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Oregon Auto Dealers Oppose New and Used Car Excise Tax

Darrell Fuller

While we understand and support the need to address our transportation infrastructure, we feel strongly that the proposed excise tax would put Oregon car dealers at a disadvantage with surrounding states.

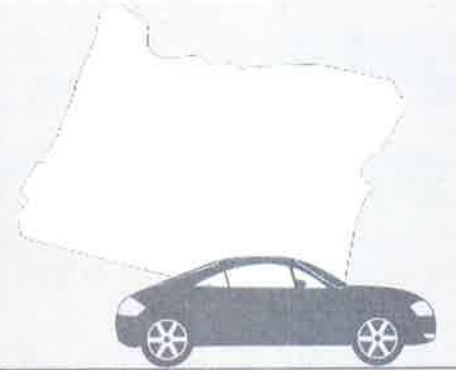
- While Oregon dealers would be charged the excise tax, vehicles purchased across state lines and registered in Oregon would be near impossible to collect.
- A vehicle purchased at a dealership in Oregon by an out of state consumer would have that fee built into the sale price of the vehicle as well as at the time of registration in their state.
- Every other state charges the fee during the registration process, thus collecting on all sales.
- If this was a sales tax, or a registration fee it would be different, but this is an excise tax on the dealer and operates like a gross receipts tax.
- Typical margins for new car dealers averages 1.6%. This excise tax would require us to forfeit half our profit margin, rendering us non-competitive for out of state buyers purchasing in Oregon.
- Oregon's largest markets are generally along state borders and up Hwy 84. The competitions between Portland and Vancouver as well as The Gorge vs. The Tri Cities are among the most competitive. Add to that the Oregon marketing efforts of Dave Smith Dealerships from Kellogg Idaho and we are incentivizing consumers to shop in neighboring states
- This process goes to an extreme effort to take the money out of the Highway Trust Fund which means future legislatures can spend this money where ever they want there are no guarantees this money will stay in Transportation infrastructure. Funds generated by transportation need to stay committed to funding transportation needs. This structure would break from the basic funding framework established by Oregon legislators years ago.

The Oregon New Car Dealerships provide living wage jobs for 27,000 people and represent 17.9% of Oregon's total retail business. This would be in jeopardy with the passing of this onerous excise tax.

Driving Oregon's Economy

Annual Contribution of Oregon's New-Car Dealers

Numbers reflect annual economic activity during 2016.



218

DEALERSHIPS
(new car)



27,045

TOTAL JOBS
(created by dealerships)

Includes 12,987 direct jobs and
14,058 indirect and induced jobs.



60

EMPLOYEES
(average per
dealership)



\$10.6B
TOTAL SALES

17.9%

Share of Total
Retail Sales in State



\$693M
PAYROLL

\$54,262

Average Annual
Earnings

\$293M

State and Federal
Income Taxes Paid

Includes income taxes paid for direct,
indirect and induced jobs.



1.1%

REGISTRATIONS

Oregon's Share of Total U.S.
New-Vehicle Registrations

13.7 YEARS

**AVERAGE
VEHICLE AGE**

Sources: Alliance of Automobile Manufacturers, Center for Automotive Research, IHS Markit, NADA Industry Analysis, U.S. Bureau of Labor Statistics.



NATIONAL AUTOMOBILE DEALERS ASSOCIATION

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