**2374-S AMS LBRC S7043.1 - NOT FOR FLOOR USE**

**SHB 2374** - S COMM AMD

By Committee on Labor & Commerce

**ADOPTED 03/06/2020**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  A new section is added to chapter 46.96 RCW to read as follows:

(1) Notwithstanding the terms of a franchise agreement, a brand owner shall not directly or indirectly:

(a) Require a new motor vehicle dealer to offer a secondary product;

(b) Require a new motor vehicle dealer to provide a customer with a disclosure not otherwise required by law; or

(c) Prohibit a new motor vehicle dealer from offering a secondary product including, but not limited to:

(i) Service contracts;

(ii) Maintenance agreements;

(iii) Extended warranties;

(iv) Protection product guarantees;

(v) Guaranteed asset protection waivers;

(vi) Insurance;

(vii) Replacement parts;

(viii) Vehicle accessories;

(ix) Oil; or

(x) Supplies.

(2) It is not a violation of this section for a brand owner to offer an incentive program to new motor vehicle dealers to encourage them to sell or offer to sell a secondary product approved, endorsed, sponsored, or offered by the brand owner, provided the program does not provide vehicle sales or service incentives.

(3) It is not a violation of this section for a brand owner to prohibit a new motor vehicle dealer from using secondary products for any repair work paid for by the brand owner under the terms of a warranty, recall, service contract, extended warranty, maintenance plan, or certified preowned vehicle program established or offered by the brand owner.

(4) For the purposes of this section:

(a) "Brand owner" means a manufacturer, distributor, factory branch, factory representative, agent, officer, parent company, wholly or partially owned subsidiary, affiliate entity, or other person under common control with a factory, importer, or distributor.

(b) "Common control" has the same meaning as in RCW 48.31B.005.

(c) "Customer" means the retail purchaser of a vehicle or secondary product from a new motor vehicle dealer.

(d) "Original equipment manufacturer parts" means parts manufactured by or for a vehicle's original manufacturer or its designee.

(e) "Secondary product" means all products that are not new motor vehicles or original equipment manufacturer parts.

**Sec.**  RCW 63.14.043 and 2006 c 288 s 1 are each amended to read as follows:

(1) If a retail installment contract for the purchase of a motor vehicle meets the requirements of this chapter and meets the requirements of any federal law applicable to a retail installment contract for the purchase of a motor vehicle, the retail installment contract shall be accepted for consideration by any lender, except for lenders licensed and regulated under the provisions of chapter 31.04 RCW, to whom application for credit relating to the retail installment contract is made.

(2) If a retail installment contract for the purchase of a motor vehicle includes the purchase of a secondary product, a lender who shares common control with a brand owner may not directly or indirectly require, as a condition of acceptance of assignment of the retail installment contract, that the buyer purchase a secondary product from a particular provider, administrator, or insurer. A violation of this subsection is deemed to affect the public interest and constitutes an unlawful and unfair practice under chapter 19.86 RCW.

(3) For the purposes of this section, "secondary product," "common control," and "brand owner" have the same meanings as provided in section 1 of this act."

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On page 1, line 2 of the title, after "manufacturer;" strike the remainder of the title and insert "amending RCW 63.14.043; and adding a new section to chapter 46.96 RCW."

EFFECT: Provides that it is not a violation for a brand owner to prohibit a new motor vehicle dealer from using secondary products for any repair work paid for by the brand owner under the terms of a warranty, recall, service contract, extended warranty, maintenance plan, or certified preowned vehicle program established or offered by the brand owner.