

SB 974 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 5/8

WHAT THE MEASURE DOES:

Increases required bond amount for vehicle dealers. Prohibits persons other than retail customers of vehicle dealers from making a claim against the vehicle dealer unless certain conditions are met. Prohibits Oregon Department of Transportation from issuing new dealer certificates for persons to deal exclusively in motorcycles.

- Minimal expenditure impact; No revenue impact
- Senate vote 29-0

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

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. Persons who are not retail customers (i.e., other dealers) can make a claim against only half (\$20,000) of the bond or letter of credit.

Senate Bill 974-A raises the required bond or letter of credit to \$10,000 for dealers in motorcycles, mopeds, ATVs, and snowmobiles and the bond or letter of credit for vehicle dealers is raised to \$50,000. The measure reduces to \$10,000 the amount a person other than a retail customer can claim against the vehicle dealer's bond or letter of credit. The measure also restricts non-retail customers from making a claim unless they are a dealer themselves and hold a bond or letter of credit of at least \$10,000 or they are licensed in another state, hold a bond or letter of credit of at least \$10,000, and the licensing state allows an Oregon vehicle dealer to file a claim under a substantially similar law. Senate Bill 974-A also prohibits any certificates to be issued for vehicle dealers who sell only motorcycles; those who exclusively sell motorcycles will be grandfathered in on the effective date.