

SB 974 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Prepared By: Patrick Brennan, LPRO Analyst

Meeting Dates: 3/29, 4/17

WHAT THE MEASURE DOES:

Prohibits persons other than retail customers of vehicle dealers from making a claim against the vehicle dealer under certain circumstances.

ISSUES DISCUSSED:

- Necessary size of dealer bond
- Need to ensure retail customer access to bond

EFFECT OF AMENDMENT:

[-2 amendment] Increases required bond amount for motorcycle/moped/ATV dealers from \$2,000 to \$10,000. Increases required bond amount for standard dealers from \$40,000 to \$50,000. Reduces maximum amount available under bond to persons other than retail customers from \$20,000 to \$10,000, specifies that non-retail customers must have a bond or letter of credit of at least \$10,000 to make a claim on the bond, and specifies that non-retail customers from other jurisdictions must be permitted to file a claim against the dealer bond in their jurisdiction. Prohibits non-retail customers from making a claim against the bond of a motorcycle/moped/ATV dealer. Prohibits Department from issuing new dealer certificates for persons to deal exclusively in motorcycles.

FISCAL: Minimal fiscal impact

REVENUE: No revenue impact

BACKGROUND:

Motor vehicle dealers in Oregon are regulated by the Driver and Motor Vehicle Services Division (DMV) of the Oregon Department of Transportation. A standard dealer certificate is good for three years and allows the possessor to sell most motor vehicles; a special certificate allows the dealer to sell only motorcycles, mopeds, snowmobiles or all-terrain vehicles (ATVs).

Under provisions of ORS 822.030, a bond or letter of credit is required to be certified as a vehicle dealer in Oregon. The minimum bond requirement for vehicle dealers is \$40,000, or \$2,000 if the dealer holds a motorcycle/moped/snowmobile/ATV certificate.