
OVDA, ORVDA AND OPSA TESTIMONY OPPOSING HOUSE BILL 4079 AND THE -4 AMENDMENTS

[-5 amendments as of 8:25 AM the day of the hearing]

House Committee on Human Services / February 8, 2022

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Chair Williams and Members of the Committee:

Oregon Vehicle Dealer Association (OVDA) is Oregon's largest association representing all DMV certified motor vehicle dealers, with more than 500 dues paying members. Our members include franchised and independent dealers, boat and trailer dealers, RV dealers, powersports dealers and motorcycle dealers.



Oregon RV Dealers Association (ORVDA) represents the franchised dealers of recreational vehicles across the state. These dealers include both trailers and self-propelled vehicles.



Oregon Power Sports Association (OPSA) represents the interests of Power Sports dealers and users.

Is this a short session bill?

Unsurprisingly, OVDA, ORVDA and OPSA oppose House Bill 4079. Using the word "luxury" in Oregon statute will not disguise the plain fact that this is just a sales tax.

Being heard in the Human Services Committee.

During a 35-day "short" Legislative Session.

With gut-n-stuff amendments posted at 8:25 AM the day of the Public Hearing.

Will a sales tax or motor vehicles avoid the dedicated Highway Trust Fund?

Perhaps this issue has been settled to the satisfaction of the bill's supporters, but Oregon's Constitution is fairly clear that taxes related to the ownership of a motor vehicle are exclusively used by the dedicated State Highway Fund.

Article IX, Section 3a. *Use of revenue from taxes on motor vehicle use and fuel; legislative review of allocation of taxes between vehicle classes. (1) Except as provided in subsection (2) of this section, revenue from the following shall be used exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas in this state: (b) Any tax or excise levied on the ownership, operation or use of motor vehicles.*

In fact, a previous Assembly created a "privilege tax" on *dealers* -- specifically not on the *sale* of motor vehicles -- to successfully avoid the State Highway Fund. But HB4079 is a tax on obtaining the ownership of a motor vehicle. Section 13 (2) (a) of the -4 amendments [-5 amendments as of 8:25 AM the day of the hearing] transfers the "use tax" on motor vehicles to the State Highway Fund, but not the "sales tax". This makes us curious.

“[Business], commercial or public uses”

The proponents of this bill – using the -4 amendments [-5 amendments as of 8:25 AM the day of the hearing] – may have it clear in their minds how the statute should be interpreted regarding a “commercial” use [or a “business” use] of an item which may or may not be subject to the tax. But we have questions.

If a family farm purchases a truck with a price over \$80,000 for commercial [or business] use at the farm, are they prohibited from using that vehicle to go hunting? Would evidence of such uses then retroactively subject them to paying the sales tax?

Could a self-employed independent contractor purchase an all-terrain vehicle for commercial [or business] use? How would this purchaser prove to a dealership that the purchase is for a commercial [or business] purpose and is not subject to the tax?

If a dealer relies on statements of a purchaser that a vehicle is being purchased for a commercial [or business] purpose, does the dealership have any liability if an agency of the state of Oregon later determines it was not purchased for a commercial [or business] purpose? (See Section 16)

I am a sole proprietor lobbyist. I use my vehicle to travel to and from the Capitol, to and from client meetings, to and from client conferences and conventions. It is my work vehicle. I also use the vehicle for personal household and family purposes. Does it qualify as a vehicle for commercial [or business] use under the -4 amendments?

If I purchase jewelry as part of an investment portfolio, believing it will appreciate in value over time, is it purchased for a commercial [or business] purpose and not subject to the tax? What about an antique car?

A sales tax bill should not start in a Human Services Committee. A sales tax bill should not be considered in a short session at all. OVDA, ORVDA and OPSA oppose HB4079. It should not be moved to the Revenue Committee, or any other Committee.

Thank you.