

HOUSE BILL REPORT

2ESSB 5610

As Passed House - Amended:

March 1, 2000

Title: An act relating to civil penalties levied by the department of licensing for unlawful sale of used motor vehicles by unlicensed parties.

Brief Description: Authorizing the director of the department of licensing to impose a civil penalty for a violation of chapter 46.70 RCW.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Prentice, Finkbeiner, T. Sheldon and Costa).

Brief History:

Committee Activity:

Transportation: 2/22/00, 2/23/00 [DP].

Floor Activity:

Passed House - Amended: 3/1/00, 90-8.

Brief Summary of Second Engrossed Substitute Bill

- Allows the Department of Licensing to assess a \$1,000 civil fine for violation of vehicle dealer laws.
- Vehicle seller must pay consignee within 20 days of the date of sale.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 25 members: Representatives Fisher, Democratic Co-Chair; Mitchell, Republican Co-Chair; Cooper, Democratic 1st Vice Chair; Edwards, Democratic 2nd Vice Chair; Hankins, Republican Vice Chair; G. Chandler; Fortunato; Haigh; Hatfield; Hurst; Lovick; McDonald; Mielke; Morris; Murray; Ogden; Pflug; Radcliff; Romero; Schindler; Schual-Berke; Scott; Skinner; Wood and Woods.

Minority Report: Do not pass. Signed by 2 members: Representatives Ericksen, Republican Vice Chair and DeBolt.

Staff: Paul Neal (786-7315).

Background:

Current Washington law requires vehicle dealers selling either new or used vehicles to obtain a dealer's license from the Department of Licensing (DOL). The DOL is charged with the duty to regulate those vehicle dealers licensed in the state of Washington. Washington law also prohibits vehicle dealers from engaging in unlawful acts and practices, such as false or deceptive advertising, odometer fraud, and failure to comply with applicable warranties.

The director of DOL is authorized to issue a cease and desist order against those persons who have engaged, or are about to engage, in an act or practice violating Washington's vehicle dealer laws. Reasonable notice and an opportunity for a hearing are required.

A person or firm engaged in buying and offering for sale, or buying and selling five or more vehicles in a 12-month period without a valid vehicle dealer license, is guilty of a gross misdemeanor, subject to a fine of up to \$5,000 per violation, and one year in jail. Such conduct is considered a deceptive practice and is a per se violation of the Consumer Protection Act.

Motor vehicle dealers who transact business by consignment contract to sell the vehicle. Once the vehicle's title has been delivered to the purchaser of the vehicle, the dealer must pay the amount due the consignor within 10 days of sale.

Summary of Bill:

The director of DOL is authorized to issue a civil penalty, not to exceed \$1,000 for each violation, against those persons found by the director to be selling five or more vehicles within a year without a valid dealer's license. Reasonable notice and an opportunity for a hearing are required. The civil penalty is due 10 days after issuance of final order. The sale of farm vehicles or equipment, if used for farming purposes, and sold by a farmer, is not a violation under this bill. The sale of cars that are 30 years old or older, are exempt from the definition of curbstoning.

Once the title of a vehicle sold on consignment has been delivered to the purchaser, the dealer must pay the amount due to the consignor within 20 days after the sale of the vehicle.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill will protect consumers by helping the DOL to prevent persons without licenses from acting as vehicle dealers.

Testimony Against: None.

Testified: Rick Wickman, Theresa Gamble, and Pat Feutz of the Washington State Independent Auto Dealer's Association.