

# SENATE BILL REPORT

## ESHB 1939

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As Reported by Senate Committee On:  
Transportation, March 26, 2009

**Title:** An act relating to vehicle dealer documentary service fees.

**Brief Description:** Concerning vehicle dealer documentary service fees.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Takko, Armstrong, Morris, Springer, Eddy, Wood, Warnick, Ericksen, Sells, Kenney, Simpson, Moeller, Ormsby and Wallace).

**Brief History:** Passed House: 3/09/09, 73-22.

**Committee Activity:** Transportation: 3/25/09, 3/26/09 [DP].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Swecker, Ranking Minority Member; Becker, Benton, Berkey, Delvin, Eide, Jarrett, Kastama, Kauffman, Kilmer, King and Ranker.

**Staff:** Wendy Malkin (786-7434)

**Background:** Under current law, car dealers may charge a documentary service fee of \$50 or less per vehicle sale or lease to recover administrative costs. Administrative costs include collecting motor vehicle excise taxes and licensing and registration fees; verifying and clearing titles; transferring titles; and perfecting, satisfying, or releasing liens. A dealer can charge the documentary service fee under the following conditions: the dealer must disclose the fee in writing to a prospective purchaser or lessee; the dealer cannot represent that the fee is required by the state; the dealer must separately designate the fee from the selling price and other charges; and the dealer must disclose the fee in advertisements as an addition to the selling price.

**Summary of Bill:** Car dealers may charge a documentary service fee of \$150 or less through June 30, 2014. After this date, car dealers may charge a documentary service of up to \$50. In addition to meeting the conditions under current law, the dealer must disclose to the purchaser or lessee in writing that the fee is a negotiable fee. The disclosure must be in typeface that is at least as large as the typeface used in the standard text of the document that

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contains the disclosure, and the disclosure must be bold faced, capitalized, underlined, or otherwise set out from the surrounding material.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: In the areas of Washington that border Oregon, a lot of people go to Oregon to buy cars. Increasing the fee will help Washington car dealers compete with Oregon. The increased fee will help car dealers, and the bill provides more disclosure to consumers. Dealers need the increased fee to help remedy a structural deficiency in car dealerships; dealers need to be able to support good jobs and benefits.

CON: The increased fee will put more stress on seniors and other consumers during a difficult economic time for everyone. The fee will cost Washington consumers millions of dollars without providing any benefit to them. Increased car prices should make Washington less competitive, not more competitive. The bill provides a large increase in the fee from the current fee, which was established in 2007. There are no new documentation requirements placed on dealers to justify the increase, and there is no evidence about how much it costs dealers to process the documentation. The \$150 fee will make Washington's fee higher than many other states. The fee is not truly negotiable. Most consumers will not know about the fee until the very end of the transaction after all other factors are negotiated. It should be disclosed earlier in the process.

**Persons Testifying:** PRO: Representative Takko, prime sponsor; Scott Hazlegrove, Washington State Auto Dealers Association.

CON: Bruce Reeves, Senior Citizen Lobby; Nick Straley, Columbia Legal Services.