

## 4.004 DEALER VEHICLE ON TEST DRIVE

**Oregon Statute:** 822.040(1)(e)

**Sunset Date:** 12-31-2020

**Year Enacted:** 2015

| Total                   |                     |
|-------------------------|---------------------|
| 2017-19 Revenue Impact: | Less than \$100,000 |
| 2019-21 Revenue Impact: | Less than \$100,000 |

NOTE: The revenue impact estimate includes the effect of the sunset.

**DESCRIPTION:** Vehicles being test driven while still owned by a dealer are exempt from the payment of weight-mile taxes if they meet certain conditions. The vehicle must display dealer plates, must be owned or controlled by the dealer and in use by the dealer, be operated on the highway for purposes of test driving the vehicle, and be unloaded.

Dealer vehicles exempted from the weight-mile tax through this provision are still subject to fuel taxes. Therefore, the revenue impact reported here is the difference between what they pay in fuel tax and what they would pay under the higher weight-mile tax rates.

Because the legislation enacting this statute did not explicitly set a sunset for this tax expenditure, ORS 315.037(3) establishes the sunset as six years after the first effective tax year. In this case, the last effective tax year is 2020.

**PURPOSE:** The statute that allows this expenditure do not explicitly state a purpose. Presumably, the purpose is to reduce the tax burden and administrative cost for vehicle dealers to pay the weight-mile tax on vehicles being test driven.

**WHO BENEFITS:** Motor vehicle dealers who test drive heavy vehicles.

**EVALUATION:** *provided by the Oregon Department of Transportation*

An unloaded heavy vehicle is likely to be registered at 28,001 to 30,000 pounds gross vehicle weight. At this rate mileage would be taxed at 5.28 cents per mile. The average fuel efficiency of a vehicle of this class ranges from about 4 to 8 mpg. If the mean fuel efficiency is about 6 miles per gallon then the amount of tax paid under the weight-mile would be roughly equivalent to the fuels tax paid.