
**Consumer Protection & Business
Committee**

HB 2374

Brief Description: Preserving the ability of auto dealers to offer consumers products not supplied by an auto manufacturer.

Sponsors: Representatives Kirby, Vick, Ryu, Barkis, Young, Wylie, Doglio, Goodman and Pollet.

Brief Summary of Bill

- Prohibits a brand owner from requiring a new motor vehicle dealer to offer a secondary product or provide a disclosure not otherwise required by law.
- Prohibits a brand owner from preventing a dealer from offering a secondary product to customers.
- Prohibits a lender who shares common control with an automobile brand owner from requiring a customer to purchase a secondary product from a specific provider, administrator, or insurer.

Hearing Date: 1/21/20

Staff: Serena Dolly (786-7150).

Background:

A new motor vehicle manufacturer (manufacturer) or new motor vehicle brand owner (brand owner) maintains a relationship with a new motor vehicle dealer (dealer) through a franchise agreement. The responsibilities of each party are delineated in state law and the franchise agreement between the parties. State law generally dictates when a manufacturer may own or terminate a dealer's franchise, that manufacturers may not discriminate between dealers, and how manufacturers must reimburse a dealer for warranty work. In addition, various practices are prohibited in the dealer franchise law.

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.

Retail installment contracts are regulated by state law. A retail installment sales contract is used when a buyer purchases a motor vehicle from a dealer and the buyer requests that the dealer provide financing for the vehicle. Generally, the dealer then assigns or sells these contracts to a financial institution as soon as the purchase transaction for the vehicle is complete.

Summary of Bill:

A "secondary product" is defined as all products that are not new motor vehicles or original equipment manufacturer parts.

A brand owner may not require a dealer to offer a secondary product or provide a disclosure not otherwise required by law. A brand owner may not prohibit a dealer from offering a secondary product, including service contracts, maintenance agreements, extended warranties, protection product guarantees, guaranteed asset protection waivers, insurance, replacement parts, vehicle accessories, oil, and supplies. A brand owner may offer an incentive program to a dealer to encourage the dealer to sell or offer a specific secondary product.

A lender who shares common control with a brand owner may not require a customer to purchase a secondary product from a particular provider, administrator, or insurer. A violation constitutes an unlawful practice under the Consumer Protection Act.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.