



Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation

Director's Office
355 Capitol St. NE
Salem, OR 97301

DATE: February 21, 2013

TO: House Committee on Revenue

FROM: Amy Joyce, Legislative Liaison

SUBJECT: House Bill 2467, certification of tax compliance

INTRODUCTION

House Bill 2467 directs the Department of Revenue (DOR) to establish a tax compliance certification program to determine eligibility for certain public services, including services provided by the Driver and Motor Vehicles Services Division (DMV) of the Department of Transportation (ODOT).

DISCUSSION

House Bill 2467 requires DMV to review proof of tax compliance certification prior to new or renewing registration of a motor vehicle, as well as issuance or renewals of commercial driver licenses and vehicle-related business licenses issued by DMV. Because the certificate of tax compliance must come directly from the taxpayer the process cannot be automated. Also, each applicant for a single registration or license must provide this certification. This presents several challenges to DMV particularly in the area of vehicle registrations. These challenges involve automation, multiple owners, and likely error rates resulting in significant workload increases.

The requirements apply to both new and renewing vehicle registrations. DMV would no longer be able to utilize automation by processing renewals on-line (barring significant IT investment). Also, DMV partners with automobile dealers in a process to electronically transfer initial registration information to DMV for the customer at point of sale. Under current bill language that process would need to be reevaluated and possibly dropped. About 20% of new or renewing registrations are automated, and the trend is increasing. This workload will shift to field offices or mail. The department processes approximately 1.8 million registrations per year. There will be a significant workload increase with the shift from automation to manual work. In addition the department expects it will need to turn away customers in the field office and return mailed transactions in high volume during the first several years because of missing tax certification requirements.

Among vehicles owned by individuals, 45% are registered to multiple owners. DMV would need to review the tax documents for each registered owner. Again, the department expects a high number of incomplete applications, in the field office and by mail, due to missing documents.

SUMMARY

The bill requires the department to collect a certification of tax compliance prior to issuing or renewing vehicle registrations, commercial driver licenses, and other types of business licenses. The process may not be automated under existing systems, eliminating the efficiencies of the department's electronic vehicle registration and online registration renewal programs. Significant workload increases are expected both in field offices and in processing mailed transactions.