



DATE: April 22, 2019

TO: Joint Committee on Transportation

FROM: Amy Joyce, Legislative Liaison

SUBJECT: HB 3176, notice of sale of motor vehicle

INTRODUCTION

House Bill 3176 changes the requirements for a vehicle seller to notify DMV of that sale. The change has significant impact on customers and the operations of DMV.

DISCUSSION

When a vehicle is sold, two different people have a duty under Oregon law. The buyer is required to apply for a new title naming them as the new owner. Independent of that, the seller is required to notify DMV of the sale, although vehicle dealers are exempt from that requirement. Today, the seller may provide notice in various ways: seller can fill in the sale information on the back of the vehicle's registration card and submit it to DMV; seller can go on-line and complete the sale information; or seller can complete a DMV form and mail it, or drop it off at a DMV office. Seller can even call in to DMV with the information.

The notice of sale provides important protections to the seller. Despite the law's requirements, some buyers do not apply for a new title and registration promptly, or in some cases, at all. Therefore, the law provides that if a seller has assigned the title to buyer and complies with the notice requirement, the seller is immune from violations or costs incurred by the new owner: parking tickets, photo red light and radar tickets, and towing charges. When DMV receives a notice of sale, DMV flags that record and includes the information provided about the buyer. When law enforcement or a business (e.g. tower) seeks vehicle owner information from DMV, the agency informs them of the flag and the buyer information.

This bill requires the notice of vehicle sale to be on a form that must include at a minimum the name, address, driver license number, and signature of the buyer and seller. This requirement applies to individuals, businesses, and to all vehicle dealer transactions including those between dealers. In addition, under the bill, the notice of sale is not effective to provide the immunity unless it includes all the minimum information.

Under current law, DMV posts over 300,000 seller notices to vehicle records each year, and the requirement does not include dealer purchases and sales. Based on DMV's experience processing sale notices and other transactions, DMV estimates over half of notices received will be incomplete. DMV would return those forms to the customer to complete the information so the customer is not lulled into thinking they have provided adequate notice and complied with the law.

In 2018, DMV processed over 500,000 title transfers, and roughly 200,000 of those were submitted by vehicle dealers. All of those would now require a notice of vehicle sale. Based on DMV's experience processing dealer paperwork, roughly 20 percent (40,000) will require follow-up with the dealer to obtain missing information. In addition to the exchange of paperwork, DMV estimates half of individual customers who receive the notice that requirements were missing will call DMV.

The signature requirements of this bill significantly dissuades, and may effectively eliminate, customers using the internet to submit notice of sale. With person-to-person sales, DMV anticipates most Oregonians would not choose to have a stranger enter their home to conduct the internet transaction. This assumes DMV would be able to implement a method for on-line signatures.

Each time a vehicle is transferred between dealers, the notice will need to be filed. Some vehicles transfer multiple times among dealers before it is sold at retail.

Apart from the significant increase in DMV contacts, based on agency experience we anticipate a significant increase in the number of people open to liability because DMV was unable to notate the transfer on the record. Sellers are responsible to notify DMV of a vehicle transfer, but will often not be able to obtain the required buyer information. Even today with the far simpler methods to notify DMV of the sale, people fail to do so.

SUMMARY

The changes proposed in HB 3176 will have a significant impact on DMV operations. More importantly, DMV anticipates many more customers will be stuck with parking tickets, traffic tickets, out of state toll charges, and towing charges that they did not personally incur.