

LEGISLATIVE PRIORITIES

Oppose manufacturer direct sales (Oppose SB 6082)

SB 6082 is promoted by electric truck manufacturer Rivian. It would unravel the state franchise law that ensures dealerships remain locally-owned small businesses by allowing manufacturers who only build electric cars to bypass their franchisees and open their own stores to sell direct to consumers — including an existing manufacturer that switches to selling a fully electric lineup. A large number of manufacturers have already announced a major push toward electric vehicles.

In states where such direct sales from automakers are forbidden...Rivian may try to partner with existing dealerships to sell their trucks .

*- R.J. Scaringe
Rivian founder and CEO*

- Ford is already a part owner of Rivian (\$500M). Other manufacturers are also investing heavily in electric vehicles.
- Rivian has stated it could use franchise dealerships in states where it could not sell direct. For example, it could sell through Ford dealerships.
- Franchised dealers invest millions in state-of-the-art facilities and provide a network for convenient service and repairs for consumers, thousands of local jobs, and billions in tax revenue to communities across the state
- Dealers also make countless charitable contributions to support essential services and other causes in the communities they serve. Dealers give back to their communities in a major way because they are a part of it. Manufacturer-owned stores are not.

Ask: Please preserve locally-owned dealerships and oppose SB 6082.

Protect consumers: Prevent the mandatory sale of non-vehicle OEM products (Support HB 2374/SB 6340)

Dealers agree to sell new vehicles built by a manufacturer. However, manufacturers are leveraging those agreements to force dealers to exclusively sell their other vehicle-related goods like original equipment manufacturer (OEM) parts and financial products or extended warranties.

PARTS

Dealers agree to carry OEM parts because they are necessary to repair recalled vehicles or service warranty claims, however they should also be able to offer parts from other 3rd party independent suppliers that offer more affordable parts for older cars and specialty aftermarket parts like rims or bed liners.

FINANCIAL PRODUCTS

Financing for service contracts or maintenance agreements is not uniquely tied to a vehicle. These are products that many banks, insurers, and other companies provide under strict state and federal regulation. Manufacturers should not be able to eliminate competitive products by

forcing dealers exclusively to sell the manufacturer's or their affiliate's financial products.

If a service contract to fix a vehicle or replace a windshield offered by an third party is a better value for the consumer than one offered by a manufacturer, the dealer should be free to offer that product.

Dealers have worked with manufacturers on language clarifying that the manufacturer may require OEM parts on repairs they pay for (recall, warranty, etc.), however the other amendments offered by manufacturers would gut the bill and should be rejected.

Ask: Please support consumer choice and vote to approve HB 2374/SB 6340.

Remove the B&O tax on dealer cash (Support HB 2903/SB 6654)

Dealerships sometimes receive a discount on the price paid for certain models after they have purchased them from the manufacturer known in the industry as "dealer cash". Manufacturers primarily provide the discount to help move inventory and allow dealerships to reduce the price to consumers.

Department of Revenue believes the discount should be considered income taxed at the Service & Other Activities rate of 1.5% (3x the rate paid for the sale of the vehicle!) and prevailed in the case *DOR v. Klein Honda*. Dealers believe dealer cash is a discount on the price of the vehicle and should not be subject to the Service B&O tax because there is no additional service being performed.

These discounts are functionally the same as those used in the grocery industry. The Legislature exempted grocers' discounts from B&O tax in a 2019 bill known as the "scan down allowance" grocer bill. ([EHB 1354](#)). EHB 1354 was a response to the same court case at issue for dealers.

Ask: Please support treating auto dealers like grocers and remove the B&O tax on dealer cash by voting to approve HB 2903/SB 6654.



Washington dealerships drive local economies

The average Washington franchised dealership creates **74 jobs** paying over **\$59,397** with benefits. Collectively, WA dealerships provide **22,893 family wage jobs** in communities statewide and **\$1.4 billion** in payroll. New car and truck dealerships generate **\$18.1 billion** in annual retail sales, and account for over \$1.1 billion in combined state sales tax revenue.