

FINAL BILL REPORT

HB 1722

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Synopsis as Enacted

Brief Description: Eliminating wholesale vehicle dealer licensing.

Sponsors: Representatives Kirby and Vick.

House Committee on Business & Financial Services
House Committee on Transportation
Senate Committee on Transportation

Background:

The Department of Licensing (DOL) is responsible for licensing vehicle dealers. A vehicle dealer is a person, business, or trust that is engaged in the business of buying, selling, listing, exchanging, offering, brokering, leasing with an option to purchase, or advertising the sale of new or used vehicles, irrespective of whether the motor vehicles are owned by that person.

With certain exceptions, a person selling more than four vehicles per year that are registered to the person must hold a vehicle dealer license. A person selling any vehicles not registered to the person must hold a vehicle dealer license. In addition to the license requirement, vehicle dealers must file a surety bond with the DOL. Generally, the surety bond must be in the amount of \$30,000.

Within the broad category of vehicle dealers are several subcategories of vehicle dealers. The fee for each type of vehicle dealer license is \$975. The subcategories of vehicle dealers are the following:

- A motor vehicle dealer is a vehicle dealer that deals in new or used motor vehicles.
- A retail vehicle dealer is a vehicle dealer that may buy and sell vehicles at both wholesale and retail.
- A wholesale vehicle dealer is a vehicle dealer that buys and sells other than at retail and who buys vehicles from or sells vehicles to other Washington licensed dealers.
- A mobile home and travel trailer dealer is a vehicle dealer that deals in mobile homes, park trailers, or travel trailers.
- A miscellaneous vehicle dealer is a vehicle dealer that deals in motorcycles or vehicles other than motor vehicles or mobile homes and travel trailers (\$5,000 surety bond instead of \$30,000 surety bond).

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.

Certain requirements that apply to other types of vehicle dealers do not apply to wholesale vehicle dealers and additional specific requirements apply to wholesale vehicle dealers. Wholesale vehicle dealers are not required to maintain normal business hours or display facilities, are not required to have a building that is kept open to the public at all reasonable times, and are not required to have a telephone book listing, like other vehicle dealers. But all storage facilities for a wholesale vehicle dealer's inventory must be listed with the DOL and comply with local land use ordinances. Also, a wholesale vehicle dealer must maintain a telecommunications system, and an exterior sign, visible from the nearest street, must identify the wholesale vehicle dealer's business name and the nature of business. If a wholesale vehicle dealer and another vehicle dealer or dealers' businesses share a location, all records, office facilities, and inventory, if any, must be physically segregated and clearly identified. Because of a 2016 law, wholesale vehicle dealers are also required to buy from or sell vehicles to other Washington licensed vehicle dealers, and a wholesale vehicle dealer's required office facilities must be in a commercial building in which there are not more than two other wholesale or retail vehicle dealers in the same building.

Summary:

The wholesale vehicle dealer license is phased out over a two-year period. Effective July 1, 2017, the Department of Licensing (DOL) may not issue any new wholesale vehicle dealer licenses. Effective July 1, 2018, the DOL may not renew any wholesale vehicle dealer licenses. On July 1, 2019, the wholesale vehicle dealer license category and all references to wholesale vehicle dealers are removed from law.

Votes on Final Passage:

House	71	26
Senate	46	3

Effective: June 30, 2017
July 1, 2019 (Sections 2-6)