

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1996 S HB	<b>Title:</b> RV manufacturers and dealers
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	Fiscal note not available					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	Fiscal note not available											
Department of Revenue	Fiscal note not available											
Department of Licensing	.0	0	0	28,000	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>28,000</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	Fiscal note not available								
Department of Revenue	Fiscal note not available								
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	Fiscal note not available								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

## Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Kyle Siefering, OFM	<b>Phone:</b> (360) 995-3825	<b>Date Published:</b> Preliminary 2/21/2024
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1996 S HB	<b>Title:</b> RV manufacturers and dealers	<b>Agency:</b> 240-Department of Licensing
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

		FY 2024	FY 2025	2023-25	2025-27	2027-29
<b>Account</b>						
Motor Vehicle Account-State 108 -1		0	28,000	28,000	0	0
<b>Total \$</b>		0	28,000	28,000	0	0

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Susan Jones	Phone: 360-786-7404	Date: 02/18/2024
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 02/21/2024
Agency Approval: Collin Ashley	Phone: (564) 669-9190	Date: 02/21/2024
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 02/21/2024

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Creates new definitions and agreements between vehicle manufacturers and dealers who work in Recreational Vehicle spaces.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Please see attached fiscal note.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
108-1	Motor Vehicle Account	State	0	28,000	28,000	0	0
<b>Total \$</b>			0	28,000	28,000	0	0

### III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services		28,000	28,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	28,000	28,000	0	0

**III. C - Operating FTE Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

### III. D - Expenditures By Program (optional)

NONE

## **Part IV: Capital Budget Impact**

### **IV. A - Capital Budget Expenditures**

NONE

### **IV. B - Expenditures by Object Or Purpose**

NONE

### **IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### **IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: SHB 1996

Bill Title: Establishing the Washington recreational vehicle manufacturer and dealer law.

**Part 1: Estimates**

**No Fiscal Impact**

**Estimated Cash Receipts:**

None.

**Estimated Expenditures:**

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Motor Vehicle	108	-	28,000	28,000	-	-
<b>Account Totals</b>		-	<b>28,000</b>	<b>28,000</b>	-	-

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions.

- If the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Susan Jones	Phone: (360) 786-7404	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 2/21/2024
Agency Approval: Collin Ashley	Phone: (360) 634-5384	Date: 2/21/2024

Request #	1
Bill #	1996

## Part 2 – Explanation

Creates new definitions and agreements between vehicle manufacturers and dealers who work in Recreational Vehicle spaces.

### **2.A – Brief Description Of What The Measure Does That Has Fiscal Impact**

Sec. 2 – Adds new section to Title 46 RCW **MANUFACTURERS' AND DEALERS' FRANCHISE AGREEMENTS**: Requirement for a Written Manufacturer/Dealer Agreement; Area of Sales Responsibility

- (1) Requires a manufacturer to enter into a dealer agreement.
- (2) The manufacturer designates the geographical sales area
- (3) Terms cannot be changed unless agreed to by both parties
- (4) A dealer may not sell without entering into an agreement, and may not sell outside of their contracted geographical area
- (5) A manufacturer cannot issue a policy or procedure that violates a provision of the agreement.
- (6) A manufacturer will distribute new recreational vehicles to its dealers in a fair and equitable manner.
- (7) Manufacturer provides technical assistance for servicing a vehicle.

Sec. 3 – Adds new section to Title 46 RCW **MANUFACTURERS' AND DEALERS' FRANCHISE AGREEMENTS**: Termination, Cancellation, and Nonrenewal of a Manufacturer/Dealer Agreement

- (1) A manufacturer may only terminate, cancel, or fail to renew with good cause.
  - a. Manufacturer has burden of proof to show good cause
    - i. Dealers penetration in the relevant market
    - ii. The nature of the dealers investment in the business
    - iii. The adequacy of dealers services facilities
    - iv. The effect of the proposed action on the community
    - v. The extent and quality of the dealer services under RV warranties
    - vi. The failure of follow agreed-upon, reasonable procedures for operations
    - vii. The dealers performance under the terms of its agreement
  - b. Requires 120 days written notice to a dealer
    - i. The notice must state all reasons for the proposed termination/cancellation/non renewal
    - ii. 30 days if:
      1. A dealer is convicted of a nolo contendere to, a felony
      2. The abandonment or closing of a business
      3. A significant misrepresentation by the dealer
      4. A suspension or revocation of a dealer's license
    - iii. Notice provisions do not apply if the reason for termination/cancellation is insolvency.
- (2) A dealer may terminate, cancel, or non renew with or without good cause.
  - a. A manufacturer convicted of a felony
  - b. The business operations of the manufacturer having been abandoned.
  - c. A significant misrepresentation by the manufacturer materially affecting the business relationship,
  - d. A material volition of this act
  - e. A declaration by the manufacturer of bankruptcy, insolvency, or the occurrence of an assignment for the benefit of creditors or bankruptcy.
  - f. A material violation of the manufacturer/dealers agreement that is not cured after 120 days after written notice.

- g. coercion of dealer
- (3) The dealer will repurchase
  - a. All new, untitled RVs
  - b. All undamaged accessories
  - c. Any properly functioning diagnostic equipment
- (4) If terminated without good cause, then the manufacturer shall repurchase dealer inventory.
- (5) When selling the remaining inventory after termination:
  - a. A dealer is not prohibited from selling remaining inventory
  - b. Any non repurchased inventory.

Sec. 4 – Adds new section to Title 46 RCW **MANUFACTURERS' AND DEALERS' FRANCHISE**

**AGREEMENTS:** Transfer of Ownership; Family Succession

- (1) If a dealer decides to change ownership, must provide at least 10 business days notice. The manufacturer is not object to the proposed change unless:
  - a. Has previously been terminated for cause by the manufacturer
  - b. Has been convicted of a felony or any crime of fraud, deceit, or moral turpitude
  - c. Lacks any license required by law
  - d. Does not have an active line of credit sufficient to purchase a manufacturers product, or
  - e. Has undergone in the last 10 years bankruptcy, insolvency, a general assignment for the benefit of creditors
- (2) Manufacturer must give written notice if objecting to the change in ownership.
- (3)
  - a. It is unlawful for a manufacturer to fail to provide a dealership an opportunity to designate, in writing, a family member as a successor to the dealership in the event of the death, incapacity, or retirement of the dealer. Manufacturers may object if:
    - i. Conviction of the successor of a felony or crime of dishonesty
    - ii. Bankruptcy or insolvency of the successor
    - iii. Prior termination by the manufacturer of the agreement
    - iv. The lack of an active credit line
    - v. Lack of any license, as required by law
  - b. The manufacturer has the burden of proof

Sec. 5 – Adds new section to Title 46 RCW **MANUFACTURERS' AND DEALERS' FRANCHISE**

**AGREEMENTS:** Warranty Obligations

- (1) Each warrantor shall:
  - a. Specify in writing to each of its dealers, the dealer's obligations, if any, for preparation, delivery, and warranty service on its products based on the warrantor's stated policies.
  - b. Compensate the dealer for warranty service performed by the dealer that is covered by the warrantor's own warranty.
  - c. Provide the dealer the schedule of compensation to be paid and the time allowances for the performance of any work and service.
- (2) Time allowances must be reasonable for the work being performed.
- (3) The warrantor shall reimburse the dealer for any warranty part, accessory, or complete component at actual wholesale cost plus a minimum 30 percent handling charge and the cost, if any, of freight to return such part, component, or accessory to the warrantor.



Other info in sec 5 (3) The maximum handling charge for a product sent to the dealer at no cost shall not exceed \$300. This would be a separate DRIVES event.

- (4) Warranty audits may be conducted by the warrantor on a reasonable basis.
- (5) The dealer shall submit warranty claims within 45 days after completing the work.
- (6) The dealer shall notify the warrantor as soon as is reasonably possible, verbally or in writing, if the dealer is unable or unwilling to perform material or repetitive warranty repairs.
- (7) The warrantor shall disapprove warranty claims in writing within 45 days after the date of submission.
- (8) It is a violation for a warrantor to:
  - a. Fail to perform any of its warranty obligations
  - b. Fail to include, in written notices of factory campaigns to recreational vehicle owners and dealers, the expected date by which necessary parts will be available to perform the work.
  - c. Fail to compensate any of its dealers for authorized repairs effected by the dealer of merchandise damaged in manufacturing or transit to the dealer.
  - d. Fail to compensate its dealers for authorized warranty service.
  - e. Internally misrepresent a warranty
  - f. Require the dealer to make warranties to customers in any manner related to the manufacture of the RV.
- (9) It is a violation for any dealer to:
  - a. Failure to perform predelivery inspection functions
  - b. Failure to perform warranty service work authorized by the warrantor, in a competent and timely manner.
  - c. Fail to track actual time expended to perform warranty work
  - d. Claim an agency relationship with warrantor or manufacturer
  - e. Misrepresent the terms of any warranty.
- (10) Its is a violation to:
  - a. A warrantor to fail to indemnify, defend, and hold harmless its dealer against any losses or damages to the extent the losses or damages are caused by the negligence or willful misconduct of the warrantor.
  - b. A dealer to fail to indemnify, defend, and hold harmless its warrantor.

Sec. 6 - Adds new section to Title 46 RCW **MANUFACTURERS' AND DEALERS' FRANCHISE AGREEMENTS:**  
Inspection and Rejection by the Dealer

- 1) Dealers shall:
  - a. Notify the manufacturer or distributor of damages made in transit to the dealer and:
    - i. Request authorization to replace damages made or;
    - ii. Reject the vehicle within the time frame for inspection and rejection.
  - b. If manufacturer or distributor fails/refuses authorization of damage repair within 10 days after notification, ownership reverts to manufacturer or distributor.
- 2) Dealer shall exercise care in the custody of damaged RCs but, no other obligations.
- 3) Time frame for inspection and rejection of the damaged RV is set in the manufacturer/dealer agreement.

Sec. 7 - Adds new section to Title 46 RCW **MANUFACTURERS' AND DEALERS' FRANCHISE AGREEMENTS:**  
Coercion of Dealer Prohibited

- 1) Manufacturer/distributor may not coerce a dealer to:
  - a. Purchase a product not ordered.

- b. Enter into an agreement with the manufacturer/distributor.
  - c. Take unreasonable action against the dealer.
  - d. Enter agreements that require dealers to submit disputes to binding arbitration or waive rights.
  - e. Forego a right authorized by manufacturer/dealer agreements.
- 2) Defines the term coercion.
  - 3) Dealer bears burden of proof for acts in this section.

Sec. 8 - Adds new section to Title 46 RCW MANUFACTURERS' AND DEALERS' FRANCHISE AGREEMENTS: Civil Dispute Resolution; Mediation; Relief

- 1) Dealers, manufacturers, distributors, or warrantors may bring civil action to recover damages.
  - 2) Before a lawsuit the party bringing suit shall serve a demand for mediation. Subsections a-e outline the steps and rules for serving a demand for mediation.
  - 3) Provides guidance and rules for requesting an injunction.
- Need to add information from Sec 8 (2)(a)(b)(c) three separate drives events

## **2.B – Expenditures**

### **Information Services:**

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

### **What IS Will Implement:**

Update the complaint case Licensee Violation Code and Violation Reference tables with 58 new violations. (25 hrs)

Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 27,144	-	8,100	-	-	-	-	8,100
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 19,836	-	2,000	-	-	-	-	2,000
PROJECT MANAGER	Manage schedule and contracts	\$ 34,452	-	3,400	-	-	-	-	3,400
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 19,836	-	2,000	-	-	-	-	2,000
CONTRACTED FAST DEVELOPER / TESTER	Updates to the DRIVES system will require additional vendor hours outside of the contracted maintenance to make system updates to implement this bill.	\$ 37,236	-	7,400	-	-	-	-	7,400
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 27,144	-	2,700	-	-	-	-	2,700
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 29,824	-	2,600	-	-	-	-	2,600
<b>Totals</b>			-	<b>28,200</b>	-	-	-	-	<b>28,200</b>

### Part 3 – Expenditure Detail

#### 3.A – Operating Budget Expenditures

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	-	28,000	28,000	-	-
<b>Total By Object Type</b>	-	<b>28,000</b>	<b>28,000</b>	-	-

#### 3.B – Expenditures by Object or Purpose

Object E - Description	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
ER - Application Programmers	-	28,200	28,200	-	-
<b>Total Goods &amp; Services</b>	-	<b>28,000</b>	<b>28,000</b>	-	-

### Part 4 – Capital Budget Impact

None.

### Part 5 – New Rule Making Required

None.