

SB 974 A -A4 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 5/8, 5/31

WHAT THE MEASURE DOES:

Increases required bond or letter of credit from \$2,000 to \$10,000 for motorcycle, moped, Class I ATVs and snowmobile dealers. Prohibits non-retail customers from making claim related to motorcycle, moped, Class I ATVs or snowmobile against the dealer or the dealer's bond or letter of credit.

Increases required bond or letter of credit from \$40,000 to \$50,000 for vehicle dealers. Allows non-retail customer to claim up to \$10,000 of vehicle dealer's bond or letter of credit only if claimant is an Oregon vehicle dealer or a licensed vehicle dealer from another state with bond or letter of credit.

Prohibits Oregon Department of Transportation from issuing new dealer certificates for persons to deal exclusively in motorcycles after effective date.

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

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A4 Prohibits vehicle dealer who holds certificate to deal exclusively in motorcycles, mopeds, Class I ATVs or snowmobiles from making claim against vehicle dealer's bond or letter of credit.

Prohibits Oregon Department of Transportation from issuing new dealer certificates for persons to deal exclusively in motorcycles, mopeds, Class I ATVs or snowmobiles after effective date.

- Minimal expenditure impact; 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. 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

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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. The measure prohibits non-retail customers from making a claim involving motorcycle, moped, Class I ATVs and snowmobile against dealers or the dealer's bond or letter of credit. SB 974-A also prohibits any new certificates to be issued for vehicle dealers who sell only motorcycles; those who exclusively sell motorcycles will be grandfathered in on the effective date.