

SENATE BILL REPORT

SB 6354

As of February 23, 2026

Title: An act relating to advancing transportation electrification by expanding access to electric vehicles already being sold in Washington and increasing associated funding.

Brief Description: Advancing transportation electrification by expanding access to electric vehicles already being sold in Washington and increasing associated funding.

Sponsors: Senators Liias and King.

Brief History:

Committee Activity: Transportation: 2/24/26.

Brief Summary of Bill

- Authorizes a new motor vehicle manufacturer to provide direct sales of its own vehicles if certain criteria are met and the qualifying manufacturer applies for and maintains a vehicle dealer license.
- Increases the vehicle dealer documentary service fee by \$50 for a ten-year period, with 50 percent of revenue from the \$50 increase to be used for instant rebates for low-income households to purchase used electric vehicles and to be deposited into the Multimodal Transportation Account.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Brandon Popovac (786-7465)

Background: A new motor vehicle manufacturer or new motor vehicle brand owner maintains a relationship with a new motor vehicle dealer through a franchise agreement. Certain responsibilities of each party are delineated in state law and the franchise agreement between the parties.

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.

Under such state law, various practices are deemed unfair and prohibited, including that a manufacturer may not compete with a dealer of any make or line by acting in the capacity of a dealer, or by owning, operating, or controlling, whether directly or indirectly, a motor vehicle dealership in Washington State.

One exception from the prohibition on competing with a dealer provides that it is not a violation for a manufacturer that held a Washington State vehicle dealer license on January 1, 2014, to own, operate, or control a new motor vehicle dealership that sells new vehicles that are only of that manufacturer's makes or lines and that are not sold as new by a licensed independent franchise dealer. The manufacturer may also own, operate, or control or contract with companies providing financing, leasing, or servicing its own makes and lines of vehicles.

To act, engage in business, or advertise themselves as, or solicit sales of or distribute or transfer vehicles for resale as, a vehicle dealer, a person, firm, or association must first obtain and hold a dealer license upon application to the Department of Licensing (DOL).

The director may suspend or revoke a dealer license due to certain actions or practices. The director of DOL may deny a dealer license if:

- the application is a subterfuge concealing the real person in interest with a dealer license that has been denied, suspended, or revoked for cause;
- the application was not filed in good faith; or
- issuance of a dealer license would cause a manufacturer to be in violation of provisions governing franchise agreements.

A vehicle dealer may charge a documentary service fee of \$200 for each vehicle sale or lease to recover administrative costs for related transaction fee and tax collection and materials processing if:

- the fee is disclosed in writing to the customer before the sale or lease and separately designated from the selling price or capitalized cost of the vehicle; and
- the dealer discloses in writing to the customer the fee is negotiable, does not represent the fee is a state requirement, and discloses in any advertisement that such fee may be added to the sale price or capitalized cost.

Summary of Bill: A manufacturer may own, operate, or control a new motor vehicle dealership that sells new vehicles of its own makes or lines, or own, operate, or control companies that provide financing, leasing, or services for vehicles of its own makes or lines, if the manufacturer:

- is incorporated in the United States;
- has never entered into a franchise agreement with a motor vehicle dealer;
- has operated at least one service facility in the state as of January 1, 2026; and
- exclusively produces battery electric vehicles of which at least 300 were registered in the state before January 1, 2026.

Battery electric vehicle is defined as any vehicle that operates solely by or is powered primarily through use of a battery or battery pack, but uses a flywheel or capacitor that stores energy produced by the electric motor or through regenerative braking to assist in vehicle operation, and excluding components that rely on power generated by fossil fuels or hydrogen.

Such a qualifying manufacturer and its subsidiaries may not distribute vehicles on behalf of a manufacturer prohibited by law from acting in the capacity of a motor vehicle dealer. A manufacturer prohibited by law from acting in the capacity of a motor vehicle dealer may not use its ownership interest in a qualifying manufacturer to violate other exemptions to unfair practices relating to competition with new motor vehicle dealers. A private party may initiate an action to obtain relief and enjoin such violations.

A penalty of \$10,000 must be assessed for each retail sale or lease transaction consummated by a manufacturer prohibited by law from acting in the capacity of a motor vehicle dealer.

A qualifying manufacturer must apply for and maintain a vehicle dealer license to own, operate, or control a motor vehicle dealership. Upon application, the qualifying manufacturer must submit to DOL a sworn affidavit by its authorized agent attesting the manufacturer satisfies the eligibility criteria to own, operate, or control a motor vehicle dealership as authorized. If a qualifying manufacturer ceases to satisfy such eligibility criteria, DOL must revoke its vehicle dealer license within 30 days. The director of DOL must deny a vehicle dealer license to a qualifying manufacturer for reasons the director has authority to deny a vehicle dealer license for other applicants.

DOL and AGO must enforce provisions regarding vehicle dealer license revocation and penalties related to the unlawful sale or lease of vehicles by manufacturers prohibited by law from acting in the capacity of a motor vehicle dealer

The vehicle dealer documentary service fee is increased from \$200 to \$250 until December 31, 2036, with 50 percent of the fee collected in excess of \$200 to be distributed as follows:

- 25 percent to the Electric Vehicle Account for instant rebates for households at or below 300 percent of the federal poverty level to purchase used electric vehicles; and
- 75 percent to the Multimodal Transportation Account.

The vehicle dealer documentary service fee is reduced to \$225, beginning January 1, 2037.

Appropriation: None.

Fiscal Note: Requested on February 18, 2026.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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