

SB 974 B STAFF MEASURE SUMMARY

Carrier: Rep. Evans

House Committee On Business and Labor

Action Date: 05/31/17

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 9-0-0-0

Yeas: 9 - Barreto, Bynum, Doherty, Evans, Fahey, Hack, Heard, Holvey, Kennemer

Fiscal: Has minimal fiscal impact

Revenue: Has minimal revenue impact

Prepared By: Jan Nordlund, LPRO Analyst

WHAT THE MEASURE DOES:

Increases required bond or letter of credit from \$2,000 to \$10,000 for vehicle dealer who holds certificate to deal exclusively in motorcycle, moped, Class I ATVs and snowmobiles. Increases required bond or letter of credit from \$40,000 to \$50,000 for vehicle dealers. Reduces from \$20,000 to \$10,000 the amount non-retail customer can claim against vehicle dealer's bond or letter of credit. Prohibits non-retail customers from making claim on bond or letter of credit of vehicle dealer who holds certificate to deal exclusively in motorcycle, moped, Class I ATVs and snowmobiles if claim is for loss or damages due to dealer's fraud, fraudulent representation or specified violations of vehicle code. Prohibits Oregon Department of Transportation from issuing new dealer certificates for persons to deal exclusively in motorcycles, mopeds, Class I ATVs and snowmobiles after effective date. Provides grandfather clause for persons who hold such certificate on day preceding effective date.

ISSUES DISCUSSED:

- Purpose of bond or letter of credit
- Whether bond or letter of credit requirement is barrier to enter the market
- Reason non-retail customers are limited in accessing bond or letter of credit
- Whether level of bond or letter of credit is adequate for dealers with motorcycle certificate
- Reason for not issuing new certificates to deal exclusively in motorcycles, mopeds, ATVs and snowmobiles

EFFECT OF AMENDMENT:

Modifies who may make claim against bond or letter of credit of vehicle dealer. 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.

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 exclusively sell motorcycles, mopeds, Class I ATVs and snowmobiles.

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 (e.g., other dealers) can make a claim against only half (\$20,000) of the bond or letter of credit.

SB 974 B STAFF MEASURE SUMMARY

Senate Bill 974-B 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 certain claims against a vehicle dealer with a certificate to deal exclusively in motorcycles, mopeds, Class I ATVs and snowmobiles. SB 974-B also prohibits any new certificates to be issued for dealers who exclusively sell motorcycles, mopeds, Class I ATVs and snowmobiles; those holding such a certificate on the effective date of the Act will be grandfathered in.