
OREGON MOTOR VEHICLE DEALERS SUPPORT SENATE BILL 974-A

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Chair Holvey and members of the Committee:

The Oregon Vehicle Dealers Association represents more than 600 independent business owners across the state of Oregon, making OVDA, by far, the largest auto dealer trade association in Oregon. These dealers are primarily small businesses. On their behalf, OVDA monitors the Legislature and regulatory agencies with authority over motor vehicle dealers.

OVDA requested the introduction of SB974 and we also requested the Senate adopted amendments, which replaced the original bill. SB974-A will make the following changes to statutes regulating the certification of motor vehicle dealers in Oregon:

- Increase the dealer bond from \$40,000 to \$50,000;
- Reduce business access to a bond from \$20,000 to \$10,000;
(This will double the consumer only protection from a bond from \$20,000 to \$40,000.)
- Restrict out-of-state dealers from accessing the Oregon dealer bond unless their home state allows dealers to file against their bond;
- Increases the motorcycle-only dealer bond from \$2,000 to \$10,000;
- Restrict the motor-cycle only dealer bond to only consumers; and
- Prohibit DMV from issuing any new motorcycle only dealer certifications
(they are being phased out).

Dealership failures are very rare. But when they occur, the impact on consumers can be significant. In 2016, DMV completed 1,172,444 title transactions. Approximately 40 percent are dealer-generated, or about 468,000 dealer transactions. From dealer transactions, DMV receives roughly 1,500 inquiries per year regarding an issue which may require the customer to file against a dealer bond. That is a 0.3% complaint rate.

Nevertheless, OVDA supports enhancing consumer protections by gradually increasing the dealer bond, while ensuring consumers have primary access to the bond when a dealership fails to properly transfer title and register vehicles.

While DMV and DOJ are neutral, this bill was drafted in consultation with their expert staff and we appreciate their enthusiastic neutrality.

Thank you for considering this important bill. I am happy to answer any questions.

Oregon Vehicle Dealers Association

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