



Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation

Director's Office
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DATE: February 15, 2013

TO: House Committee on Transportation and Economic Development

FROM: Tom McClellan
DMV Administrator

SUBJECT: HB 2263–Business Regulation Fee Increase

INTRODUCTION

HB 2263 increases business licensing fees for dealers, dismantlers and other vehicle-related businesses subject to regulation and inspection by the Department of Transportation. A fee increase is needed to continue delivering the services and support these regulated industries expect from our agency.

BACKGROUND

The DMV Business Regulation Section licenses and monitors vehicle-related businesses and issues temporary permits, trip permits, and dealer plates to certified dealers. The group also investigates improper activity by licensed and unlicensed businesses. The Business Regulation Section enforces the standards set by law, promulgates rules to protect consumers, and protects certified businesses from unfair competition.

Business Regulation is funded by a combination of Highway Funds, civil penalties, and fees paid by the regulated businesses. Fees are set in statute and are deposited into the agency's Transportation Operating Fund (TOF) along with civil penalties collected for improper practices. The Section operates with revenues from both the Highway Fund and the TOF.

DMV business regulation fees were last increased in 2001 and no longer cover the full cost of operations. The TOF fund balance declined significantly during the economic downturn. Operating costs have increased even with cost-cutting measures over the last three years to hold positions vacant and to improve internal processes for faster issuance and renewal of business certificates.

IMPACTS

HB 2263 increases the fees for original and renewal certificates for dealers, dismantlers and other vehicle-related businesses. A cash flow analysis identified the fee increases needed to maintain current service levels. The results were shared with the Oregon Dealer Advisory Committee, which endorsed the proposed set of fees.

HB 2263 proposes a larger proportional increase for dismantler certificates due to expanded regulation of these businesses over the years without a fee increase. The amount of work required to certify, inspect, and investigate dismantlers has grown to the point that it is nearly comparable to a new or used vehicle dealership. In addition, industry representatives indicate that a “supplemental” dismantler certificate is equivalent to establishing a second dismantler business. At their request, the supplemental dismantler certificate fee is proposed to match the original dismantler certificate fee.

The fee increases were reviewed thoroughly by the Oregon Dealer Advisory Committee, which includes representatives of each of the affected industries. ODAC members suggested changes during the development of this concept and gave unanimous support for HB 2263.

License	Current Fee	Proposed Fee
Dealer Certificate	\$958	\$1,100
Dealer Supplemental Certificate	\$230	\$350
Dismantler Certificate	\$450	\$800
Dismantler Supplemental Certificate	\$90	\$800
Duplicate Dismantler Certificate	\$30	\$40
Appraiser Certificate	\$75	\$100
Late Penalty Fee	\$100	\$150
Compliance Enforcement Fee	\$42	\$75
RV Show Fee	\$32	\$50

CONCLUSION

The fee increases in HB 2263 are needed to continue delivering the current level of regulatory oversight and support expected from certified vehicle businesses in Oregon. The ODAC stakeholder group was consulted by the Department, and has given unanimous support after its suggestions were integrated into the bill.