

# HOUSE BILL REPORT

## EHB 1049

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**As Passed House:**

January 27, 2021

**Title:** An act relating to the off-site delivery of a vehicle by a vehicle dealer licensed under chapter 46.70 RCW.

**Brief Description:** Concerning the off-site delivery of a vehicle by a vehicle dealer licensed under chapter 46.70 RCW.

**Sponsors:** Representatives Kirby, Vick, Kloba, Leavitt, Ryu, Morgan, Ramel, Springer and Stokesbary.

**Brief History:**

**Committee Activity:**

Consumer Protection & Business: 1/13/21, 1/14/21 [DP].

**Floor Activity:**

Passed House: 1/27/21, 96-0.

**Brief Summary of Engrossed Bill**

- Permits motor vehicle dealers to: deliver vehicles for inspection, test drive, lease, or purchase; to have customers sign agreements over the Internet; and to provide an electronic statement of consumer rights under the Motor Vehicle Warranty Act.
- Removes the right to cancel off-site retail installment transactions for motor vehicles.
- Modifies required disclosures in retail installment contracts.

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**HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS**

**Majority Report:** Do pass. Signed by 7 members: Representatives Kirby, Chair; Walen, Vice Chair; Vick, Ranking Minority Member; Dufault, Assistant Ranking Minority

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Member; Corry, Ryu and Santos.

**Staff:** John Burzynski (786-7133).

**Background:**

Motor Vehicle Dealer Obligations.

Motor vehicle dealers must conduct business at an established place of business, which is a permanent, enclosed commercial building located within Washington that is easily accessible at all reasonable times.

Motor vehicle dealers must also provide consumers at the time of purchase with a written statement of consumer rights under the Motor Vehicle Warranty Act. The written statement is prepared by the Attorney General.

Retail Installment Transactions.

Washington consumers have a statutory right to cancel retail installment transactions by sending timely notice to the seller if the transaction is entered into and solicited, in person or by telephone, at a place other than the seller's address shown on the contract.

A retail installment transaction is any transaction in which a retail buyer purchases goods or services from a retail seller pursuant to a retail installment contract, a retail charge agreement, or a lender credit card agreement that: (a) provides for a service charge and under which the buyer agrees to pay the unpaid principal balance in one or more installments; or (b) provides for no service charge and under which the buyer agrees to pay the unpaid balance in more than four installments.

Retail installment contracts must contain a notice regarding the consumer's right to timely cancel contracts that are solicited in person and signed at a place other than the seller's business address shown on the contract. Notice of this right needs to be included in the contract only if the contract is solicited in person by the seller or the seller's representative, and the buyer signs it, at a place other than the seller's business address shown on the contract.

**Summary of Engrossed Bill:**

Motor Vehicle Dealer Obligations.

The requirement that motor vehicle dealers conduct business at an established place of business is modified to permit dealers to deliver vehicles for inspection, a test drive, lease, or purchase; and to have a customer sign agreements over the Internet or at a location other than the dealer's established place of business or licensed or temporary subagency.

The requirement that motor vehicle dealers provide consumers with a written statement of their rights under the Motor Vehicle Warranty Act at the time of purchase is modified to

permit dealers to provide this information in paper or electronic form.

Retail Installment Transactions.

The consumer's right to timely cancel certain retail installment transactions is modified to exclude off-site retail installment transactions for the purchase of a motor vehicle. The requirement to include a right-to-cancel notice in certain retail installment contracts is modified to exclude retail installment contracts for the off-site sale of a motor vehicle by a licensed vehicle dealer.

A right-to-cancel notice in certain retail installment contracts is clarified to be "effective" only if the contract is solicited in person by the seller or the seller's representative, and the buyer signs it, at a place other than the seller's business address shown on the contract.

Technical corrections are made to clarify subsection references.

**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.

**Staff Summary of Public Testimony:**

(In support) House Bill 1049 would allow motor vehicle dealers to meet changing consumer demand to purchase motor vehicles online and have vehicles delivered to their homes, while maintaining the traditional requirements for an established place of business within the state. Consumers would continue to be protected by the Lemon Law. House Bill 1049 was developed in consultation with the Washington State Office of the Attorney General and the Department of Licensing.

(Opposed) None.

(Other) The goal of the bill is not opposed, but its language is potentially vague in places and should be clarified, particularly as to inspections and electronic paperwork.

**Persons Testifying:** (In support) Representative Kirby, prime sponsor; Scott Hazlegrove and Bryan Imai, Washington State Auto Dealers Association; and Gary Gilchrist, Gilchrist Chevrolet Buick GMC.

(Other) Joe DePinto, Washington Association of Vehicle Subagents.

**Persons Signed In To Testify But Not Testifying:** None.