

HOUSE BILL REPORT

HB 2476

As Reported by House Committee On: Transportation

Title: An act relating to clarifying the collection process for existing vehicle service transactions.

Brief Description: Clarifying the collection process for existing vehicle service transactions.

Sponsors: Representatives Fey and Harmsworth.

Brief History:

Committee Activity:

Transportation: 1/18/18, 1/24/18 [DPS].

Brief Summary of Substitute Bill

- Allows the Department of Licensing, county auditor or other agent, or subagent to collect service fees for both a title and nontitle transaction when these are completed at the same time.
- Clarifies the title transaction and nontitle transaction service fees are collected in addition to all other fees and taxes required at application.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 23 members: Representatives Clibborn, Chair; Fey, Vice Chair; Wylie, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Chapman, Gregerson, Irwin, Kloba, Lovick, McBride, Ortiz-Self, Pellicciotti, Pike, Riccelli, Rodne, Shea, Stambaugh, Tarleton, Valdez, Van Werven and Young.

Staff: Patricia Hasan (786-7292).

Background:

The Department of Licensing (DOL), county auditor or other agent, or subagent appointed by the Director of the DOL (Director) collects a service fee of:

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- \$12 for changes in a certificate of vehicle title, with or without simultaneous registration renewal, or for verification of record and preparation of an affidavit of lost title (title transactions); and
- \$5 for a registration renewal, issuing a transit permit, accepting a vessel registration, accepting a report of sale, and accepting a transitional ownership record (nontitle transactions).

The service fees collected by the DOL, county auditor, or other agent must be deposited into the Capital Vessel Replacement Account, authorized under RCW 47.60.322 and created in 2011. The service fees collected by subagents are self-retained.

When the ownership of a vehicle changes, a new registration is required by the new vehicle owner. Exceptions to this include:

- when adding or removing a lienholder from the certificate of title;
- when transferring the vehicle from one spouse or domestic partner to another;
- when removing a deceased spouse or domestic partner from the certificate of title;
- when transferring the vehicle as a gift to a member of the registered owner's immediate family;
- when a leaseholder buys out the leased vehicle; or
- when a person changes his or her name.

Therefore, along with most title transactions required for a change of vehicle ownership, a new registration is required as well. Both of these transactions can be completed for a service fee of \$12.

Summary of Substitute Bill:

The DOL, county auditor or other agent, or subagent appointed by the Director can collect a total service fee of \$17 when a title transaction and a nontitle transaction are conducted simultaneously (\$12 for the title transaction plus \$5 for the nontitle transaction). Nontitle transactions are most often vehicle registration renewals. Language is provided to clarify that service fees are collected in addition to any other taxes and fees due at the time of application for a title transaction or a registration transaction.

Substitute Bill Compared to Original Bill:

The effective date is changed from 90 days after adjournment of this session to April 1, 2019.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on April 1, 2019.

Staff Summary of Public Testimony:

(In support) There are 139 subagent offices in Washington that collect over \$600 million in revenue annually on behalf of the state. For this work, subagents are only allowed to retain \$5 for registration renewal transactions and \$12 for title transactions. This bill does not increase the amount of these service fees; it creates consistency with the language regarding filing fees that are collected by the DOL, county auditors and subagents, and then remitted to county treasurers. Since 2014 subagents have been collectively losing \$8 million in revenue per year because of an oversight, but they have experienced increasing costs for rent, payroll, mandatory paid leave, and other business expenses. Subagents cannot raise rates to customers to cover these increasing costs because rates are legislatively set. The last increase in the service fees that subagents retain occurred eight years ago.

Before 2014 license plates had to be replaced every seven years because of wear and tear on the plates. During this time, a person who had purchased a vehicle from someone else (nondealership transaction) could apply for a transfer of title on the vehicle, and the registration tabs would still be valid until their expiration date, at which time that person would return to renew their vehicle registration. This equated to two transactions for subagents, allowing them to collect the \$12 service fee for the title transfer transaction and \$5 for the registration renewal transaction when the customer returned. Legislation passed in 2014 and implemented on January 1, 2015, required the license plate replacement and new tab registration to occur at the time of transfer of ownership of the vehicle. This means that customers conduct one transaction with subagents for both the title and registration and do not need to return for a second transaction months later. Because language in statute only allows a service fee of \$12 collected for a title transaction, with or without registration renewal included, subagents are only able to collect \$12 for both transactions when they used to be able to collect both the \$12 and the \$5 service fees because the transactions occurred at different times. This bill would rectify this situation and allow subagents to collect more revenue and be more successful in the state.

(Opposed) None.

Persons Testifying: Representative Harmsworth; Corry Cavin and Chester Baldwin, Washington Association of Vehicle Subagents; Kevin David, Package Express; and Thad Duvall, Washington State Association of County Auditors.

Persons Signed In To Testify But Not Testifying: None.