

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 6354

69th Legislature
2026 Regular Session

Passed by the Senate March 12, 2026
Yeas 47 Nays 2

President of the Senate

Passed by the House March 11, 2026
Yeas 84 Nays 9

**Speaker of the House of
Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6354** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6354

AS AMENDED BY THE HOUSE

Passed Legislature - 2026 Regular Session

State of Washington 69th Legislature 2026 Regular Session

By Senate Transportation (originally sponsored by Senators Lias and King)

READ FIRST TIME 03/02/26.

1 AN ACT Relating to advancing transportation electrification by
2 expanding access to electric vehicles already being sold in
3 Washington and increasing associated funding; amending RCW 46.96.010,
4 46.96.185, 46.70.041, 46.70.045, 46.70.101, 46.70.170, and 46.17.100;
5 adding a new section to chapter 43.330 RCW; prescribing penalties;
6 and providing an effective date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 **Sec. 1.** RCW 46.96.010 and 1989 c 415 s 1 are each amended to
9 read as follows:

10 The legislature finds and declares that the distribution and sale
11 of motor vehicles in this state vitally affect the general economy of
12 the state and the public interest and public welfare, that provision
13 for warranty service to motor vehicles is of substantial concern to
14 the people of this state, that the maintenance of fair competition
15 among dealers and others is in the public interest, and that the
16 maintenance of strong and sound dealerships is essential to provide
17 continuing and necessary reliable services to the consuming public in
18 this state and to provide stable employment to the citizens of this
19 state. The legislature further finds that there is a substantial
20 disparity in bargaining power between automobile manufacturers and
21 (~~their~~) dealers, and that in order to promote the public interest

1 and the public welfare, and in the exercise of its police power, it
2 is necessary to regulate the relationship between motor vehicle
3 dealers and motor vehicle manufacturers, importers, distributors, and
4 their representatives doing business in this state, not only for the
5 protection of dealers but also for the ~~((benefit for the public))~~
6 protection of consumers in assuring the continued availability and
7 servicing of automobiles sold to the public.

8 The legislature recognizes it is in the best interest for
9 manufacturers and dealers of motor vehicles to conduct business with
10 each other in a fair, efficient, and competitive manner. The
11 legislature declares the public interest is best served by dealers
12 being assured of the ability to manage their business enterprises
13 under a contractual obligation with manufacturers where dealers do
14 not experience unreasonable interference and are assured of the
15 ability to transfer ownership of their business without undue
16 constraints. If the legislature authorizes a manufacturer to own or
17 operate a motor vehicle dealership, the legislature intends that such
18 authorization be applied narrowly to prevent erosion of the motor
19 vehicle dealer franchise system and the benefits it provides to
20 communities around the state. It is the intent of the legislature to
21 impose a regulatory scheme and to regulate competition in the motor
22 vehicle industry to the extent necessary to balance fairness and
23 efficiency. These actions will protect consumers, strengthen
24 enforcement, and permit motor vehicle dealers to better serve
25 ~~((consumers and allow dealers to devote their best competitive~~
26 ~~efforts and resources to the sale and services of the manufacturer's~~
27 ~~products to consumers))~~ the public.

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

30 (1) Notwithstanding the terms of a franchise agreement, a
31 manufacturer, distributor, factory branch, or factory representative,
32 or an agent, officer, parent company, wholly or partially owned
33 subsidiary, affiliated entity, or other person controlled by or under
34 common control with a manufacturer, distributor, factory branch, or
35 factory representative, shall not:

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

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

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

8 (d) Discriminate between new motor vehicle dealers by adopting a
9 method, or changing an existing method, for the allocation,
10 scheduling, or delivery of new motor vehicles, parts, or accessories
11 to its dealers that is not fair, reasonable, and equitable. Upon the
12 request of a dealer, a manufacturer, distributor, factory branch, or
13 factory representative shall disclose in writing to the dealer the
14 method by which new motor vehicles, parts, and accessories are
15 allocated, scheduled, or delivered to its dealers handling the same
16 line or make of vehicles;

17 (e) Discriminate against a new motor vehicle dealer by
18 preventing, offsetting, or otherwise impairing the dealer's right to
19 request a documentary service fee on affinity or similar program
20 purchases. This prohibition applies to, but is not limited to, any
21 promotion plan, marketing plan, manufacturer or dealer employee or
22 employee friends or family purchase programs, or similar plans or
23 programs;

24 (f) Give preferential treatment to some new motor vehicle dealers
25 over others by refusing or failing to deliver, in reasonable
26 quantities and within a reasonable time after receipt of an order, to
27 a dealer holding a franchise for a line or make of motor vehicles
28 sold or distributed by the manufacturer, distributor, factory branch,
29 or factory representative, a new vehicle, parts, or accessories, if
30 the vehicle, parts, or accessories are being delivered to other
31 dealers, or require a dealer to purchase unreasonable advertising
32 displays or other materials, or unreasonably require a dealer to
33 remodel or renovate existing facilities as a prerequisite to
34 receiving a model or series of vehicles;

35 (g) Compete with a new motor vehicle dealer of any make or line
36 by acting in the capacity of a new motor vehicle dealer, or by
37 owning, operating, or controlling, whether directly or indirectly, a
38 motor vehicle dealership in this state. It is not, however, a
39 violation of this subsection for:

1 (i) A manufacturer, distributor, factory branch, or factory
2 representative to own or operate a dealership for a temporary period,
3 not to exceed two years, during the transition from one owner of the
4 dealership to another where the dealership was previously owned by a
5 franchised dealer and is currently for sale to any qualified
6 independent person at a fair and reasonable price. The temporary
7 operation may be extended for one (~~twelve-month~~) 12-month period on
8 petition of the temporary operator to the department. The matter will
9 be handled as an adjudicative proceeding under chapter 34.05 RCW. A
10 dealer who is a franchisee of the petitioning manufacturer or
11 distributor may intervene and participate in a proceeding under this
12 subsection (1)(g)(i). The temporary operator has the burden of proof
13 to show justification for the extension and a good faith effort to
14 sell the dealership to an independent person at a fair and reasonable
15 price;

16 (ii) A manufacturer, distributor, factory branch, or factory
17 representative to own or operate a dealership in conjunction with an
18 independent person in a bona fide business relationship for the
19 purpose of broadening the diversity of its dealer body and enhancing
20 opportunities for qualified persons who are part of a group who have
21 historically been underrepresented in its dealer body, or other
22 qualified persons who lack the resources to purchase a dealership
23 outright, and where the independent person: (A) Has made, or within a
24 period of two years from the date of commencement of operation will
25 have made, a significant, bona fide capital investment in the
26 dealership that is subject to loss; (B) has an ownership interest in
27 the dealership; and (C) operates the dealership under a bona fide
28 written agreement with the manufacturer, distributor, factory branch,
29 or factory representative under which he or she will acquire all of
30 the ownership interest in the dealership within a reasonable period
31 of time and under reasonable terms and conditions. The manufacturer,
32 distributor, factory branch, or factory representative has the burden
33 of proof of establishing that the acquisition of the dealership by
34 the independent person was made within a reasonable period of time
35 and under reasonable terms and conditions. Nothing in this subsection
36 (1)(g)(ii) relieves a manufacturer, distributor, factory branch, or
37 factory representative from complying with (a) through (f) of this
38 subsection;

39 (iii) 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 where the
2 independent person: (A) Has made, or within a period of two years
3 from the date of commencement of operation will have made, a
4 significant, bona fide capital investment in the dealership that is
5 subject to loss; (B) has an ownership interest in the dealership; and
6 (C) operates the dealership under a bona fide written agreement with
7 the manufacturer, distributor, factory branch, or factory
8 representative under which he or she will acquire all of the
9 ownership interest in the dealership within a reasonable period of
10 time and under reasonable terms and conditions. The manufacturer,
11 distributor, factory branch, or factory representative has the burden
12 of proof of establishing that the acquisition of the dealership by
13 the independent person was made within a reasonable period of time
14 and under reasonable terms and conditions. The number of dealerships
15 operated under this subsection (1)(g)(iii) may not exceed four
16 percent rounded up to the nearest whole number of a manufacturer's
17 total of new motor vehicle dealer franchises in this state. Nothing
18 in this subsection (1)(g)(iii) relieves a manufacturer, distributor,
19 factory branch, or factory representative from complying with (a)
20 through (f) of this subsection;

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

26 (v) A manufacturer to own, operate, or control a new motor
27 vehicle dealership trading exclusively in a single line make of the
28 manufacturer if (A) the manufacturer does not own, directly or
29 indirectly, in the aggregate, in excess of (~~forty-five~~) 45 percent
30 of the total ownership interest in the dealership, (B) at the time
31 the manufacturer first acquires ownership or assumes operation or
32 control of any such dealership, the distance between any dealership
33 thus owned, operated, or controlled and the nearest new motor vehicle
34 dealership trading in the same line make of vehicle and in which the
35 manufacturer has no ownership or control is not less than (~~fifteen~~)
36 15 miles and complies with the applicable provisions in the relevant
37 market area sections of this chapter, (C) all of the manufacturer's
38 franchise agreements confer rights on the dealer of that line make to
39 develop and operate within a defined geographic territory or area, as
40 many dealership facilities as the dealer and the manufacturer agree

1 are appropriate, and (D) as of January 1, 2000, the manufacturer had
2 no more than four new motor vehicle dealers of that manufacturer's
3 line make in this state, and at least half of those dealers owned and
4 operated two or more dealership facilities in the geographic
5 territory or area covered by their franchise agreements with the
6 manufacturer;

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

9 (vii) A manufacturer that ~~((held a vehicle dealer license in this
10 state on January 1, 2014))~~ is incorporated in the United States, has
11 never entered into a franchise agreement with a motor vehicle dealer,
12 has operated at least one service facility in this state as of
13 January 1, 2026, and exclusively produces battery electric vehicles
14 of which at least 300 were registered in Washington state before
15 January 1, 2026, to own, operate, or control a new motor vehicle
16 dealership that sells new vehicles that are only of that
17 manufacturer's makes or lines and that are not sold new by a licensed
18 independent franchise dealer, or to own, operate, or control or
19 contract with companies that provide finance, leasing, or service for
20 vehicles that are of that manufacturer's makes or lines, so long as
21 the manufacturer does not, after the effective date of this section,
22 distribute vehicles on behalf of a manufacturer prohibited by law
23 from acting in the capacity of a motor vehicle dealer, or become
24 subject to the majority ownership or control of a manufacturer
25 prohibited by law from acting in the capacity of a motor vehicle
26 dealer. Regardless of ownership interest, a manufacturer prohibited
27 by law from acting in the capacity of a motor vehicle dealer shall
28 not use its ownership interest in a manufacturer exempted under this
29 subsection (1)(g)(vii) to violate any provisions under (g) of this
30 subsection. Private parties may initiate an action pursuant to RCW
31 46.96.260 to obtain relief and enjoin violations of this subsection
32 (1)(g)(vii). For purposes of this subsection (1)(g)(vii):

33 (A) "Battery electric vehicle" means any vehicle that operates
34 solely by use of a battery or battery pack, or that is powered
35 primarily through the use of an electric battery or battery pack but
36 uses a flywheel or capacitor that stores energy produced by the
37 electric motor or through regenerative braking to assist in vehicle
38 operation, so long as none of these components rely on power
39 generated by fossil fuels or hydrogen;

1 (B) "Manufacturer prohibited by law from acting in the capacity
2 of a motor vehicle dealer" includes the manufacturer as well as its
3 distributor, factory branch, factory representative, agent, officer,
4 parent company, wholly or partially owned subsidiary, affiliated
5 entity, or other person controlled by or under common control
6 thereof;

7 (h) Compete with a new motor vehicle dealer by owning, operating,
8 or controlling, whether directly or indirectly, a service facility in
9 this state for the repair or maintenance of motor vehicles under the
10 manufacturer's new car warranty and extended warranty. Nothing in
11 this subsection (1)(h), however, prohibits a manufacturer,
12 distributor, factory branch, or factory representative from owning or
13 operating a service facility for the purpose of providing or
14 performing maintenance, repair, or service work on motor vehicles
15 that are owned by the manufacturer, distributor, factory branch, or
16 factory representative;

17 (i) Use confidential or proprietary information obtained from a
18 new motor vehicle dealer to unfairly compete with the dealer. For
19 purposes of this subsection (1)(i), "confidential or proprietary
20 information" means trade secrets as defined in RCW 19.108.010,
21 business plans, marketing plans or strategies, customer lists,
22 contracts, sales data, revenues, or other financial information;

23 (j)(i) Terminate, cancel, or fail to renew a franchise with a new
24 motor vehicle dealer based upon any of the following events, which do
25 not constitute good cause for termination, cancellation, or
26 nonrenewal under RCW 46.96.060: (A) The fact that the new motor
27 vehicle dealer owns, has an investment in, participates in the
28 management of, or holds a franchise agreement for the sale or service
29 of another make or line of new motor vehicles; (B) the fact that the
30 new motor vehicle dealer has established another make or line of new
31 motor vehicles or service in the same dealership facilities as those
32 of the manufacturer or distributor; (C) that the new motor vehicle
33 dealer has or intends to relocate the manufacturer or distributor's
34 make or line of new motor vehicles or service to an existing
35 dealership facility that is within the relevant market area, as
36 defined in RCW 46.96.140, of the make or line to be relocated, except
37 that, in any nonemergency circumstance, the dealer must give the
38 manufacturer or distributor at least (~~sixty~~) 60 days' notice of his
39 or her intent to relocate and the relocation must comply with RCW
40 46.96.140 and 46.96.150 for any same make or line facility; or (D)

1 the failure of a franchisee to change the location of the dealership
2 or to make substantial alterations to the use or number of franchises
3 on the dealership premises or facilities.

4 (ii) Notwithstanding the limitations of this section, a
5 manufacturer may, for separate consideration, enter into a written
6 contract with a dealer to exclusively sell and service a single make
7 or line of new motor vehicles at a specific facility for a defined
8 period of time. The penalty for breach of the contract must not
9 exceed the amount of consideration paid by the manufacturer plus a
10 reasonable rate of interest;

11 (k) Coerce or attempt to coerce a motor vehicle dealer to refrain
12 from, or prohibit or attempt to prohibit a new motor vehicle dealer
13 from acquiring, owning, having an investment in, participating in the
14 management of, or holding a franchise agreement for the sale or
15 service of another make or line of new motor vehicles or related
16 products, or establishing another make or line of new motor vehicles
17 or service in the same dealership facilities, if the prohibition
18 against acquiring, owning, investing, managing, or holding a
19 franchise for such additional make or line of vehicles or products,
20 or establishing another make or line of new motor vehicles or service
21 in the same dealership facilities, is not supported by reasonable
22 business considerations. The burden of proving that reasonable
23 business considerations support or justify the prohibition against
24 the additional make or line of new motor vehicles or products or
25 nonexclusive facilities is on the manufacturer;

26 (l) Require, by contract or otherwise, a new motor vehicle dealer
27 to make a material alteration, expansion, or addition to any
28 dealership facility, unless the required alteration, expansion, or
29 addition is uniformly required of other similarly situated new motor
30 vehicle dealers of the same make or line of vehicles and is
31 reasonable in light of all existing circumstances, including economic
32 conditions. In any proceeding in which a required facility
33 alteration, expansion, or addition is an issue, the manufacturer or
34 distributor has the burden of proof. Except for a program or any
35 renewal or modification of a program that is in effect with one or
36 more new motor vehicle dealers in this state on June 12, 2014, a
37 manufacturer shall not require, coerce, or attempt to coerce any new
38 motor vehicle dealer by program, policy, standard, or otherwise to
39 change the location of the dealership or construct, replace,
40 renovate, or make any substantial changes, alterations, or remodeling

1 to a new motor vehicle dealer's sales or service facilities, except
2 as necessary to comply with health or safety laws or to comply with
3 technology requirements without which a dealer would be unable to
4 service a vehicle the dealer has elected to sell, before the
5 (~~tenth~~) 10th anniversary of the date of issuance of the certificate
6 of occupancy or the manufacturer's approval, whichever is later,
7 from:

8 (i) The date construction of the dealership at that location was
9 completed if the construction was in substantial compliance with
10 standards or plans provided by a manufacturer, distributor, or
11 representative or through a subsidiary or agent of the manufacturer,
12 distributor, or representative; or

13 (ii) The date a prior change, alteration, or remodel of the
14 dealership at that location was completed if the construction was in
15 substantial compliance with standards or plans provided by a
16 manufacturer, distributor, or representative or through a subsidiary
17 or agent of the manufacturer, distributor, or representative;

18 (m) Prevent or attempt to prevent by contract or otherwise any
19 new motor vehicle dealer from changing the executive management of a
20 new motor vehicle dealer unless the manufacturer or distributor,
21 having the burden of proof, can show that a proposed change of
22 executive management will result in executive management by a person
23 or persons who are not of good moral character or who do not meet
24 reasonable, preexisting, and equitably applied standards of the
25 manufacturer or distributor. If a manufacturer or distributor rejects
26 a proposed change in the executive management, the manufacturer or
27 distributor shall give written notice of its reasons to the dealer
28 within (~~sixty~~) 60 days after receiving written notice from the
29 dealer of the proposed change and all related information reasonably
30 requested by the manufacturer or distributor, or the change in
31 executive management must be considered approved;

32 (n) Condition the sale, transfer, relocation, or renewal of a
33 franchise agreement or condition manufacturer, distributor, factory
34 branch, or factory representative sales, services, or parts
35 incentives upon the manufacturer obtaining site control, including
36 rights to purchase or lease the dealer's facility, or an agreement to
37 make improvements or substantial renovations to a facility. For
38 purposes of this section, a substantial renovation has a gross cost
39 to the dealer in excess of (~~five thousand dollars~~) \$5,000;

1 (o) Fail to provide to a new motor vehicle dealer purchasing or
2 leasing building materials or other facility improvements the right
3 to purchase or lease franchisor image elements of like kind and
4 quality from an alternative vendor selected by the dealer if the
5 goods or services are to be supplied by a vendor selected,
6 identified, or designated by the manufacturer or distributor. If the
7 vendor selected by the manufacturer or distributor is the only
8 available vendor of like kind and quality materials, the new motor
9 vehicle dealer must be given the opportunity to purchase the
10 franchisor image elements at a price substantially similar to the
11 capitalized lease costs of the elements. This subsection (1)(o) must
12 not be construed to allow a new motor vehicle dealer or vendor to
13 gain additional intellectual property rights they are not otherwise
14 entitled to or to impair or eliminate the intellectual property
15 rights of the manufacturer or distributor or to permit a new motor
16 vehicle dealer to erect or maintain signs that do not conform to the
17 reasonable intellectual property usage guidelines of the manufacturer
18 or distributor;

19 (p) Take any adverse action against a new motor vehicle dealer
20 including, but not limited to, charge backs or reducing vehicle
21 allocations, for sales and service performance within a designated
22 area of primary responsibility unless that area is reasonable in
23 light of proximity to relevant census tracts to the dealership and
24 competing dealerships, highways and road networks, any natural or
25 man-made barriers, demographics, including economic factors, buyer
26 behavior information, and contains only areas inside the state of
27 Washington unless specifically approved by the new motor vehicle
28 dealer;

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

37 (r) Modify the franchise agreement for any new motor vehicle
38 dealer unless the manufacturer notifies the dealer in writing of its
39 intention to modify the agreement at least (~~ninety~~) 90 days before
40 the effective date thereof, stating the specific grounds for the

1 modification, and undertakes the modification in good faith, for good
2 cause, and in a manner that would not adversely and substantially
3 alter the rights, obligations, investment, or return on investment of
4 the franchised new motor vehicle dealer under the existing agreement.

5 (2) Subsection (1)(a), (b), and (c) of this section do not apply
6 to sales to a motor vehicle dealer: (a) For resale to a federal,
7 state, or local government agency; (b) where the vehicles will be
8 sold or donated for use in a program of driver's education; (c) where
9 the sale is made under a manufacturer's bona fide promotional program
10 offering sales incentives or rebates; (d) where the sale of parts or
11 accessories is under a manufacturer's bona fide quantity discount
12 program; or (e) where the sale is made under a manufacturer's bona
13 fide fleet vehicle discount program. For purposes of this subsection,
14 "fleet" means a group of (~~fifteen~~) 15 or more new motor vehicles
15 purchased or leased by a dealer at one time under a single purchase
16 or lease agreement for use as part of a fleet, and where the dealer
17 has been assigned a fleet identifier code by the department of
18 licensing.

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

20 (a) "Actual price" means the price to be paid by the dealer less
21 any incentive paid by the manufacturer, distributor, factory branch,
22 or factory representative, whether paid to the dealer or the ultimate
23 purchaser of the vehicle.

24 (b) "Control" or "controlling" means (i) the possession of, title
25 to, or control of (~~ten~~) 10 percent or more of the voting equity
26 interest in a person, whether directly or indirectly through a
27 fiduciary, agent, or other intermediary, or (ii) the possession,
28 direct or indirect, of the power to direct or cause the direction of
29 the management or policies of a person, whether through the ownership
30 of voting securities, through director control, by contract, or
31 otherwise, except as expressly provided under the franchise
32 agreement.

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

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

38 (e) "Own" or "ownership" means to hold the beneficial ownership
39 of one percent or more of any class of equity interest in a
40 dealership, whether the interest is that of a shareholder, partner,

1 limited liability company member, or otherwise. To hold an ownership
2 interest means to have possession of, title to, or control of the
3 ownership interest, whether directly or indirectly through a
4 fiduciary, agent, or other intermediary.

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

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

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

14 (a) Proof as the department may require concerning the
15 applicant's identity, including but not limited to his or her
16 fingerprints, the honesty, truthfulness, and good reputation of the
17 applicant for the license, or of the officers of a corporation making
18 the application;

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

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

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

28 (e) Whether the applicant has been adjudged guilty of a crime
29 which directly relates to the business for which the license is
30 sought and the time elapsed since the conviction is less than ten
31 years, or has suffered any judgment within the preceding five years
32 in any civil action involving fraud, misrepresentation, or conversion
33 and in the case of a corporation or partnership, all directors,
34 officers, or partners;

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

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

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

1 (i) A certificate by a representative of the department, that the
2 applicant's principal place of business and each subagency business
3 location in the state of Washington meets the location requirements
4 as required by this chapter. The certificate shall include proof of
5 the applicant's ownership or lease of the real property where the
6 applicant's principal place of business is established;

7 (j) A copy of a current service agreement with a manufacturer, or
8 distributor for a foreign manufacturer, requiring the applicant, upon
9 demand of any customer receiving a new vehicle warranty to perform or
10 arrange for, within a reasonable distance of his or her established
11 place of business, the service repair and replacement work required
12 of the manufacturer or distributor by such vehicle warranty. This
13 requirement applies only to applicants seeking to sell, to exchange,
14 to offer, to auction, to solicit, to advertise, or to broker new or
15 current-model vehicles with factory or distributor warranties;

16 (k) The class of vehicles the vehicle dealer will be buying,
17 selling, listing, exchanging, offering, brokering, leasing,
18 auctioning, soliciting, or advertising, and which classification or
19 classifications the dealer wishes to be designated as;

20 (l) Effective July 1, 2002, a certificate from the provider of
21 each education program or test showing that the applicant has
22 completed the education programs and passed the test required under
23 RCW 46.70.079 if the applicant is a dealer subject to the education
24 and test requirements;

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

26 (2) If the applicant is a manufacturer the application shall
27 contain the following information to the extent it is applicable to
28 the applicant:

29 (a) The name and address of the principal place of business of
30 the applicant and, if different, the name and address of the
31 Washington state representative of the applicant;

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

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

36 (d) The name or names of the vehicles that the licensee
37 manufactures;

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

1 (f) The name or names and address or addresses of resident
2 employees or agents to provide service or repairs to vehicles located
3 in the state of Washington only under the terms of any warranty
4 attached to new or unused vehicles manufactured, unless such
5 manufacturer requires warranty service to be performed by all of its
6 dealers pursuant to a current service agreement on file with the
7 department;

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

9 (3) To own, operate, or control a motor vehicle dealership as
10 authorized under RCW 46.96.185(1)(g)(vii), a qualifying manufacturer
11 must apply for and maintain a vehicle dealer license issued under
12 this chapter and subject to chapter 19.86 RCW and applicable
13 governing rules adopted by the department, not inconsistent with the
14 provisions under RCW 46.96.185(1)(g). When applying for or renewing a
15 vehicle dealer license under this chapter, such a qualifying
16 manufacturer shall submit to the department a sworn affidavit by the
17 manufacturer's authorized agent attesting to the manufacturer's
18 satisfaction of all eligibility criteria set forth in RCW
19 46.96.185(1)(g)(vii).

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

22 (1) The director may deny a license under this chapter when the
23 application is a subterfuge that conceals the real person in interest
24 whose license has been denied, suspended, or revoked for cause under
25 this chapter and the terms have not been fulfilled or a civil penalty
26 has not been paid, or the director finds that the application was not
27 filed in good faith(~~(, or the issuance of a new license or subagency~~
28 would cause a manufacturer, distributor, factory branch, or factory
29 representative, or an agent, officer, parent company, wholly or
30 partially owned subsidiary, affiliated entity, or other person
31 controlled by or under common control with a manufacturer,
32 distributor, factory branch, or factory representative, to be in
33 violation of chapter 46.96 RCW)).

34 (2) The director must deny a license under this chapter if the
35 issuance of a license would cause a manufacturer, distributor,
36 factory branch, or factory representative, or an agent, officer,
37 parent company, wholly or partially owned subsidiary, affiliated
38 entity, or other person controlled by or under common control with a

1 manufacturer, distributor, factory branch, or factory representative,
2 to be in violation of chapter 46.96 RCW.

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

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

7 The director may by order deny, suspend, or revoke the license of
8 any vehicle dealer or vehicle manufacturer or, in lieu thereof or in
9 addition thereto, may by order assess monetary penalties of a civil
10 nature not to exceed one thousand dollars per violation, if the
11 director finds that the order is in the public interest and that the
12 applicant or licensee:

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

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

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

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

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

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

- 1 (v) Does not have an established place of business as required in
2 this chapter;
- 3 (vi) Refuses to allow representatives or agents of the department
4 to inspect during normal business hours all books, records, and files
5 maintained within this state;
- 6 (vii) Sells, exchanges, offers, brokers, auctions, solicits, or
7 advertises a new or current model vehicle to which a factory new
8 vehicle warranty attaches and fails to have a valid, written service
9 agreement as required by this chapter, or having such agreement
10 refuses to honor the terms of such agreement within a reasonable time
11 or repudiates the same, except for sales by wholesale motor vehicle
12 auction dealers to franchise motor vehicle dealers of the same make
13 licensed under this title or franchise motor vehicle dealers of the
14 same make licensed by any other state;
- 15 (viii) Is insolvent, either in the sense that their liabilities
16 exceed their assets, or in the sense that they cannot meet their
17 obligations as they mature;
- 18 (ix) Fails to pay any civil monetary penalty assessed by the
19 director pursuant to this section within ten days after such
20 assessment becomes final;
- 21 (x) Fails to notify the department of bankruptcy proceedings in
22 the manner required by RCW 46.70.183;
- 23 (xi) Knowingly, or with reason to know, allows a salesperson
24 employed by the dealer, or acting as their agent, to commit any of
25 the prohibited practices set forth in subsection (1)(a) of this
26 section and RCW 46.70.180;
- 27 (xii) Fails to have a current certificate or registration with
28 the department of revenue.
- 29 (b) The applicant or licensee, or any partner, officer, director,
30 owner of ten percent of the assets of the firm, or any employee or
31 agent:
- 32 (i) Has failed to comply with the applicable provisions of
33 chapter 46.12 or 46.16A RCW or this chapter or any rules and
34 regulations adopted thereunder;
- 35 (ii) Has defrauded or attempted to defraud the state, or a
36 political subdivision thereof of any taxes or fees in connection with
37 the sale, lease, or transfer of a vehicle;
- 38 (iii) Has forged the signature of the registered or legal owner
39 on a certificate of title;

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

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

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

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

10 (viii) Has engaged in practices inimical to the health or safety
11 of the citizens of the state of Washington including but not limited
12 to failure to comply with standards set by the state of Washington or
13 the federal government pertaining to the construction or safety of
14 vehicles, except for sales by wholesale motor vehicle auction dealers
15 to motor vehicle dealers and vehicle wreckers licensed under this
16 title or motor vehicle dealers licensed by any other state;

17 (ix) Has aided or assisted an unlicensed dealer or salesperson in
18 unlawful activity through active or passive participation in sales,
19 allowing use of facilities, dealer license number, or by any other
20 means;

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

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

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

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

29 (C) The vehicle title contains the specific comment that the
30 vehicle is "rebuilt";

31 without clearly disclosing that brand or comment in writing.

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

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

39 (a) Was or is the holder of a license issued pursuant to this
40 chapter which was revoked for cause and never reissued by the

1 department, or which license was suspended for cause and the terms of
2 the suspension have not been fulfilled, or which license was assessed
3 a civil penalty and the assessed amount has not been paid;

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

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

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

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

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

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

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

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

34 (j) Fails to reimburse within a reasonable time any vehicle
35 dealer within the state of Washington who in good faith incurs
36 reasonable obligations in giving effect to warranties that attach or
37 have attached to any new or unused vehicle sold, leased, or
38 distributed in this state or transferred into this state for resale
39 or for lease by any such manufacturer;

1 (k) Engaged in practices inimical to the health and safety of the
2 citizens of the state of Washington including, but not limited to,
3 failure to comply with standards set by the state of Washington or
4 the federal government pertaining to the construction and safety of
5 vehicles;

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

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

11 If a manufacturer issued a vehicle dealer license pursuant to RCW
12 46.70.041(3) and 46.96.185(1)(g)(vii) ceases to satisfy all
13 eligibility criteria under RCW 46.96.185(1)(g)(vii), the department
14 must revoke such a vehicle dealer license within 30 days. This
15 subsection must be enforced by the department and the office of the
16 attorney general consistent with RCW 46.70.102, 46.70.111, and
17 46.70.220.

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

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

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

30 **Sec. 7.** RCW 46.17.100 and 2012 c 74 s 1 are each amended to read
31 as follows:

32 Before accepting an application for a certificate of title as
33 required in this title, the department, county auditor or other
34 agent, or subagent appointed by the director shall require the
35 applicant to pay (~~a fifteen dollar~~) an application fee in addition
36 to any other fees and taxes required by law. Through December 31,
37 2036, the fee is \$40 upon the execution of a retail sale or lease
38 agreement, with respect to the retail sale or lease by a motor

1 vehicle dealer or lessor of a new or used motor vehicle, and \$15
2 after December 31, 2036. For all other certificate of title
3 applications, the fee is \$15.

4 (1) (~~Five dollars~~) \$5 of the certificate of title application
5 fee must be distributed under RCW 46.68.020.

6 (2) (~~Ten dollars~~) \$10 of the certificate of title application
7 fee must be credited to the transportation 2003 account (nickel
8 account) created in RCW 46.68.280.

9 (3) With respect to the fee collected upon the execution of a
10 retail sale or lease agreement by a motor vehicle dealer or lessor
11 through December 31, 2036, \$25 of the certificate of title fee must
12 be deposited as follows:

13 (a) Thirty-five percent to the electric vehicle account created
14 in RCW 82.44.200 for the provision of instant rebates that reduce the
15 purchase or lease costs of electric vehicles for vulnerable
16 populations under the incentive program created under section 8 of
17 this act; and

18 (b) Sixty-five percent to the multimodal transportation account.

19 NEW SECTION. Sec. 8. A new section is added to chapter 43.330
20 RCW to read as follows:

21 Subject to the availability of amounts appropriated for this
22 specific purpose, the department, in coordination with the
23 interagency electric vehicle coordinating council, must develop and
24 implement an incentive program that reduces the purchase or lease
25 costs of electric vehicles through the provision of instant rebates.
26 Only individuals meeting the definition of vulnerable populations in
27 RCW 70A.02.010 are eligible to receive instant rebates under the
28 program.

29 NEW SECTION. Sec. 9. Section 7 of this act takes effect October
30 1, 2026.

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