

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2374

Chapter 174, Laws of 2020

66th Legislature
2020 Regular Session

MOTOR VEHICLE DEALERS--SECONDARY PRODUCTS

EFFECTIVE DATE: June 11, 2020

Passed by the House March 9, 2020
Yeas 96 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 6, 2020
Yeas 47 Nays 1

CYRUS HABIB

President of the Senate

Approved March 27, 2020 2:16 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2374** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 27, 2020

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2374

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

State of Washington 66th Legislature 2020 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives Kirby, Vick, Ryu, Barkis, Young, Wylie, Doglio, Goodman, and Pollet)

READ FIRST TIME 01/28/20.

1 AN ACT Relating to preserving the ability of auto dealers to
2 offer consumers products not supplied by an auto manufacturer;
3 amending RCW 63.14.043; and adding a new section to chapter 46.96
4 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 46.96
7 RCW to read as follows:

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

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

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

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

16 (i) Service contracts;

17 (ii) Maintenance agreements;

18 (iii) Extended warranties;

19 (iv) Protection product guarantees;

20 (v) Guaranteed asset protection waivers;

21 (vi) Insurance;

- 1 (vii) Replacement parts;
- 2 (viii) Vehicle accessories;
- 3 (ix) Oil; or
- 4 (x) Supplies.

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

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

16 (4) For the purposes of this section:

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

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

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

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

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

29 **Sec. 2.** RCW 63.14.043 and 2006 c 288 s 1 are each amended to
30 read as follows:

31 (1) If a retail installment contract for the purchase of a motor
32 vehicle meets the requirements of this chapter and meets the
33 requirements of any federal law applicable to a retail installment
34 contract for the purchase of a motor vehicle, the retail installment
35 contract shall be accepted for consideration by any lender, except
36 for lenders licensed and regulated under the provisions of chapter
37 31.04 RCW, to whom application for credit relating to the retail
38 installment contract is made.

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

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

Passed by the House March 9, 2020.

Passed by the Senate March 6, 2020.

Approved by the Governor March 27, 2020.

Filed in Office of Secretary of State March 27, 2020.

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