

# SENATE BILL REPORT

## SB 6803

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As of February 6, 2002

**Title:** An act relating to the prohibition of unfair practices by motor vehicle manufacturers and dealers.

**Brief Description:** Prohibiting unfair practices by motor vehicle manufacturers and dealers.

**Sponsors:** Senators Prentice and Winsley.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/7/02.

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Staff:** Jack Brummel (786-7428)

**Background:** In a 1998 statute, the Legislature required that franchise agreements between motor vehicle manufacturers and dealers must specify the dealers' obligation to perform warranty work or service. Manufacturers are required to pay all approved claims for warranty work by dealers within 30 days of receipt.

In legislation enacted in 2000, manufacturers and distributors were prohibited from giving preferential treatment to any new motor vehicle dealers or from owning, operating or controlling a new motor vehicle dealership. They are also prohibited from operating a service facility for repair or maintenance not covered under the manufacturer's new car warranty and extended warranty policies.

**Summary of Bill:** Claims for warranty work must be submitted to the manufacturer within one year of the date the work was performed. Claims under an incentive program may be submitted any time within one year of the expiration of the incentive program. Claims under an incentive program must be paid within 30 days of approval of the claim. Except in cases of fraud or substandard work, a manufacturer or distributor may not make charge-backs to a dealer for prizes or claims under an incentive program.

Manufacturers or distributors may not end a franchise or otherwise restrict a franchisee because the franchisee chooses to operate a franchise with another line of motor vehicles.

Requirements and limitations are established governing the exercise of a manufacturer's or distributor's right of first refusal at the time of sale of a new motor vehicle dealership. Except for voluntary dispute resolution procedures, legal action between motor vehicle dealers and manufacturers or distributors must take place in the state of Washington.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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