not limited  
2 to any of the following: A broken window or windshield or missing  
3 wheels, tires, motor, or transmission;

4 (c) Is apparently inoperable;

5 (d) Is without a valid, current registration plate;

6 (e) Has a fair market value equal only to the value of the scrap in  
7 it.

8 (2) "Scrap processor" means a licensed establishment that maintains  
9 a hydraulic baler and shears, or a shredder for recycling salvage.

10 (3) "Demolish" means to destroy completely by use of a hydraulic  
11 baler and shears, or a shredder.

12 (4) "Hulk hauler" means any person who deals in vehicles for the  
13 sole purpose of transporting and/or selling them to a licensed  
14 (~~motor~~) vehicle wrecker or scrap processor in substantially the same  
15 form in which they are obtained. A hulk hauler may not sell second-  
16 hand motor vehicle parts to anyone other than a licensed vehicle  
17 wrecker or scrap processor, except for those parts specifically  
18 enumerated in RCW 46.79.020(2), as now or hereafter amended, which may  
19 be sold to a licensed (~~motor~~) vehicle wrecker or disposed of at a  
20 public facility for waste disposal.

21 (5) "Director" means the director of licensing.

22 (6) "Major component parts" include engines and short blocks,  
23 frames, transmissions or transfer cases, cabs, doors, front or rear  
24 differentials, front or rear clips, quarter panels or fenders, bumpers,  
25 truck beds or boxes, seats, and hoods.

26 (7) "Wholesale motor vehicle auction dealer" is a person or firm  
27 offering motor vehicles for sale by competitive bidding at a permanent  
28 location and regularly scheduled dates and times. A salvage pool  
29 operation is not a wholesale motor vehicle auction dealer.

30 \*Sec. 3 was vetoed. See message at end of chapter.

31 NEW SECTION. Sec. 4. A new section is added to chapter 46.79 RCW  
32 to read as follows:

33 (1) A wholesale motor vehicle auction dealer may:

34 (a) Sell any classification of motor vehicle;

35 (b) Sell only to motor vehicle dealers and vehicle wreckers  
36 licensed under Title 46 RCW by the state of Washington or licensed by  
37 any other state; or

1 (c) Sell a motor vehicle belonging to the United States government,  
2 the state of Washington, or a political subdivision to nonlicensed  
3 persons as may be required by the contracting public agency. However,  
4 a publicly owned "wrecked vehicle" as defined in RCW 46.80.010 may be  
5 sold to motor vehicle dealers and vehicle wreckers licensed under Title  
6 46 RCW by the state of Washington or licensed by any other state.

7 (2) If the wholesale motor vehicle auction dealer knows that a  
8 vehicle is a "wrecked vehicle" as defined by RCW 46.80.010, the dealer  
9 must disclose this fact on the bill of sale.

10 *\*Sec. 5. RCW 46.80.010 and 1995 c 256 s 4 are each amended to read*  
11 *as follows:*

12 *The definitions set forth in this section apply throughout this*  
13 *chapter.*

14 (1) "Vehicle wrecker" means every person, firm, partnership,  
15 association, or corporation engaged in the business of buying, selling,  
16 or dealing in vehicles of a type required to be licensed under the laws  
17 of this state, for the purpose of wrecking, dismantling, disassembling,  
18 or substantially changing the form of a vehicle, or who buys or sells  
19 integral second-hand parts of component material thereof, in whole or  
20 in part, or who deals in second-hand vehicle parts.

21 (2) "Established place of business" means a building or enclosure  
22 which the vehicle wrecker occupies either continuously or at regular  
23 periods and where his books and records are kept and business is  
24 transacted and which must conform with zoning regulations.

25 (3) "Major component part" includes at least each of the following  
26 vehicle parts: (a) Engines and short blocks; (b) frame; (c)  
27 transmission and/or transfer case; (d) cab; (e) door; (f) front or rear  
28 differential; (g) front or rear clip; (h) quarter panel; (i) truck bed  
29 or box; (j) seat; (k) hood; (l) bumper; (m) fender; and (n) airbag.  
30 The director may supplement this list by rule.

31 (4) "Wrecked vehicle" means a vehicle which is disassembled or  
32 dismantled or a vehicle which is acquired with the intent to dismantle  
33 or disassemble and never again to operate as a vehicle, or a vehicle  
34 which has sustained such damage that its cost to repair exceeds the  
35 fair market value of a like vehicle which has not sustained such  
36 damage, or a damaged vehicle whose salvage value plus cost to repair  
37 equals or exceeds its fair market value, if repaired, or a vehicle  
38 which has sustained such damage or deterioration that it may not



1 *lawfully operate upon the highways of this state for which the salvage*  
2 *value plus cost to repair exceeds its fair market value, if repaired;*  
3 *further, it is presumed that a vehicle is a wreck if it has sustained*  
4 *such damage or deterioration that it may not lawfully operate upon the*  
5 *highways of this state.*

6 (5) "Wholesale motor vehicle auction dealer" is a person or firm  
7 offering motor vehicles for sale by competitive bidding at a permanent  
8 location and regularly scheduled dates and times. A salvage pool  
9 operation is not a wholesale motor vehicle auction dealer.

10 \*Sec. 5 was vetoed. See message at end of chapter.

11 NEW SECTION. **Sec. 6.** A new section is added to chapter 46.80 RCW  
12 to read as follows:

13 (1) A wholesale motor vehicle auction dealer may:

14 (a) Sell any classification of motor vehicle;

15 (b) Sell only to motor vehicle dealers and vehicle wreckers  
16 licensed under Title 46 RCW by the state of Washington or licensed by  
17 any other state; or

18 (c) Sell a motor vehicle belonging to the United States government,  
19 the state of Washington, or a political subdivision to nonlicensed  
20 persons as may be required by the contracting public agency. However,  
21 a publicly owned "wrecked vehicle" may be sold to motor vehicle dealers  
22 and vehicle wreckers licensed under Title 46 RCW by the state of  
23 Washington or licensed by any other state.

24 (2) If the wholesale motor vehicle auction dealer knows that a  
25 vehicle is a "wrecked vehicle," the dealer must disclose this fact on  
26 the bill of sale.

27 **Sec. 7.** RCW 46.70.101 and 1996 c 282 s 3 are each amended to read  
28 as follows:

29 The director may by order deny, suspend, or revoke the license of  
30 any vehicle dealer or vehicle manufacturer or, in lieu thereof or in  
31 addition thereto, may by order assess monetary penalties of a civil  
32 nature not to exceed one thousand dollars per violation, if the  
33 director finds that the order is in the public interest and that the  
34 applicant or licensee:

35 (1) In the case of a vehicle dealer:

1 (a) The applicant or licensee, or any partner, officer, director,  
2 owner of ten percent or more of the assets of the firm, or managing  
3 employee:

4 (i) Was the holder of a license issued pursuant to this chapter,  
5 which was revoked for cause and never reissued by the department, or  
6 which license was suspended for cause and the terms of the suspension  
7 have not been fulfilled or which license was assessed a civil penalty  
8 and the assessed amount has not been paid;

9 (ii) Has been adjudged guilty of a crime which directly relates to  
10 the business of a vehicle dealer and the time elapsed since the  
11 adjudication is less than ten years, or suffering any judgment within  
12 the preceding five years in any civil action involving fraud,  
13 misrepresentation, or conversion. For the purposes of this section,  
14 adjudged guilty shall mean in addition to a final conviction in either  
15 a state or municipal court, an unvacated forfeiture of bail or  
16 collateral deposited to secure a defendant's appearance in court, the  
17 payment of a fine, a plea of guilty, or a finding of guilt regardless  
18 of whether the sentence is deferred or the penalty is suspended;

19 (iii) Has knowingly or with reason to know made a false statement  
20 of a material fact in his application for license or any data attached  
21 thereto, or in any matter under investigation by the department;

22 (iv) Has knowingly, or with reason to know, provided the department  
23 with false information relating to the number of vehicle sales  
24 transacted during the past one year in order to obtain a vehicle dealer  
25 license plate;

26 (v) Does not have an established place of business as required in  
27 this chapter;

28 (vi) Refuses to allow representatives or agents of the department  
29 to inspect during normal business hours all books, records, and files  
30 maintained within this state;

31 (vii) Sells, exchanges, offers, brokers, auctions, solicits, or  
32 advertises a new or current model vehicle to which a factory new  
33 vehicle warranty attaches and fails to have a valid, written service  
34 agreement as required by this chapter, or having such agreement refuses  
35 to honor the terms of such agreement within a reasonable time or  
36 repudiates the same, except for sales by wholesale motor vehicle  
37 auction dealers to franchise motor vehicle dealers of the same make  
38 licensed under Title 46 RCW or franchise motor vehicle dealers of the  
39 same make licensed by any other state;

1 (viii) Is insolvent, either in the sense that their liabilities  
2 exceed their assets, or in the sense that they cannot meet their  
3 obligations as they mature;

4 (ix) Fails to pay any civil monetary penalty assessed by the  
5 director pursuant to this section within ten days after such assessment  
6 becomes final;

7 (x) Fails to notify the department of bankruptcy proceedings in the  
8 manner required by RCW 46.70.183;

9 (xi) Knowingly, or with reason to know, allows a salesperson  
10 employed by the dealer, or acting as their agent, to commit any of the  
11 prohibited practices set forth in subsection (1)(a) of this section and  
12 RCW 46.70.180.

13 (b) The applicant or licensee, or any partner, officer, director,  
14 owner of ten percent of the assets of the firm, or any employee or  
15 agent:

16 (i) Has failed to comply with the applicable provisions of chapter  
17 46.12 or 46.16 RCW or this chapter or any rules and regulations adopted  
18 thereunder;

19 (ii) Has defrauded or attempted to defraud the state, or a  
20 political subdivision thereof of any taxes or fees in connection with  
21 the sale or transfer of a vehicle;

22 (iii) Has forged the signature of the registered or legal owner on  
23 a certificate of title;

24 (iv) Has purchased, sold, disposed of, or has in his or her  
25 possession any vehicle which he or she knows or has reason to know has  
26 been stolen or appropriated without the consent of the owner;

27 (v) Has willfully failed to deliver to a purchaser a certificate of  
28 ownership to a vehicle which he has sold;

29 (vi) Has committed any act in violation of RCW 46.70.090 relating  
30 to vehicle dealer license plates or manufacturer license plates;

31 (vii) Has committed any act in violation of RCW 46.70.180 relating  
32 to unlawful acts and practices;

33 (viii) Has engaged in practices inimical to the health or safety of  
34 the citizens of the state of Washington including but not limited to  
35 failure to comply with standards set by the state of Washington or the  
36 federal government pertaining to the construction or safety of  
37 vehicles, except for sales by wholesale motor vehicle auction dealers  
38 to motor vehicle dealers and vehicle wreckers licensed under Title 46  
39 RCW or motor vehicle dealers licensed by any other state;

1 (ix) Has aided or assisted an unlicensed dealer or salesperson in  
2 unlawful activity through active or passive participation in sales,  
3 allowing use of facilities, dealer license number, or by any other  
4 means;

5 (x) Converts or appropriates, whether temporarily or permanently,  
6 property or funds belonging to a customer, dealer, or manufacturer,  
7 without the consent of the owner of the property or funds; or

8 (xi) Has sold any vehicle with actual knowledge that:

9 (A) It has any of the following brands on the title:  
10 "SALVAGE/REBUILT," "JUNK," or "DESTROYED"; or

11 (B) It has been declared totaled out by an insurance carrier and  
12 then rebuilt; or

13 (C) The vehicle title contains the specific comment that the  
14 vehicle is "rebuilt";  
15 without clearly disclosing that brand or comment in writing.

16 (c) The licensee or any partner, officer, director, or owner of ten  
17 percent or more of the assets of the firm holds or has held any such  
18 position in any other vehicle dealership licensed pursuant to this  
19 chapter which is subject to final proceedings under this section.

20 (2) In the case of a manufacturer, or any partner, officer,  
21 director, or majority shareholder:

22 (a) Was or is the holder of a license issued pursuant to this  
23 chapter which was revoked for cause and never reissued by the  
24 department, or which license was suspended for cause and the terms of  
25 the suspension have not been fulfilled, or which license was assessed  
26 a civil penalty and the assessed amount has not been paid;

27 (b) Has knowingly or with reason to know, made a false statement of  
28 a material fact in his application for license, or any data attached  
29 thereto, or in any matter under investigation by the department;

30 (c) Has failed to comply with the applicable provisions of chapter  
31 46.12 or 46.16 RCW or this chapter or any rules and regulations adopted  
32 thereunder;

33 (d) Has defrauded or attempted to defraud the state or a political  
34 subdivision thereof, of any taxes or fees in connection with the sale  
35 or transfer of a vehicle;

36 (e) Has purchased, sold, disposed of, or has in his possession, any  
37 vehicle which he knows or has reason to know has been stolen or  
38 appropriated without the consent of the owner;

1 (f) Has committed any act in violation of RCW 46.70.090 relating to  
2 vehicle dealer license plates and manufacturer license plates;

3 (g) Has committed any act in violation of RCW 46.70.180 relating to  
4 unlawful acts and practices;

5 (h) Sells or distributes in this state or transfers into this state  
6 for resale, any new or unused vehicle to which a warranty attaches or  
7 has attached and refuses to honor the terms of such warranty within a  
8 reasonable time or repudiates the same;

9 (i) Fails to maintain one or more resident employees or agents to  
10 provide service or repairs to vehicles located within the state of  
11 Washington only under the terms of any warranty attached to new or  
12 unused vehicles manufactured and which are or have been sold or  
13 distributed in this state or transferred into this state for resale  
14 unless such manufacturer requires warranty service to be performed by  
15 all of its dealers pursuant to a current service agreement on file with  
16 the department;

17 (j) Fails to reimburse within a reasonable time any vehicle dealer  
18 within the state of Washington who in good faith incurs reasonable  
19 obligations in giving effect to warranties that attach or have attached  
20 to any new or unused vehicle sold or distributed in this state or  
21 transferred into this state for resale by any such manufacturer;

22 (k) Engaged in practices inimical to the health and safety of the  
23 citizens of the state of Washington including but not limited to  
24 failure to comply with standards set by the state of Washington or the  
25 federal government pertaining to the construction and safety of  
26 vehicles;

27 (l) Is insolvent either in the sense that his or her liabilities  
28 exceed his or her assets or in the sense that he or she cannot meet his  
29 or her obligations as they mature;

30 (m) Fails to notify the department of bankruptcy proceedings in the  
31 manner required by RCW 46.70.183.

Passed the House March 10, 1998.

Passed the Senate March 6, 1998.

Approved by the Governor April 2, 1998, with the exception of  
certain items that were vetoed.

Filed in Office of Secretary of State April 2, 1998.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to sections 1, 3,  
3 and 5, Engrossed House Bill No. 2501 entitled:

4 "AN ACT Relating to wholesale motor vehicle auctions;"

5 Engrossed House Bill No. 2501 modifies state law relating to  
6 wholesale motor vehicle auction dealers.

7 Sections 1, 3, and 5 of the bill each contains the definition of  
8 "wholesale motor vehicle auction dealer," which is technically flawed.  
9 The definition would include all firms, wholesale and retail, that  
10 offer motor vehicles for sale by competitive bidding at a permanent  
11 location and with regularly scheduled dates. This would  
12 unintentionally force such retailers, as well as wholesalers, to sell  
13 only to motor vehicle dealers and vehicle wreckers. That result would  
14 limit the options available to consumers and likely result in some  
15 dealers operating illegally.

16 For these reasons, I have vetoed sections 1, 3, and 5 of Engrossed  
17 House Bill No. 2501.

18 With the exception of sections 1, 3, and 5, Engrossed House Bill  
19 No. 2501 is approved."