

SENATE BILL REPORT

ESHB 2274

As Reported by Senate Committee On:
Transportation, February 25, 2016

Title: An act relating to protecting individuals from reports of sale filed with an incorrect buyer of a subsequently abandoned vehicle.

Brief Description: Concerning the filing of vehicle reports of sale.

Sponsors: House Committee on Transportation (originally sponsored by Representatives Harmsworth, Bergquist, Hayes, Morris, Moscoso, Pollet, Vick, Wilson, Van Werven and Haler).

Brief History: Passed House: 2/12/16, 95-0.

Committee Activity: Transportation: 2/23/16, 2/25/16 [DPA].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators King, Chair; Fain, Vice Chair, Budget; Hobbs, Ranking Minority Member; Liias, Assistant Ranking Minority Member; Carlyle, Cleveland, Jayapal, Litzow, Miloscia, Rivers, Sheldon and Takko.

Staff: Kellee Keegan (786-7429)

Background: When an owner releases interest in a vehicle, the owner must notify the Department of Licensing (DOL), county auditor, other agent, or a subagent within 21 business days after transferring a vehicle. The information on a report of sale must include the date of sale or transfer, owner's name and address, name and address of the person acquiring the vehicle, the vehicle identification number, and the license plate number.

If a vehicle is found abandoned and removed at the direction of law enforcement, the last registered owner of record is guilty of a traffic infraction of \$550 for the violation of a "littering--abandoned vehicle" unless the vehicle is redeemed or a vehicle theft report has been filed with a law enforcement agency. The date of sale will determine whether the buyer or the previous owner will be assumed to be responsible for the costs incurred in removing, storing, and disposing of the vehicle, less the amounts realized at auction.

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.

Summary of Bill (Recommended Amendments): The due date for a report of sale is changed from 21 business days to five business days.

A report of sale is not proof of a completed vehicle transfer for the purpose of collecting towing-related expenses where there is no evidence indicating the buyer knew of or was a party to the acceptance of the vehicle transfer. The following may be used as proof of acceptance of the vehicle by a new owner:

- a contract signed by the prior owner and the new owner;
- certificate of title; or
- other legal proof of acceptance of the vehicle by the new owner.

The last registered owner of the vehicle is responsible for the abandonment of a vehicle unless there is reason to believe the reported buyer did not know of the alleged transfer or did not accept the vehicle transfer. The liability remains with the last registered owner to prove there was a legal transfer to the new owner on the report of sale.

If a court has declared that a fraudulent report of sale has been filed, the court must notify the DOL in writing with a copy of the court order. Once notified, the DOL may remove the fraudulent report of sale from the vehicle record.

A collection agency is prohibited from bringing an action or initiating an arbitration proceeding on a claim for any amount related to a transfer of sale of a vehicle when the collection agency has been informed that the transfer of the vehicle was not a legal transfer.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Amendments): Makes technical corrections and provides clarifications on vehicle transfers that align with current industry terminology.

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 on Engrossed Substitute Bill: PRO: There is a problem with a seller's reports of sale. It is legal to take a junk car and fill out a report of sale and insert any person's name as the buyer. Right now, seller's report of sale includes names such as Mickey Mouse. Some reports of sale have included the towing company as the buyer. A complete name, and current address, would protect people from fraudulent reports of sale. In the revenue bill last year, the time frame changed from five to 21 days to file. It takes 20 days for a junk car to go to auction. A seller's report of sale, currently, may not get submitted to the DOL until after the car is auctioned off. The notices should go to the current owner. This statute needs to be cleaned up. Under the law now, a car could go to auction before a current owner would know. The ability of tow-truck operators to identify who the rightful owner in a period of time that allows them to pay the bill is important. It is a

matter of consumer protection. It allows tow-truck operators to make that identification, and have the owner find their car in a reasonable amount of time.

OTHER: Dealers have an interest in a seller's report of sale. It allows dealers to identify when the change of hands occurs for the fees, and other charges that occur. Clarification of language in the bill regarding definitions of paperwork involved in the change of hands that happens with a vehicle sale would improve this bill.

Persons Testifying on Engrossed Substitute Bill: PRO: Stuart Halsan, Towing and Recovery Association of Washington; Al Runte, TRAW - Ibsen Towing; Dan Johnson, TRAW - Horton.

OTHER: Scott Hazlegrove, WA State Auto Dealers Assn.

Persons Signed In To Testify But Not Testifying: No one.