

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass
Vote: 5 - 0 - 1
Yeas: Atkinson, Burdick, Edwards, Girod, Starr
Nays: 0
Exc.: Beyer
Prepared By: Richard Berger, Administrator
Meeting Dates: 4/25

WHAT THE MEASURE DOES: Prohibits motor vehicle sale or lease advertisements from including specific claims regarding the trade-in value of property being offered in exchange for payment towards a motor vehicle. Establishes exemptions for certain types of information for used motor vehicle advertisements. Designates violation as an unlawful trade practice.

ISSUES DISCUSSED:

- History of current statute and adopted administrative rules regarding vehicle advertising
- Advertising laws in other states regarding trade-ins
- Kelley Blue Book value of a vehicle versus the vehicle owner's perceived value of a vehicle
- Effect of the measure on consumers' ability to negotiate a purchase price

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon Administrative Rule 137-020-0050 provides guidelines for what can and cannot be included in a motor vehicle advertisement. For instance, an advertisement cannot represent that a purchaser will receive a rebate or other form of incentive (i.e., a cash card or discount certificate) unless it is offered by a manufacturer or another party, and independent of the dealer and without dealer participation. Another provision of the rule prohibits the guarantee of any monetary amount or other value on any vehicle or property used as a trade-in on a motor vehicle transaction, including reference to trade publication valuations. For instance, an advertisement cannot state that trade-ins would be valued by using an evaluation trade publication such as the Kelley Blue Book. However, it is standard practice for new and used vehicle dealerships to use trade publications to determine values of a potential trade-in vehicle during the appraisal process.

House Bill 3579 A prohibits an advertisement for the sale or lease of a motor vehicle from including claims that the seller will value property being offered in exchange for payment toward the motor vehicle at a specific amount, within a range of specified amounts, at a guaranteed minimum amount, or as a multiple of or an increase in trade-in allowance. The measure allows an advertisement for a used motor vehicle to reference a value cited in a trade publication if the advertisement clearly and conspicuously discloses the name of the trade publication being referenced, and includes a disclaimer that includes specific information as outlined in the measure, such as the variance of a vehicle value due to factors such as mileage and usage. The measure clarifies that the trade publication's publisher develops and distributes separate issues for specific geographic regions, the advertisement is to reference the value cited for the geographic region in which the motor vehicle is being offered for sale.

4/28/2011 8:28:00 AM

This summary has not been adopted or officially endorsed by action of the committee.