

ESSB 6354 - H COMM AMD

By Committee on Transportation

NOT ADOPTED 03/11/2026

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 46.96.010 and 1989 c 415 s 1 are each amended to
4 read as follows:

5 The legislature finds and declares that the distribution and sale
6 of motor vehicles in this state vitally affect the general economy of
7 the state and the public interest and public welfare, that provision
8 for warranty service to motor vehicles is of substantial concern to
9 the people of this state, that the maintenance of fair competition
10 among dealers and others is in the public interest, and that the
11 maintenance of strong and sound dealerships is essential to provide
12 continuing and necessary reliable services to the consuming public in
13 this state and to provide stable employment to the citizens of this
14 state. The legislature further finds that there is a substantial
15 disparity in bargaining power between automobile manufacturers and
16 (~~their~~) dealers, and that in order to promote the public interest
17 and the public welfare, and in the exercise of its police power, it
18 is necessary to regulate the relationship between motor vehicle
19 dealers and motor vehicle manufacturers, importers, distributors, and
20 their representatives doing business in this state, not only for the
21 protection of dealers but also for the (~~benefit for the public~~)
22 protection of consumers in assuring the continued availability and
23 servicing of automobiles sold to the public.

24 The legislature recognizes it is in the best interest for
25 manufacturers and dealers of motor vehicles to conduct business with
26 each other in a fair, efficient, and competitive manner. The
27 legislature declares the public interest is best served by dealers
28 being assured of the ability to manage their business enterprises
29 under a contractual obligation with manufacturers where dealers do
30 not experience unreasonable interference and are assured of the
31 ability to transfer ownership of their business without undue
32 constraints. If the legislature authorizes a manufacturer to own or

1 operate a motor vehicle dealership, the legislature intends that such
2 authorization be applied narrowly to prevent erosion of the motor
3 vehicle dealer franchise system and the benefits it provides to
4 communities around the state. It is the intent of the legislature to
5 impose a regulatory scheme and to regulate competition in the motor
6 vehicle industry to the extent necessary to balance fairness and
7 efficiency. These actions will protect consumers, strengthen
8 enforcement, and permit motor vehicle dealers to better serve
9 (~~consumers and allow dealers to devote their best competitive~~
10 ~~efforts and resources to the sale and services of the manufacturer's~~
11 ~~products to consumers)) the public.~~

12 **Sec. 2.** RCW 46.96.185 and 2018 c 296 s 2 are each amended to
13 read as follows:

14 (1) Notwithstanding the terms of a franchise agreement, a
15 manufacturer, distributor, factory branch, or factory representative,
16 or an agent, officer, parent company, wholly or partially owned
17 subsidiary, affiliated entity, or other person controlled by or under
18 common control with a manufacturer, distributor, factory branch, or
19 factory representative, shall not:

20 (a) Discriminate between new motor vehicle dealers by selling or
21 offering to sell a like vehicle to one dealer at a lower actual price
22 than the actual price offered to another dealer for the same model
23 similarly equipped;

24 (b) Discriminate between new motor vehicle dealers by selling or
25 offering to sell parts or accessories to one dealer at a lower actual
26 price than the actual price offered to another dealer;

27 (c) Discriminate between new motor vehicle dealers by using a
28 promotion plan, marketing plan, or other similar device that results
29 in a lower actual price on vehicles, parts, or accessories being
30 charged to one dealer over another dealer;

31 (d) Discriminate between new motor vehicle dealers by adopting a
32 method, or changing an existing method, for the allocation,
33 scheduling, or delivery of new motor vehicles, parts, or accessories
34 to its dealers that is not fair, reasonable, and equitable. Upon the
35 request of a dealer, a manufacturer, distributor, factory branch, or
36 factory representative shall disclose in writing to the dealer the
37 method by which new motor vehicles, parts, and accessories are
38 allocated, scheduled, or delivered to its dealers handling the same
39 line or make of vehicles;

1 (e) Discriminate against a new motor vehicle dealer by
2 preventing, offsetting, or otherwise impairing the dealer's right to
3 request a documentary service fee on affinity or similar program
4 purchases. This prohibition applies to, but is not limited to, any
5 promotion plan, marketing plan, manufacturer or dealer employee or
6 employee friends or family purchase programs, or similar plans or
7 programs;

8 (f) Give preferential treatment to some new motor vehicle dealers
9 over others by refusing or failing to deliver, in reasonable
10 quantities and within a reasonable time after receipt of an order, to
11 a dealer holding a franchise for a line or make of motor vehicles
12 sold or distributed by the manufacturer, distributor, factory branch,
13 or factory representative, a new vehicle, parts, or accessories, if
14 the vehicle, parts, or accessories are being delivered to other
15 dealers, or require a dealer to purchase unreasonable advertising
16 displays or other materials, or unreasonably require a dealer to
17 remodel or renovate existing facilities as a prerequisite to
18 receiving a model or series of vehicles;

19 (g) Compete with a new motor vehicle dealer of any make or line
20 by acting in the capacity of a new motor vehicle dealer, or by
21 owning, operating, or controlling, whether directly or indirectly, a
22 motor vehicle dealership in this state. It is not, however, a
23 violation of this subsection for:

24 (i) A manufacturer, distributor, factory branch, or factory
25 representative to own or operate a dealership for a temporary period,
26 not to exceed two years, during the transition from one owner of the
27 dealership to another where the dealership was previously owned by a
28 franchised dealer and is currently for sale to any qualified
29 independent person at a fair and reasonable price. The temporary
30 operation may be extended for one (~~twelve-month~~) 12-month period on
31 petition of the temporary operator to the department. The matter will
32 be handled as an adjudicative proceeding under chapter 34.05 RCW. A
33 dealer who is a franchisee of the petitioning manufacturer or
34 distributor may intervene and participate in a proceeding under this
35 subsection (1)(g)(i). The temporary operator has the burden of proof
36 to show justification for the extension and a good faith effort to
37 sell the dealership to an independent person at a fair and reasonable
38 price;

39 (ii) A manufacturer, distributor, factory branch, or factory
40 representative to own or operate a dealership in conjunction with an

1 independent person in a bona fide business relationship for the
2 purpose of broadening the diversity of its dealer body and enhancing
3 opportunities for qualified persons who are part of a group who have
4 historically been underrepresented in its dealer body, or other
5 qualified persons who lack the resources to purchase a dealership
6 outright, and where the independent person: (A) Has made, or within a
7 period of two years from the date of commencement of operation will
8 have made, a significant, bona fide capital investment in the
9 dealership that is subject to loss; (B) has an ownership interest in
10 the dealership; and (C) operates the dealership under a bona fide
11 written agreement with the manufacturer, distributor, factory branch,
12 or factory representative under which he or she will acquire all of
13 the ownership interest in the dealership within a reasonable period
14 of time and under reasonable terms and conditions. The manufacturer,
15 distributor, factory branch, or factory representative has the burden
16 of proof of establishing that the acquisition of the dealership by
17 the independent person was made within a reasonable period of time
18 and under reasonable terms and conditions. Nothing in this subsection
19 (1)(g)(ii) relieves a manufacturer, distributor, factory branch, or
20 factory representative from complying with (a) through (f) of this
21 subsection;

22 (iii) A manufacturer, distributor, factory branch, or factory
23 representative to own or operate a dealership in conjunction with an
24 independent person in a bona fide business relationship where the
25 independent person: (A) Has made, or within a period of two years
26 from the date of commencement of operation will have made, a
27 significant, bona fide capital investment in the dealership that is
28 subject to loss; (B) has an ownership interest in the dealership; and
29 (C) operates the dealership under a bona fide written agreement with
30 the manufacturer, distributor, factory branch, or factory
31 representative under which he or she will acquire all of the
32 ownership interest in the dealership within a reasonable period of
33 time and under reasonable terms and conditions. The manufacturer,
34 distributor, factory branch, or factory representative has the burden
35 of proof of establishing that the acquisition of the dealership by
36 the independent person was made within a reasonable period of time
37 and under reasonable terms and conditions. The number of dealerships
38 operated under this subsection (1)(g)(iii) may not exceed four
39 percent rounded up to the nearest whole number of a manufacturer's
40 total of new motor vehicle dealer franchises in this state. Nothing

1 in this subsection (1)(g)(iii) relieves a manufacturer, distributor,
2 factory branch, or factory representative from complying with (a)
3 through (f) of this subsection;

4 (iv) A truck manufacturer to own, operate, or control a new motor
5 vehicle dealership that sells only trucks of that manufacturer's line
6 make with a gross vehicle weight rating of 12,500 pounds or more, and
7 the truck manufacturer has been continuously engaged in the retail
8 sale of the trucks at least since January 1, 1993;

9 (v) A manufacturer to own, operate, or control a new motor
10 vehicle dealership trading exclusively in a single line make of the
11 manufacturer if (A) the manufacturer does not own, directly or
12 indirectly, in the aggregate, in excess of (~~forty-five~~) 45 percent
13 of the total ownership interest in the dealership, (B) at the time
14 the manufacturer first acquires ownership or assumes operation or
15 control of any such dealership, the distance between any dealership
16 thus owned, operated, or controlled and the nearest new motor vehicle
17 dealership trading in the same line make of vehicle and in which the
18 manufacturer has no ownership or control is not less than (~~fifteen~~)
19 15 miles and complies with the applicable provisions in the relevant
20 market area sections of this chapter, (C) all of the manufacturer's
21 franchise agreements confer rights on the dealer of that line make to
22 develop and operate within a defined geographic territory or area, as
23 many dealership facilities as the dealer and the manufacturer agree
24 are appropriate, and (D) as of January 1, 2000, the manufacturer had
25 no more than four new motor vehicle dealers of that manufacturer's
26 line make in this state, and at least half of those dealers owned and
27 operated two or more dealership facilities in the geographic
28 territory or area covered by their franchise agreements with the
29 manufacturer;

30 (vi) A final-stage manufacturer to own, operate, or control a new
31 motor vehicle dealership; or

32 (vii) A manufacturer that (~~held a vehicle dealer license in this~~
33 ~~state on January 1, 2014~~) is incorporated in the United States, has
34 never entered into a franchise agreement with a motor vehicle dealer,
35 has operated at least one service facility in this state as of
36 January 1, 2026, and exclusively produces battery electric vehicles
37 of which at least 300 were registered in Washington state before
38 January 1, 2026, to own, operate, or control a new motor vehicle
39 dealership that sells new vehicles that are only of that
40 manufacturer's makes or lines and that are not sold new by a licensed

1 independent franchise dealer, or to own, operate, or control or
2 contract with companies that provide finance, leasing, or service for
3 vehicles that are of that manufacturer's makes or lines, so long as
4 the manufacturer does not, after the effective date of this section,
5 distribute vehicles on behalf of a manufacturer prohibited by law
6 from acting in the capacity of a motor vehicle dealer, or become
7 subject to the majority ownership or control of a manufacturer
8 prohibited by law from acting in the capacity of a motor vehicle
9 dealer. Regardless of ownership interest, a manufacturer prohibited
10 by law from acting in the capacity of a motor vehicle dealer shall
11 not use its ownership interest in a manufacturer exempted under this
12 subsection (1)(g)(vii) to violate any provisions under (g) of this
13 subsection. Private parties may initiate an action pursuant to RCW
14 46.96.260 to obtain relief and enjoin violations of this subsection
15 (1)(g)(vii). For purposes of this subsection (1)(g)(vii):

16 (A) "Battery electric vehicle" means any vehicle that operates
17 solely by use of a battery or battery pack, or that is powered
18 primarily through the use of an electric battery or battery pack but
19 uses a flywheel or capacitor that stores energy produced by the
20 electric motor or through regenerative braking to assist in vehicle
21 operation, so long as none of these components rely on power
22 generated by fossil fuels or hydrogen;

23 (B) "Manufacturer prohibited by law from acting in the capacity
24 of a motor vehicle dealer" includes the manufacturer as well as its
25 distributor, factory branch, factory representative, agent, officer,
26 parent company, wholly or partially owned subsidiary, affiliated
27 entity, or other person controlled by or under common control
28 thereof;

29 (h) Compete with a new motor vehicle dealer by owning, operating,
30 or controlling, whether directly or indirectly, a service facility in
31 this state for the repair or maintenance of motor vehicles under the
32 manufacturer's new car warranty and extended warranty. Nothing in
33 this subsection (1)(h), however, prohibits a manufacturer,
34 distributor, factory branch, or factory representative from owning or
35 operating a service facility for the purpose of providing or
36 performing maintenance, repair, or service work on motor vehicles
37 that are owned by the manufacturer, distributor, factory branch, or
38 factory representative;

39 (i) Use confidential or proprietary information obtained from a
40 new motor vehicle dealer to unfairly compete with the dealer. For

1 purposes of this subsection (1)(i), "confidential or proprietary
2 information" means trade secrets as defined in RCW 19.108.010,
3 business plans, marketing plans or strategies, customer lists,
4 contracts, sales data, revenues, or other financial information;

5 (j)(i) Terminate, cancel, or fail to renew a franchise with a new
6 motor vehicle dealer based upon any of the following events, which do
7 not constitute good cause for termination, cancellation, or
8 nonrenewal under RCW 46.96.060: (A) The fact that the new motor
9 vehicle dealer owns, has an investment in, participates in the
10 management of, or holds a franchise agreement for the sale or service
11 of another make or line of new motor vehicles; (B) the fact that the
12 new motor vehicle dealer has established another make or line of new
13 motor vehicles or service in the same dealership facilities as those
14 of the manufacturer or distributor; (C) that the new motor vehicle
15 dealer has or intends to relocate the manufacturer or distributor's
16 make or line of new motor vehicles or service to an existing
17 dealership facility that is within the relevant market area, as
18 defined in RCW 46.96.140, of the make or line to be relocated, except
19 that, in any nonemergency circumstance, the dealer must give the
20 manufacturer or distributor at least (~~sixty~~) 60 days' notice of his
21 or her intent to relocate and the relocation must comply with RCW
22 46.96.140 and 46.96.150 for any same make or line facility; or (D)
23 the failure of a franchisee to change the location of the dealership
24 or to make substantial alterations to the use or number of franchises
25 on the dealership premises or facilities.

26 (ii) Notwithstanding the limitations of this section, a
27 manufacturer may, for separate consideration, enter into a written
28 contract with a dealer to exclusively sell and service a single make
29 or line of new motor vehicles at a specific facility for a defined
30 period of time. The penalty for breach of the contract must not
31 exceed the amount of consideration paid by the manufacturer plus a
32 reasonable rate of interest;

33 (k) Coerce or attempt to coerce a motor vehicle dealer to refrain
34 from, or prohibit or attempt to prohibit a new motor vehicle dealer
35 from acquiring, owning, having an investment in, participating in the
36 management of, or holding a franchise agreement for the sale or
37 service of another make or line of new motor vehicles or related
38 products, or establishing another make or line of new motor vehicles
39 or service in the same dealership facilities, if the prohibition
40 against acquiring, owning, investing, managing, or holding a

1 franchise for such additional make or line of vehicles or products,
2 or establishing another make or line of new motor vehicles or service
3 in the same dealership facilities, is not supported by reasonable
4 business considerations. The burden of proving that reasonable
5 business considerations support or justify the prohibition against
6 the additional make or line of new motor vehicles or products or
7 nonexclusive facilities is on the manufacturer;

8 (1) Require, by contract or otherwise, a new motor vehicle dealer
9 to make a material alteration, expansion, or addition to any
10 dealership facility, unless the required alteration, expansion, or
11 addition is uniformly required of other similarly situated new motor
12 vehicle dealers of the same make or line of vehicles and is
13 reasonable in light of all existing circumstances, including economic
14 conditions. In any proceeding in which a required facility
15 alteration, expansion, or addition is an issue, the manufacturer or
16 distributor has the burden of proof. Except for a program or any
17 renewal or modification of a program that is in effect with one or
18 more new motor vehicle dealers in this state on June 12, 2014, a
19 manufacturer shall not require, coerce, or attempt to coerce any new
20 motor vehicle dealer by program, policy, standard, or otherwise to
21 change the location of the dealership or construct, replace,
22 renovate, or make any substantial changes, alterations, or remodeling
23 to a new motor vehicle dealer's sales or service facilities, except
24 as necessary to comply with health or safety laws or to comply with
25 technology requirements without which a dealer would be unable to
26 service a vehicle the dealer has elected to sell, before the
27 (~~tenth~~) 10th anniversary of the date of issuance of the certificate
28 of occupancy or the manufacturer's approval, whichever is later,
29 from:

30 (i) The date construction of the dealership at that location was
31 completed if the construction was in substantial compliance with
32 standards or plans provided by a manufacturer, distributor, or
33 representative or through a subsidiary or agent of the manufacturer,
34 distributor, or representative; or

35 (ii) The date a prior change, alteration, or remodel of the
36 dealership at that location was completed if the construction was in
37 substantial compliance with standards or plans provided by a
38 manufacturer, distributor, or representative or through a subsidiary
39 or agent of the manufacturer, distributor, or representative;

1 (m) Prevent or attempt to prevent by contract or otherwise any
2 new motor vehicle dealer from changing the executive management of a
3 new motor vehicle dealer unless the manufacturer or distributor,
4 having the burden of proof, can show that a proposed change of
5 executive management will result in executive management by a person
6 or persons who are not of good moral character or who do not meet
7 reasonable, preexisting, and equitably applied standards of the
8 manufacturer or distributor. If a manufacturer or distributor rejects
9 a proposed change in the executive management, the manufacturer or
10 distributor shall give written notice of its reasons to the dealer
11 within (~~sixty~~) 60 days after receiving written notice from the
12 dealer of the proposed change and all related information reasonably
13 requested by the manufacturer or distributor, or the change in
14 executive management must be considered approved;

15 (n) Condition the sale, transfer, relocation, or renewal of a
16 franchise agreement or condition manufacturer, distributor, factory
17 branch, or factory representative sales, services, or parts
18 incentives upon the manufacturer obtaining site control, including
19 rights to purchase or lease the dealer's facility, or an agreement to
20 make improvements or substantial renovations to a facility. For
21 purposes of this section, a substantial renovation has a gross cost
22 to the dealer in excess of (~~five thousand dollars~~) \$5,000;

23 (o) Fail to provide to a new motor vehicle dealer purchasing or
24 leasing building materials or other facility improvements the right
25 to purchase or lease franchisor image elements of like kind and
26 quality from an alternative vendor selected by the dealer if the
27 goods or services are to be supplied by a vendor selected,
28 identified, or designated by the manufacturer or distributor. If the
29 vendor selected by the manufacturer or distributor is the only
30 available vendor of like kind and quality materials, the new motor
31 vehicle dealer must be given the opportunity to purchase the
32 franchisor image elements at a price substantially similar to the
33 capitalized lease costs of the elements. This subsection (1)(o) must
34 not be construed to allow a new motor vehicle dealer or vendor to
35 gain additional intellectual property rights they are not otherwise
36 entitled to or to impair or eliminate the intellectual property
37 rights of the manufacturer or distributor or to permit a new motor
38 vehicle dealer to erect or maintain signs that do not conform to the
39 reasonable intellectual property usage guidelines of the manufacturer
40 or distributor;

1 (p) Take any adverse action against a new motor vehicle dealer
2 including, but not limited to, charge backs or reducing vehicle
3 allocations, for sales and service performance within a designated
4 area of primary responsibility unless that area is reasonable in
5 light of proximity to relevant census tracts to the dealership and
6 competing dealerships, highways and road networks, any natural or
7 man-made barriers, demographics, including economic factors, buyer
8 behavior information, and contains only areas inside the state of
9 Washington unless specifically approved by the new motor vehicle
10 dealer;

11 (q) Require, coerce, or attempt to coerce any new motor vehicle
12 dealer by program, policy, facility guide, standard, or otherwise to
13 order or accept delivery of any service or repair appliances,
14 equipment, parts, or accessories, or any other commodity not required
15 by law, which the dealer has not voluntarily ordered or which the
16 dealer does not have the right to return unused for a full refund
17 within (~~ninety~~) 90 days or a longer period as mutually agreed upon
18 by the dealer and manufacturer; or

19 (r) Modify the franchise agreement for any new motor vehicle
20 dealer unless the manufacturer notifies the dealer in writing of its
21 intention to modify the agreement at least (~~ninety~~) 90 days before
22 the effective date thereof, stating the specific grounds for the
23 modification, and undertakes the modification in good faith, for good
24 cause, and in a manner that would not adversely and substantially
25 alter the rights, obligations, investment, or return on investment of
26 the franchised new motor vehicle dealer under the existing agreement.

27 (2) Subsection (1)(a), (b), and (c) of this section do not apply
28 to sales to a motor vehicle dealer: (a) For resale to a federal,
29 state, or local government agency; (b) where the vehicles will be
30 sold or donated for use in a program of driver's education; (c) where
31 the sale is made under a manufacturer's bona fide promotional program
32 offering sales incentives or rebates; (d) where the sale of parts or
33 accessories is under a manufacturer's bona fide quantity discount
34 program; or (e) where the sale is made under a manufacturer's bona
35 fide fleet vehicle discount program. For purposes of this subsection,
36 "fleet" means a group of (~~fifteen~~) 15 or more new motor vehicles
37 purchased or leased by a dealer at one time under a single purchase
38 or lease agreement for use as part of a fleet, and where the dealer
39 has been assigned a fleet identifier code by the department of
40 licensing.

1 (3) The following definitions apply to this section:

2 (a) "Actual price" means the price to be paid by the dealer less
3 any incentive paid by the manufacturer, distributor, factory branch,
4 or factory representative, whether paid to the dealer or the ultimate
5 purchaser of the vehicle.

6 (b) "Control" or "controlling" means (i) the possession of, title
7 to, or control of (~~ten~~) 10 percent or more of the voting equity
8 interest in a person, whether directly or indirectly through a
9 fiduciary, agent, or other intermediary, or (ii) the possession,
10 direct or indirect, of the power to direct or cause the direction of
11 the management or policies of a person, whether through the ownership
12 of voting securities, through director control, by contract, or
13 otherwise, except as expressly provided under the franchise
14 agreement.

15 (c) "Motor vehicles" does not include trucks that are 14,001
16 pounds gross vehicle weight and above or recreational vehicles as
17 defined in RCW 43.22.335.

18 (d) "Operate" means to manage a dealership, whether directly or
19 indirectly.

20 (e) "Own" or "ownership" means to hold the beneficial ownership
21 of one percent or more of any class of equity interest in a
22 dealership, whether the interest is that of a shareholder, partner,
23 limited liability company member, or otherwise. To hold an ownership
24 interest means to have possession of, title to, or control of the
25 ownership interest, whether directly or indirectly through a
26 fiduciary, agent, or other intermediary.

27 (4) A violation of this section is deemed to affect the public
28 interest and constitutes an unlawful and unfair practice under
29 chapter 19.86 RCW. A person aggrieved by an alleged violation of this
30 section may petition the department to have the matter handled as an
31 adjudicative proceeding under chapter 34.05 RCW.

32 **Sec. 3.** RCW 46.70.041 and 2001 c 272 s 3 are each amended to
33 read as follows:

34 (1) Every application for a vehicle dealer license shall contain
35 the following information to the extent it applies to the applicant:

36 (a) Proof as the department may require concerning the
37 applicant's identity, including but not limited to his or her
38 fingerprints, the honesty, truthfulness, and good reputation of the

1 applicant for the license, or of the officers of a corporation making
2 the application;

3 (b) The applicant's form and place of organization including if
4 the applicant is a corporation, proof that the corporation is
5 licensed to do business in this state;

6 (c) The qualification and business history of the applicant and
7 any partner, officer, or director;

8 (d) The applicant's financial condition or history including a
9 bank reference and whether the applicant or any partner, officer, or
10 director has ever been adjudged bankrupt or has any unsatisfied
11 judgment in any federal or state court;

12 (e) Whether the applicant has been adjudged guilty of a crime
13 which directly relates to the business for which the license is
14 sought and the time elapsed since the conviction is less than ten
15 years, or has suffered any judgment within the preceding five years
16 in any civil action involving fraud, misrepresentation, or conversion
17 and in the case of a corporation or partnership, all directors,
18 officers, or partners;

19 (f) A business telephone with a listing in the local directory;

20 (g) The name or names of new vehicles the vehicle dealer wishes
21 to sell;

22 (h) The names and addresses of each manufacturer from whom the
23 applicant has received a franchise;

24 (i) A certificate by a representative of the department, that the
25 applicant's principal place of business and each subagency business
26 location in the state of Washington meets the location requirements
27 as required by this chapter. The certificate shall include proof of
28 the applicant's ownership or lease of the real property where the
29 applicant's principal place of business is established;

30 (j) A copy of a current service agreement with a manufacturer, or
31 distributor for a foreign manufacturer, requiring the applicant, upon
32 demand of any customer receiving a new vehicle warranty to perform or
33 arrange for, within a reasonable distance of his or her established
34 place of business, the service repair and replacement work required
35 of the manufacturer or distributor by such vehicle warranty. This
36 requirement applies only to applicants seeking to sell, to exchange,
37 to offer, to auction, to solicit, to advertise, or to broker new or
38 current-model vehicles with factory or distributor warranties;

39 (k) The class of vehicles the vehicle dealer will be buying,
40 selling, listing, exchanging, offering, brokering, leasing,

1 auctioning, soliciting, or advertising, and which classification or
2 classifications the dealer wishes to be designated as;

3 (1) Effective July 1, 2002, a certificate from the provider of
4 each education program or test showing that the applicant has
5 completed the education programs and passed the test required under
6 RCW 46.70.079 if the applicant is a dealer subject to the education
7 and test requirements;

8 (m) Any other information the department may reasonably require.

9 (2) If the applicant is a manufacturer the application shall
10 contain the following information to the extent it is applicable to
11 the applicant:

12 (a) The name and address of the principal place of business of
13 the applicant and, if different, the name and address of the
14 Washington state representative of the applicant;

15 (b) The name or names under which the applicant will do business
16 in the state of Washington;

17 (c) Evidence that the applicant is authorized to do business in
18 the state of Washington;

19 (d) The name or names of the vehicles that the licensee
20 manufactures;

21 (e) The name or names and address or addresses of each and every
22 distributor, factory branch, and factory representative;

23 (f) The name or names and address or addresses of resident
24 employees or agents to provide service or repairs to vehicles located
25 in the state of Washington only under the terms of any warranty
26 attached to new or unused vehicles manufactured, unless such
27 manufacturer requires warranty service to be performed by all of its
28 dealers pursuant to a current service agreement on file with the
29 department;

30 (g) Any other information the department may reasonably require.

31 (3) To own, operate, or control a motor vehicle dealership as
32 authorized under RCW 46.96.185(1)(g)(vii), a qualifying manufacturer
33 must apply for and maintain a vehicle dealer license issued under
34 this chapter and subject to chapter 19.86 RCW and applicable
35 governing rules adopted by the department, not inconsistent with the
36 provisions under RCW 46.96.185(1)(g). When applying for or renewing a
37 vehicle dealer license under this chapter, such a qualifying
38 manufacturer shall submit to the department a sworn affidavit by the
39 manufacturer's authorized agent attesting to the manufacturer's

1 satisfaction of all eligibility criteria set forth in RCW
2 46.96.185(1)(g)(vii).

3 **Sec. 4.** RCW 46.70.045 and 2014 c 214 s 1 are each amended to
4 read as follows:

5 (1) The director may deny a license under this chapter when the
6 application is a subterfuge that conceals the real person in interest
7 whose license has been denied, suspended, or revoked for cause under
8 this chapter and the terms have not been fulfilled or a civil penalty
9 has not been paid, or the director finds that the application was not
10 filed in good faith(~~(, or the issuance of a new license or subagency~~
11 would cause a manufacturer, distributor, factory branch, or factory
12 representative, or an agent, officer, parent company, wholly or
13 partially owned subsidiary, affiliated entity, or other person
14 controlled by or under common control with a manufacturer,
15 distributor, factory branch, or factory representative, to be in
16 violation of chapter 46.96 RCW)).

17 (2) The director must deny a license under this chapter if the
18 issuance of a license would cause a manufacturer, distributor,
19 factory branch, or factory representative, or an agent, officer,
20 parent company, wholly or partially owned subsidiary, affiliated
21 entity, or other person controlled by or under common control with a
22 manufacturer, distributor, factory branch, or factory representative,
23 to be in violation of chapter 46.96 RCW.

24 (3) This section does not preclude the department from taking an
25 action against a current licensee.

26 **Sec. 5.** RCW 46.70.101 and 2011 c 171 s 91 are each amended to
27 read as follows:

28 The director may by order deny, suspend, or revoke the license of
29 any vehicle dealer or vehicle manufacturer or, in lieu thereof or in
30 addition thereto, may by order assess monetary penalties of a civil
31 nature not to exceed one thousand dollars per violation, if the
32 director finds that the order is in the public interest and that the
33 applicant or licensee:

34 (1) In the case of a vehicle dealer:

35 (a) The applicant or licensee, or any partner, officer, director,
36 owner of (~~ten~~) 10 percent or more of the assets of the firm, or
37 managing employee:

1 (i) Was the holder of a license issued pursuant to this chapter,
2 which was revoked for cause and never reissued by the department, or
3 which license was suspended for cause and the terms of the suspension
4 have not been fulfilled or which license was assessed a civil penalty
5 and the assessed amount has not been paid;

6 (ii) Has been adjudged guilty of a crime which directly relates
7 to the business of a vehicle dealer and the time elapsed since the
8 adjudication is less than ten years, or suffering any judgment within
9 the preceding five years in any civil action involving fraud,
10 misrepresentation, or conversion. For the purposes of this section,
11 "adjudged guilty" means in addition to a final conviction in either a
12 state or municipal court, an unvacated forfeiture of bail or
13 collateral deposited to secure a defendant's appearance in court, the
14 payment of a fine, a plea of guilty, or a finding of guilt regardless
15 of whether the sentence is deferred or the penalty is suspended;

16 (iii) Has knowingly or with reason to know made a false statement
17 of a material fact in his or her application for license or any data
18 attached thereto, or in any matter under investigation by the
19 department;

20 (iv) Has knowingly, or with reason to know, provided the
21 department with false information relating to the number of vehicle
22 sales transacted during the past one year in order to obtain a
23 vehicle dealer license plate;

24 (v) Does not have an established place of business as required in
25 this chapter;

26 (vi) Refuses to allow representatives or agents of the department
27 to inspect during normal business hours all books, records, and files
28 maintained within this state;

29 (vii) Sells, exchanges, offers, brokers, auctions, solicits, or
30 advertises a new or current model vehicle to which a factory new
31 vehicle warranty attaches and fails to have a valid, written service
32 agreement as required by this chapter, or having such agreement
33 refuses to honor the terms of such agreement within a reasonable time
34 or repudiates the same, except for sales by wholesale motor vehicle
35 auction dealers to franchise motor vehicle dealers of the same make
36 licensed under this title or franchise motor vehicle dealers of the
37 same make licensed by any other state;

38 (viii) Is insolvent, either in the sense that their liabilities
39 exceed their assets, or in the sense that they cannot meet their
40 obligations as they mature;

1 (ix) Fails to pay any civil monetary penalty assessed by the
2 director pursuant to this section within ten days after such
3 assessment becomes final;

4 (x) Fails to notify the department of bankruptcy proceedings in
5 the manner required by RCW 46.70.183;

6 (xi) Knowingly, or with reason to know, allows a salesperson
7 employed by the dealer, or acting as their agent, to commit any of
8 the prohibited practices set forth in subsection (1)(a) of this
9 section and RCW 46.70.180;

10 (xii) Fails to have a current certificate or registration with
11 the department of revenue.

12 (b) The applicant or licensee, or any partner, officer, director,
13 owner of ten percent of the assets of the firm, or any employee or
14 agent:

15 (i) Has failed to comply with the applicable provisions of
16 chapter 46.12 or 46.16A RCW or this chapter or any rules and
17 regulations adopted thereunder;

18 (ii) Has defrauded or attempted to defraud the state, or a
19 political subdivision thereof of any taxes or fees in connection with
20 the sale, lease, or transfer of a vehicle;

21 (iii) Has forged the signature of the registered or legal owner
22 on a certificate of title;

23 (iv) Has purchased, sold, disposed of, or has in his or her
24 possession any vehicle which he or she knows or has reason to know
25 has been stolen or appropriated without the consent of the owner;

26 (v) Has willfully failed to deliver to a purchaser or owner a
27 certificate of title to a vehicle which he or she has sold or leased;

28 (vi) Has committed any act in violation of RCW 46.70.090 relating
29 to vehicle dealer license plates or manufacturer license plates;

30 (vii) Has committed any act in violation of RCW 46.70.180
31 relating to unlawful acts and practices;

32 (viii) Has engaged in practices inimical to the health or safety
33 of the citizens of the state of Washington including but not limited
34 to failure to comply with standards set by the state of Washington or
35 the federal government pertaining to the construction or safety of
36 vehicles, except for sales by wholesale motor vehicle auction dealers
37 to motor vehicle dealers and vehicle wreckers licensed under this
38 title or motor vehicle dealers licensed by any other state;

39 (ix) Has aided or assisted an unlicensed dealer or salesperson in
40 unlawful activity through active or passive participation in sales,

1 allowing use of facilities, dealer license number, or by any other
2 means;

3 (x) Converts or appropriates, whether temporarily or permanently,
4 property or funds belonging to a customer, dealer, or manufacturer,
5 without the consent of the owner of the property or funds; or

6 (xi) Has sold any vehicle with actual knowledge that:

7 (A) It has any of the following brands on the title: "SALVAGE/
8 REBUILT," "JUNK," or "DESTROYED"; or

9 (B) It has been declared totaled out by an insurance carrier and
10 then rebuilt; or

11 (C) The vehicle title contains the specific comment that the
12 vehicle is "rebuilt";
13 without clearly disclosing that brand or comment in writing.

14 (c) The licensee or any partner, officer, director, or owner of
15 ten percent or more of the assets of the firm holds or has held any
16 such position in any other vehicle dealership licensed pursuant to
17 this chapter which is subject to final proceedings under this
18 section.

19 (2) In the case of a manufacturer, or any partner, officer,
20 director, or majority shareholder:

21 (a) Was or is the holder of a license issued pursuant to this
22 chapter which was revoked for cause and never reissued by the
23 department, or which license was suspended for cause and the terms of
24 the suspension have not been fulfilled, or which license was assessed
25 a civil penalty and the assessed amount has not been paid;

26 (b) Has knowingly or with reason to know, made a false statement
27 of a material fact in his or her application for license, or any data
28 attached thereto, or in any matter under investigation by the
29 department;

30 (c) Has failed to comply with the applicable provisions of
31 chapter 46.12 or 46.16A RCW or this chapter or any rules and
32 regulations adopted thereunder;

33 (d) Has defrauded or attempted to defraud the state or a
34 political subdivision thereof, of any taxes or fees in connection
35 with the sale, lease, or transfer of a vehicle;

36 (e) Has purchased, sold, leased, disposed of, or has in his or
37 her possession, any vehicle which he or she knows or has reason to
38 know has been stolen or appropriated without the consent of the
39 owner;

1 (f) Has committed any act in violation of RCW 46.70.090 relating
2 to vehicle dealer license plates and manufacturer license plates;

3 (g) Has committed any act in violation of RCW 46.70.180 relating
4 to unlawful acts and practices;

5 (h) Sells or distributes in this state or transfers into this
6 state for resale or for lease, any new or unused vehicle to which a
7 warranty attaches or has attached and refuses to honor the terms of
8 such warranty within a reasonable time or repudiates the same;

9 (i) Fails to maintain one or more resident employees or agents to
10 provide service or repairs to vehicles located within the state of
11 Washington only under the terms of any warranty attached to new or
12 unused vehicles manufactured and which are or have been sold or
13 distributed in this state or transferred into this state for resale
14 or for lease unless such manufacturer requires warranty service to be
15 performed by all of its dealers pursuant to a current service
16 agreement on file with the department;

17 (j) Fails to reimburse within a reasonable time any vehicle
18 dealer within the state of Washington who in good faith incurs
19 reasonable obligations in giving effect to warranties that attach or
20 have attached to any new or unused vehicle sold, leased, or
21 distributed in this state or transferred into this state for resale
22 or for lease by any such manufacturer;

23 (k) Engaged in practices inimical to the health and safety of the
24 citizens of the state of Washington including, but not limited to,
25 failure to comply with standards set by the state of Washington or
26 the federal government pertaining to the construction and safety of
27 vehicles;

28 (l) Is insolvent either in the sense that his or her liabilities
29 exceed his or her assets or in the sense that he or she cannot meet
30 his or her obligations as they mature;

31 (m) Fails to notify the department of bankruptcy proceedings in
32 the manner required by RCW 46.70.183.

33 If a manufacturer issued a vehicle dealer license pursuant to RCW
34 46.70.041(3) and 46.96.185(1)(g)(vii) ceases to satisfy all
35 eligibility criteria under RCW 46.96.185(1)(g)(vii), the department
36 must revoke such a vehicle dealer license within 30 days. This
37 subsection must be enforced by the department and the office of the
38 attorney general consistent with RCW 46.70.102, 46.70.111, and
39 46.70.220.

1 **Sec. 6.** RCW 46.70.170 and 1986 c 241 s 17 are each amended to
2 read as follows:

3 (1) It is a misdemeanor for any person to violate any of the
4 provisions of this chapter, except where expressly provided
5 otherwise, and the rules adopted as provided under this chapter.

6 (2) A penalty of \$10,000 must be assessed for each retail sale or
7 lease transaction consummated in this state after the effective date
8 of this section by a manufacturer that is prohibited by law from
9 acting in the capacity of a motor vehicle dealer and is ineligible
10 for exemption under RCW 46.96.185(1)(g). The department and the
11 office of the attorney general must enforce this subsection
12 consistent with RCW 46.70.102, 46.70.111, and 46.70.220.

13 **Sec. 7.** RCW 46.70.180 and 2022 c 182 s 211 are each amended to
14 read as follows:

15 Each of the following acts or practices is unlawful:

16 (1) To cause or permit to be advertised, printed, displayed,
17 published, distributed, broadcasted, televised, or disseminated in
18 any manner whatsoever, any statement or representation with regard to
19 the sale, lease, or financing of a vehicle which is false, deceptive,
20 or misleading((~~r~~)) including, but not limited to, the following:

21 (a) That no down payment is required in connection with the sale
22 of a vehicle when a down payment is in fact required, or that a
23 vehicle may be purchased for a smaller down payment than is actually
24 required;

25 (b) That a certain percentage of the sale price of a vehicle may
26 be financed when such financing is not offered in a single document
27 evidencing the entire security transaction;

28 (c) That a certain percentage is the amount of the service charge
29 to be charged for financing, without stating whether this percentage
30 charge is a monthly amount or an amount to be charged per year;

31 (d) That a new vehicle will be sold for a certain amount above or
32 below cost without computing cost as the exact amount of the factory
33 invoice on the specific vehicle to be sold;

34 (e) That a vehicle will be sold upon a monthly payment of a
35 certain amount, without including in the statement the number of
36 payments of that same amount which are required to liquidate the
37 unpaid purchase price.

38 (2) (a) (i) To incorporate within the terms of any purchase and
39 sale or lease agreement any statement or representation with regard

1 to the sale, lease, or financing of a vehicle which is false,
2 deceptive, or misleading((7)) including, but not limited to, terms
3 that include as an added cost to the selling price or capitalized
4 cost of a vehicle an amount for licensing or transfer of title of
5 that vehicle which is not actually due to the state, unless such
6 amount has in fact been paid by the dealer prior to such sale.

7 (ii) However, an amount not to exceed ((~~\$200~~) \$225, from the
8 effective date of this section until December 31, 2036, and \$200,
9 beginning January 1, 2037, per vehicle sale or lease may be charged
10 by a dealer to recover administrative costs for collecting motor
11 vehicle excise taxes, licensing and registration fees and other
12 agency fees, verifying and clearing titles, transferring titles,
13 perfecting, releasing, or satisfying liens or other security
14 interests, and other administrative and documentary services rendered
15 by a dealer in connection with the sale or lease of a vehicle and in
16 carrying out the requirements of this chapter or any other provisions
17 of state law.

18 (b) A dealer may charge the documentary service fee in (a) of
19 this subsection under the following conditions:

20 (i) The documentary service fee is disclosed in writing to a
21 prospective purchaser or lessee before the execution of a purchase
22 and sale or lease agreement;

23 (ii) The dealer discloses to the purchaser or lessee in writing
24 that the documentary service fee is a negotiable fee. The disclosure
25 must be written in a typeface that is at least as large as the
26 typeface used in the standard text of the document that contains the
27 disclosure and that is boldfaced, capitalized, underlined, or
28 otherwise set out from the surrounding material so as to be
29 conspicuous. The dealer shall not represent to the purchaser or
30 lessee that the fee or charge is required by the state to be paid by
31 either the dealer or prospective purchaser or lessee;

32 (iii) The documentary service fee is separately designated from
33 the selling price or capitalized cost of the vehicle and from any
34 other taxes, fees, or charges; ((and))

35 (iv) Dealers disclose in any advertisement that a documentary
36 service fee in an amount up to ((~~\$200~~) \$225, from the effective date
37 of this section until December 31, 2036, and \$200, beginning January
38 1, 2037, may be added to the sale price or the capitalized cost; and

1 (v) (A) Until December 31, 2036, the dealer remits the first \$25
2 of any documentary service fee collected to the department of
3 licensing to be distributed as follows:

4 (I) Thirty-five percent to the electric vehicle account created
5 in RCW 82.44.200 for the provision of instant rebates that reduce the
6 purchase or lease costs of electric vehicles for vulnerable
7 populations under the incentive program created under section 8 of
8 this act; and

9 (II) Sixty-five percent to the multimodal transportation account.

10 (B) By June 30, 2027, the dealer submits to the department: (I)
11 The number of vehicles sold or leased since the effective date of
12 this section; (II) the amount of the documentary service fee remitted
13 under this subsection (2) (b) (v) since the effective date of this
14 section; and (III) any other relevant information as determined by
15 the department for compliance review purposes. The department may
16 establish subsequent reporting, record retention policies, and other
17 audit requirements to enable verification and compliance review of
18 the requirements in this subsection (2) (b) (v) (B). The specific time
19 period covered in such requirements must be dictated by each dealer's
20 initial license and license renewal cycle. The department shall
21 incorporate into its vehicle dealer licensing process appropriate
22 audits to ensure compliance with the remittance requirements in this
23 subsection (2) (b) (v), which may include sample audits. The department
24 may adopt rules to implement this subsection (2) (b) (v), including
25 modified reporting requirements for dealers opting not to charge the
26 documentary service fee.

27 (C) Failure to comply with the remittance requirements in this
28 subsection (2) (b) (v) is an unlawful act or practice under this
29 chapter, which may result in an order to deny, suspend, or revoke the
30 dealer's license as determined by the department in rule.

31 (D) For the purposes of this subsection (2), the term
32 "documentary service fee" means the optional amount charged by a
33 dealer to provide the services specified in (a) of this subsection.

34 (3) To set up, promote, or aid in the promotion of a plan by
35 which vehicles are to be sold or leased to a person for a
36 consideration and upon further consideration that the purchaser or
37 lessee agrees to secure one or more persons to participate in the
38 plan by respectively making a similar purchase and in turn agreeing
39 to secure one or more persons likewise to join in said plan, each
40 purchaser or lessee being given the right to secure money, credits,

1 goods, or something of value, depending upon the number of persons
2 joining the plan.

3 (4) To commit, allow, or ratify any act of "bushing" which is
4 defined as follows: Entering into a written contract, written
5 purchase order or agreement, retail installment sales agreement, note
6 and security agreement, or written lease agreement, hereinafter
7 collectively referred to as contract or lease, signed by the
8 prospective buyer or lessee of a vehicle, which:

9 (a) Is subject to any conditions or the dealer's or his or her
10 authorized representative's future acceptance, and the dealer fails
11 or refuses within the "bushing" period, which is four calendar days,
12 exclusive of Saturday, Sunday, or legal holiday, and prior to any
13 further negotiations with said buyer or lessee to inform the buyer or
14 lessee either: (i) That the dealer unconditionally accepts the
15 contract or lease, having satisfied, removed, or waived all
16 conditions to acceptance or performance, including, but not limited
17 to, financing, assignment, or lease approval; or (ii) that the dealer
18 rejects the contract or lease, thereby automatically voiding the
19 contract or lease, as long as such voiding does not negate
20 commercially reasonable contract or lease provisions pertaining to
21 the return of the subject vehicle and any physical damage, excessive
22 mileage after the demand for return of the vehicle, and attorneys'
23 fees authorized by law, and tenders the refund of any initial payment
24 or security made or given by the buyer or lessee, including, but not
25 limited to, any down payment, and tenders return of the trade-in
26 vehicle, key, other trade-in, or certificate of title to a trade-in.
27 Tender may be conditioned on return of the subject vehicle if
28 previously delivered to the buyer or lessee.

29 The provisions of this subsection (4)(a) do not impair,
30 prejudice, or abrogate the rights of a dealer to assert a claim
31 against the buyer or lessee for misrepresentation or breach of
32 contract and to exercise all remedies available at law or in equity,
33 including those under chapter 62A.9A RCW, if the dealer, bank, or
34 other lender or leasing company discovers that approval of the
35 contract or financing or approval of the lease was based upon
36 material misrepresentations made by the buyer or lessee, including,
37 but not limited to, misrepresentations regarding income, employment,
38 or debt of the buyer or lessee, as long as the dealer, or his or her
39 staff, has not, with knowledge of the material misrepresentation,
40 aided, assisted, encouraged, or participated, directly or indirectly,

1 in the misrepresentation. A dealer shall not be in violation of this
2 subsection (4)(a) if the buyer or lessee made a material
3 misrepresentation to the dealer, as long as the dealer, or his or her
4 staff, has not, with knowledge of the material misrepresentation,
5 aided, assisted, encouraged, or participated, directly or indirectly,
6 in the misrepresentation.

7 A dealer may inform a buyer or lessee under this subsection
8 (4)(a) regarding the unconditional acceptance or rejection of the
9 contract, lease, or financing by sending an email message to the
10 buyer's or lessee's supplied email address, by phone call, by leaving
11 a voice message or sending a text message to a phone number provided
12 by the buyer or lessee, by in-person oral communication, by mailing a
13 letter by first-class mail if the buyer or lessee expresses a
14 preference for a letter or declines to provide an email address and a
15 phone number capable of receiving a free text message, or by another
16 means agreed to by the buyer or lessee or approved by the department,
17 effective upon the execution, mailing, or sending of the
18 communication and before expiration of the "bushing" period;

19 (b) Permits the dealer to renegotiate a dollar amount specified
20 as trade-in allowance on a vehicle delivered or to be delivered by
21 the buyer or lessee as part of the purchase price or lease, for any
22 reason except:

23 (i) Failure to disclose that the vehicle's certificate of title
24 has been branded for any reason, including, but not limited to,
25 status as a rebuilt vehicle as provided in RCW 46.12.540 and
26 46.12.560; or

27 (ii) Substantial physical damage or latent mechanical defect
28 occurring before the dealer took possession of the vehicle and which
29 could not have been reasonably discoverable at the time of the taking
30 of the order, offer, or contract; or

31 (iii) Excessive additional miles or a discrepancy in the mileage.
32 "Excessive additional miles" means the addition of 500 miles or more,
33 as reflected on the vehicle's odometer, between the time the vehicle
34 was first valued by the dealer for purposes of determining its trade-
35 in value and the time of actual delivery of the vehicle to the
36 dealer. "A discrepancy in the mileage" means (A) a discrepancy
37 between the mileage reflected on the vehicle's odometer and the
38 stated mileage on the signed odometer statement; or (B) a discrepancy
39 between the mileage stated on the signed odometer statement and the
40 actual mileage on the vehicle; or

1 (c) Fails to comply with the obligation of any written warranty
2 or guarantee given by the dealer requiring the furnishing of services
3 or repairs within a reasonable time.

4 (5) To commit any offense relating to odometers, as such offenses
5 are defined in RCW 46.37.540, 46.37.550, 46.37.560, and 46.37.570. A
6 violation of this subsection is a class C felony punishable under
7 chapter 9A.20 RCW.

8 (6) For any vehicle dealer or vehicle salesperson to refuse to
9 furnish, upon request of a prospective purchaser or lessee, for
10 vehicles previously registered to a business or governmental entity,
11 the name and address of the business or governmental entity.

12 (7) To commit any other offense under RCW 46.37.423, 46.37.424,
13 or 46.37.425.

14 (8) To commit any offense relating to a dealer's temporary
15 license permit((~~r~~)) including, but not limited to, failure to
16 properly complete each such permit, or the issuance of more than one
17 such permit on any one vehicle. However, a dealer may issue a second
18 temporary permit on a vehicle if the following conditions are met:

19 (a) The lienholder fails to deliver the vehicle title to the
20 dealer within the required time period;

21 (b) The dealer has satisfied the lien; and

22 (c) The dealer has proof that payment of the lien was made within
23 two calendar days, exclusive of Saturday, Sunday, or a legal holiday,
24 after the sales contract has been executed by all parties and all
25 conditions and contingencies in the sales contract have been met or
26 otherwise satisfied.

27 (9) For a dealer, salesperson, or mobile home manufacturer,
28 having taken an instrument or cash "on deposit" from a purchaser or
29 lessee prior to the delivery of the bargained-for vehicle, to
30 commingle the "on deposit" funds with assets of the dealer,
31 salesperson, or mobile home manufacturer instead of holding the "on
32 deposit" funds as trustee in a separate trust account until the
33 purchaser or lessee has taken delivery of the bargained-for vehicle.
34 Delivery of a manufactured home shall be deemed to occur in
35 accordance with RCW 46.70.135(5). Failure, immediately upon receipt,
36 to endorse "on deposit" instruments to such a trust account, or to
37 set aside "on deposit" cash for deposit in such trust account, and
38 failure to deposit such instruments or cash in such trust account by
39 the close of banking hours on the day following receipt thereof,
40 shall be evidence of intent to commit this unlawful practice:

1 PROVIDED, HOWEVER, That a motor vehicle dealer may keep a separate
2 trust account which equals his or her customary total customer
3 deposits for vehicles for future delivery. For purposes of this
4 section, "on deposit" funds received from a purchaser of a
5 manufactured home means those funds that a seller requires a
6 purchaser to advance before ordering the manufactured home, but does
7 not include any loan proceeds or moneys that might have been paid on
8 an installment contract.

9 (10) For a dealer or manufacturer to fail to comply with the
10 obligations of any written warranty or guarantee given by the dealer
11 or manufacturer requiring the furnishing of goods and services or
12 repairs within a reasonable period of time, or to fail to furnish to
13 a purchaser or lessee, all parts which attach to the manufactured
14 unit including, but not limited to, the undercarriage, and all items
15 specified in the terms of a sales or lease agreement signed by the
16 seller and buyer or lessee.

17 (11) For a vehicle dealer to pay to or receive from any person,
18 firm, partnership, association, or corporation acting, either
19 directly or through a subsidiary, as a buyer's agent for consumers,
20 any compensation, fee, purchase moneys or funds that have been
21 deposited into or withdrawn out of any account controlled or used by
22 any buyer's agent, gratuity, or reward in connection with the
23 purchase, sale, or lease of a new motor vehicle.

24 (12) For a buyer's agent, acting directly or through a
25 subsidiary, to pay to or to receive from any motor vehicle dealer any
26 compensation, fee, gratuity, or reward in connection with the
27 purchase, sale, or lease of a new motor vehicle. In addition, it is
28 unlawful for any buyer's agent to engage in any of the following acts
29 on behalf of or in the name of the consumer:

30 (a) Receiving or paying any purchase moneys or funds into or out
31 of any account controlled or used by any buyer's agent;

32 (b) Signing any vehicle purchase orders, sales contracts, leases,
33 odometer statements, or title documents, or having the name of the
34 buyer's agent appear on the vehicle purchase order, sales contract,
35 lease, or title; or

36 (c) Signing any other documentation relating to the purchase,
37 sale, lease, or transfer of any new motor vehicle.

38 It is unlawful for a buyer's agent to use a power of attorney
39 obtained from the consumer to accomplish or effect the purchase,
40 sale, lease, or transfer of ownership documents of any new motor

1 vehicle by any means which would otherwise be prohibited under (a)
2 through (c) of this subsection. However, the buyer's agent may use a
3 power of attorney for physical delivery of motor vehicle license
4 plates to the consumer.

5 Further, it is unlawful for a buyer's agent to engage in any
6 false, deceptive, or misleading advertising, disseminated in any
7 manner whatsoever, including but not limited to making any claim or
8 statement that the buyer's agent offers, obtains, or guarantees the
9 lowest price on any motor vehicle or words to similar effect.

10 (13) For a buyer's agent to arrange for or to negotiate the
11 purchase, or both, of a new motor vehicle through an out-of-state
12 dealer without disclosing in writing to the customer that the new
13 vehicle would not be subject to chapter 19.118 RCW. This subsection
14 also applies to leased vehicles. In addition, it is unlawful for any
15 buyer's agent to fail to have a written agreement with the customer
16 that: (a) Sets forth the terms of the parties' agreement; (b)
17 discloses to the customer the total amount of any fees or other
18 compensation being paid by the customer to the buyer's agent for the
19 agent's services; and (c) further discloses whether the fee or any
20 portion of the fee is refundable.

21 (14) Being a manufacturer, other than a motorcycle manufacturer
22 governed by chapter 46.93 RCW, to:

23 (a) Coerce or attempt to coerce any vehicle dealer to order or
24 accept delivery of any vehicle or vehicles, parts or accessories, or
25 any other commodities which have not been voluntarily ordered by the
26 vehicle dealer: PROVIDED, That recommendation, endorsement,
27 exposition, persuasion, urging, or argument are not deemed to
28 constitute coercion;

29 (b) Cancel or fail to renew the franchise or selling agreement of
30 any vehicle dealer doing business in this state without fairly
31 compensating the dealer at a fair going business value for his or her
32 capital investment which shall include, but not be limited to, tools,
33 equipment, and parts inventory possessed by the dealer on the day he
34 or she is notified of such cancellation or termination and which are
35 still within the dealer's possession on the day the cancellation or
36 termination is effective, if: (i) The capital investment has been
37 entered into with reasonable and prudent business judgment for the
38 purpose of fulfilling the franchise; and (ii) the cancellation or
39 nonrenewal was not done in good faith. Good faith is defined as the
40 duty of each party to any franchise to act in a fair and equitable

1 manner towards each other, so as to guarantee one party freedom from
2 coercion, intimidation, or threats of coercion or intimidation from
3 the other party: PROVIDED, That recommendation, endorsement,
4 exposition, persuasion, urging, or argument are not deemed to
5 constitute a lack of good faith;

6 (c) Encourage, aid, abet, or teach a vehicle dealer to sell or
7 lease vehicles through any false, deceptive, or misleading sales or
8 financing practices including but not limited to those practices
9 declared unlawful in this section;

10 (d) Coerce or attempt to coerce a vehicle dealer to engage in any
11 practice forbidden in this section by either threats of actual
12 cancellation or failure to renew the dealer's franchise agreement;

13 (e) Refuse to deliver any vehicle publicly advertised for
14 immediate delivery to any duly licensed vehicle dealer having a
15 franchise or contractual agreement for the retail sale or lease of
16 new and unused vehicles sold or distributed by such manufacturer
17 within (~~sixty~~) 60 days after such dealer's order has been received
18 in writing unless caused by inability to deliver because of shortage
19 or curtailment of material, labor, transportation, or utility
20 services, or by any labor or production difficulty, or by any cause
21 beyond the reasonable control of the manufacturer;

22 (f) To provide under the terms of any warranty that a purchaser
23 or lessee of any new or unused vehicle that has been sold or leased,
24 distributed for sale or lease, or transferred into this state for
25 resale or lease by the vehicle manufacturer may only make any
26 warranty claim on any item included as an integral part of the
27 vehicle against the manufacturer of that item.

28 Nothing in this section may be construed to impair the
29 obligations of a contract or to prevent a manufacturer, distributor,
30 representative, or any other person, whether or not licensed under
31 this chapter, from requiring performance of a written contract
32 entered into with any licensee hereunder, nor does the requirement of
33 such performance constitute a violation of any of the provisions of
34 this section if any such contract or the terms thereof requiring
35 performance, have been freely entered into and executed between the
36 contracting parties. This paragraph and subsection (14)(b) of this
37 section do not apply to new motor vehicle manufacturers governed by
38 chapter 46.96 RCW.

39 (15) Unlawful transfer of an ownership interest in a motor
40 vehicle as defined in RCW 19.116.050.

1 (16) To knowingly and intentionally engage in collusion with a
2 registered owner of a vehicle to repossess and return or resell the
3 vehicle to the registered owner in an attempt to avoid a suspended
4 license impound under chapter 46.55 RCW. However, compliance with
5 chapter 62A.9A RCW in repossessing, selling, leasing, or otherwise
6 disposing of the vehicle, including providing redemption rights to
7 the debtor, is not a violation of this section.

8 (17)(a) For a dealer to enter into a new motor vehicle sales
9 contract without disclosing in writing to a buyer of the new motor
10 vehicle, or to a dealer in the case of an unregistered motor vehicle,
11 any known damage and repair to the new motor vehicle if the damage
12 exceeds five percent of the manufacturer's suggested retail price as
13 calculated at the dealer's authorized warranty rate for labor and
14 parts, or \$1,000, whichever amount is greater. A manufacturer or new
15 motor vehicle dealer is not required to disclose to a dealer or buyer
16 that glass, tires, bumpers, or cosmetic parts of a new motor vehicle
17 were damaged at any time if the damaged item has been replaced with
18 original or comparable equipment. A replaced part is not part of the
19 cumulative damage required to be disclosed under this subsection.

20 (b) A manufacturer is required to provide the same disclosure to
21 a dealer of any known damage or repair as required in (a) of this
22 subsection.

23 (c) If disclosure of any known damage or repair is not required
24 under this section, a buyer may not revoke or rescind a sales
25 contract due to the fact that the new motor vehicle was damaged and
26 repaired before completion of the sale.

27 (d) As used in this section:

28 (i) "Cosmetic parts" means parts that are attached by and can be
29 replaced in total through the use of screws, bolts, or other
30 fasteners without the use of welding or thermal cutting, and includes
31 windshields, bumpers, hoods, or trim panels.

32 (ii) "Manufacturer's suggested retail price" means the retail
33 price of the new motor vehicle suggested by the manufacturer, and
34 includes the retail delivered price suggested by the manufacturer for
35 each accessory or item of optional equipment physically attached to
36 the new motor vehicle at the time of delivery to the new motor
37 vehicle dealer that is not included within the retail price suggested
38 by the manufacturer for the new motor vehicle.

1 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.330
2 RCW to read as follows:
3 Subject to the availability of amounts appropriated for this
4 specific purpose, the department, in coordination with the
5 interagency electric vehicle coordinating council, must develop and
6 implement an incentive program that reduces the purchase or lease
7 costs of electric vehicles through the provision of instant rebates.
8 Only individuals meeting the definition of vulnerable populations in
9 RCW 70A.02.010 are eligible to receive instant rebates under the
10 program."

11 Correct the title.

EFFECT: Reduces the increase to the documentary service fee to
\$25, such that the total fee is \$225 until the end of year 2036,
after which it reverts to \$200.

--- END ---