

FINAL BILL REPORT

ESSB 6354

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Synopsis as Enacted

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

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Liias and King).

Senate Committee on Transportation
House Committee on Transportation

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.

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).

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.

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.

Before accepting a certificate of title application for a motor vehicle, DOL, a county auditor or other agent, or subagent appointed by the director of DOL, must require the applicant to pay a \$15 fee in addition to any other fees and taxes required by law. Five dollars of the fee is distributed to a variety of accounts depending on the type and purpose of the application, and \$10 of this fee is credited to the Transportation 2003 Account.

Summary: 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 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 if issuance of the license would cause a manufacturer to be in violation of the laws governing manufacturer and dealer franchise agreements.

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 certificate of title application fee for a new or used motor vehicle purchased or leased from a vehicle dealer or lessor is increased from \$15 to \$40 from October 1, 2026, until December 31, 2036, with \$25 of the fee to be distributed as follows:

- 35 percent to the Electric Vehicle Account for instant rebates to reduce purchase or lease costs of electric vehicles for vulnerable populations under a newly created incentive program administered by the Department of Commerce; and
- 65 percent to the Multimodal Transportation Account.

Votes on Final Passage:

Senate	46	3	
House	84	9	(House amended)
Senate	47	2	(Senate concurred)

Effective: June 11, 2026
October 1, 2026 - Section 7