

April 26, 2018
 9:00 a.m. to Noon
 DMV HQ
 Conference Room 382

ODAC

Oregon Dealer Advisory Committee

Presiding Chair: Susan Thayer, Chair

<u>Agenda Items</u>	<u>Presenter</u>	<u>Time Allocated</u>
1. Call to Order / Roll Call / Welcome Guests / Introduce New Member José Pinomesa	Susan	9:00 – 9:10
2. Approval of January 25, 2018 Meeting Minutes	All	9:10 – 9:15
3. Possessory Lien Changes – Rule Amendments - Dave Adams, Analyst, DMV Vehicle Programs	Vehicle Programs	9:15– 9:25
4. Use and Privilege Taxes (HB 2017) – Update - Xann Culver, Business Special Programs, DOR	Department of Revenue	9:25 – 9:50
5. Plate Transfer Changes & County Registration Fees - Val Schoenfeldt, Senior Analyst, DMV Vehicle Programs	Vehicle Programs	9:50 – 10:05
6. 2018 Legislative Session – Update - Amy Joyce, ODOT Legislative Liaison	ODOT Government Relations	10:05 – 10:15
7. Service Transformation Program (STP) – Federal Employer Identification Number (FEIN) for all Business Certificates - Craig Austin, DMV STP Lead Business Analyst	Service Transformation Program	10:15 – 10:30
8. Break	All	10:30 – 10:50
9. Business Regulation Section / DMV Report - Dealer Investigations Update ▪ Dealer Investigator New Hire Dennis Keena - Licensing Update	Larry and Judith	10:50 – 11:15
10. New Business / Announcements / Roundtable - Please share information that may relate to ODAC	All	11:15 – 12:00
11. Adjournment	All	12:00

Date of next regularly scheduled meeting: July 26, 2018

Accommodations will be provided to persons with disabilities, and alternate formats of printed material are available upon request. Please call (503) 986-4188 (or statewide relay 7-1-1) at least 48 hours prior to the meeting.
 Questions about the meeting in general? Please call Judith Moore at 503-945-5283.



April 26, 2018
9:00 AM to Noon
DMV HQ - Rm. 382

Oregon Dealer Advisory Committee Meeting Minutes

Chairperson: Susan Thayer

Members Present:			DMV Representatives Present:
Susan	Thayer	Office Management Rep	<i>Tom McClellan - DMV Administrator</i> <i>Linda Beuckens - Program Services Manager</i> <i>Judith Ingram Moore - Bus. Reg./Fraud Prevention Mgr.</i> <i>Larry Purdy - Chief of Investigations</i> <i>Becky Ortiz - Bus. Reg / Fraud Prevention Analyst</i> <i>Courtney Wimberly - Bus. Reg / Fraud Prevention</i> <i>Dennis Keena - Investigator</i>
Dale	Geiger	General Public Representative	
Vacant		General Public Representative	
Mary Ann	Trout	Dismantler Representative	
Jeff	Helget	Dismantler Representative	
Shannon	Nil	New Dealer Representative	Members Absent:
Scott	Short	Used Dealer Representative	<i>Mike Wagner – Tow Representative (excused)</i> <i>Robert Lanphere Jr – New Dealer Representative (excused)</i>
Jose	Pinomesa	Used Dealer Representative	
Gary	Sargent	Power Sports Representative	
Alex	Fraser	Auction Representative	Guests:
Roger	Kirschner	RV Representative	<i>Kyle Haugan-Walker – VITU</i> <i>Jennifer Muller – VITU</i> <i>Amy Joyce – ODOT Government Relations</i> <i>Shannon Johns – Department of Revenue</i> <i>Xann Culver – Department of Revenue</i> <i>Liz Woods – DMV Policy Analyst, Rules Coordinator</i> <i>Mary Liedtke - DMV Policy Analyst</i> <i>Craig Austin – Service Transformation Project (DMV)</i> <i>Dave Adams – DMV Policy Analyst</i> <i>Val Schoenfeldt – DMV Policy Analyst</i>
Industry Association Representatives Present			
Darrell	Fuller	OVDA	
Monty	King	OVDA (via phone)	
Al	Elkins	OTTA	
Greg	Remensperger	OADA	
Diane	Sparks	OIADA	

Susan Thayer called the ODAC meeting to order at 9:03 am. Eleven members were present to make a quorum. Jose Pinomesa was announced as the newest member replacing Dan Nicholson. Jose's company is Jose Mesa Auto Wholesale. Jose has been a dealer for over 26 years and started in the car business 32 years ago. He served nine years on the board of the Oregon Independent Automobile Dealers Association.

Judith introduced the newest member of the Business Licensing staff, Chris Parsons.

Larry introduced the newest Investigator for South Clackamas County and Central Oregon, Dennis Keena.

Approval of January 25, 2018 meeting minutes**ODAC Members**

Susan asked if everyone received the minutes and if there were any edits or questions. Gary Sargent moved to pass the minutes. Shannon Nill seconded the minutes. Minutes approved.

Possessory Lien Changes – Rule Amendments**Dave Adams**

Dave Adams from the DMV Vehicle Policy Unit spoke about possessory lien changes. Starting April 2018, DMV will reject possessory lien transactions if the lien has a revision date prior to 2018 and the auction was held in 2018. Oregon Administrative Rules (OAR) 735-020-0012 requires that a possessory lien form must be the version of the form in effect when the lien was foreclosed or the version in effect when the application for title is submitted to DMV. A new requirement added to the application is identifying the location of the auction. Because DMV cannot process a possessory lien application form from an out-of-state entity, adding the location requirement helps identify which applications to deny.

MaryAnn asked to clarify the possessory lien process from out-of-state.

Dave explained if the vehicle was sold out-of-state as a possessory lien under another state's jurisdiction, DMV can't accept that possessory lien. That particular process will need to be completed in the state the lien was filed. A possessory lien completed in Oregon is subject to Oregon laws. A lien completed in another state on another jurisdiction's form would be subject to the other state's law. Therefore, Oregon cannot accept an out-of-state possessory lien due to the different laws in other states.

Gary Sargent was concerned about the possessory lien process because the statute requires proper notice be served. He wants to know why certain documentation is not required to be sent with the possessory lien paperwork.

Dave said DMV has looked at the process over the years and at one time required more proof with each transaction. DMV determined, based on legal counsel, it cannot require certain documentation. Otherwise, DMV would be responsible for the proof being completed correctly. The possessory lien form has been edited throughout the years in order to hopefully help prevent fraud from occurring. Recently, a requirement was added that a tow plate record must be the same as used on the form as the lien claimant, and the requirement of the auction location was added.

Xann Culver from the Department of Revenue provided an update regarding the Use and Privilege Taxes. There are proposed administrative rules under review. One rule includes a refined definition for 'retail sales price' of a vehicle and 'bicycle'. Those rules will be out for public comment starting May 1, 2018 and ending May 22, 2018 at 5:00 pm. There will be a public hearing regarding the proposed rules at the Department of Revenue on May 22, 2018.

In addition to the proposed definitions, there is a proposed rule related to the elements required for a resale certificate that would apply for any vehicle dealer purchasing a vehicle from another dealer. If you're purchasing for the purpose of resale, that vehicle is not subject to the vehicle privilege or use tax.

Dealer only auctions are not exempt from the requirements, and there is an exemption for auctions that are open to the public where the public has to pay to participate. Anytime a taxable motor vehicle is sold to another dealer in Oregon, a resale certificate should be obtained. A question was asked regarding the resale certificate and if it's addressed in the definition or the main body of the rule. Xann said it's a separate rule for the resale certificate. The Department of Revenue has not designed a resale certificate for dealers to use. The rule describes what elements are required when a dealer creates a resale certificate, which could be a simple letterhead document. Information to include is the purchaser's name, tax ID number and information about the vehicle that's being purchased. The seller retains the information for evidence that they didn't have to pay or remit privilege tax for a specific sale. The resale certificate is to be retained by the seller which is required by law.

Scott Short asked who will be monitoring the resale certificate. Xann said the certificate is retained by the seller and when DOR conducts audits of the seller's tax returns, they will be looking to identify vehicles that were sold but not subject to the privilege tax because a resale certificate was presented.

Alex asked if an auction bill of sale would be sufficient because the bill captures vehicle information regarding what dealer had the vehicle, who purchased it, and where it went. Xann said she would have to look at what's included in the bill of sale and what elements are required in rule. She says it's possible that would be sufficient.

DOR sent letters to all licensed dealers regarding the new privilege and use taxes. Monday, April 30, 2018, is the deadline for filing first-quarter returns for the privilege tax. The deadline to file will always be the last day of the month following the calendar quarter end.

The 2018 Legislature modified some language in the bill in reference to the word "new". The tax only applies to vehicles with 7,500 or fewer miles, a gross vehicle weight rating of 26,000 pounds or less, and is being registered in Oregon for the first time. If the vehicle had been previously registered in Oregon and was titled to a dealer for demonstrator purposes only, then it is still considered a taxable vehicle.

Greg Remensperger mentioned another change that happened in the 2018 session for the privilege tax regarding medium duty trucks that are less than 26,000 pounds GVWR. The trucks will only be taxed on the cab and chassis. The body is usually added on afterwards and will not be subject to the privilege tax. Xann says there's also an exemption for the retail value of ADA modifications as well.

Monty King wanted to let everyone know that there was also a change to trailer requirements. Before, the tax applied to all new trailers but now it's only new trailers that can be titled and registered. Xann explained that starting June 2, 2018, trailers sold with an MCO or MSO that are required to be registered with DMV are subject to the tax. If the trailer is not required to be registered and is sold with an MCO or MSO then it is not subject to the tax.

Kyle Haugan-Walker asked how the privilege and use tax applies to rental fleet purchases. Xann said the purchase from the manufacturer by rental car companies is considered as the retail sale because they are the end user, the purchaser.

Plate Transfer Changes & County Registration Fees

Val Schoenfeldt

Val Schoenfeldt from the DMV Analysis Unit spoke about the Washington County Registration Fees and House Bill 4062. In 2016, Washington County passed an ordinance that imposed an additional registration fee for most vehicles. Effective July 1, 2018, DMV is required by statute to collect the fee. Dealers are also required to collect the fee when it's applicable. Washington County fees are different from the Multnomah County fees. Washington County's fees are \$30 per year of registration for most vehicles. Motorcycles and Mopeds are \$17 a year and heavy trailers pay a one-time fee of \$10.

House Bill 4062, Section 10, makes changes to the plate transfer laws. It allows the registration that's on a plate being transferred to transfer with the plate to another vehicle as long as it's the same owner. If it's a different owner, the plate can be transferred but the registration will start over for both vehicles. Val also said that currently, if a vehicle is in dealer inventory, a dealer can transfer the plates with the remaining registration. Starting July 1, 2018, if the dealer is not the owner of the vehicle (the name on the title), the dealer can transfer the plates but the registration will not transfer.

2018 Legislative Session – Update

Amy Joyce

Amy Joyce gave an update regarding the 2018 Legislative Session. House Bill 4063 set up an automated vehicles task force. The legislation created a 31-member task force. The legislature is aware that automated vehicles are coming and there are a lot of things that need to be dealt with in statute.

House Bill 4116 was an update to the distracted driving law.

House Bill 4087 requires surety bonds for mechanics if they want their possessory lien to survive in court. If the lien claimant is not a franchised dealer, or tower who is performing mechanic work on a vehicle, a surety bond is required to pursue and have a possessory lien survive in court. If the lien claimant doesn't have a surety bond and the case winds up in court and the car 'owner' hires an attorney; the lack of a surety bond will result in the possessory lien being invalidated and the lien claimant will be responsible for attorney fees.

House Bill 4059 was a fix to House Bill 2017 which was the transportation funding package. Starting October 1, 2018, dealers will be able to request Pacific Wonderland plates through EVR.

Service Transformation Program (STP)

Craig Austin

Craig Austin with DMV's Service Transformation Program presented a slide show regarding DMV's upcoming system changes. Craig shared that DMV is in the process of configuring a new

Commercial Off-The-Shelf (COTS) system to replace its legacy computer systems. This effort goes beyond just replacing old technology. It is about transforming the way DMV conducts its business. As part of this effort, DMV is identifying necessary changes to many of its current processes along with configuring new services. DMV is also moving towards standardization across business units and service channels. These changes will provide more consistency when interacting with DMV and enable the full range of new services DMV will be rolling out.

DMV, in consultation with its COTS vendor (FAST Enterprises), recommends using a unique identifier to allow DMV to link a business' various accounts when the Vehicle Services part of the new system goes live next year.

Business entities already have access to a nationally accepted unique identifier provided by the IRS, their Employer Identification Number (EIN); also known as the Federal Tax Identification Number; or what DMV calls the Federal Employer ID Number (FEIN).

DMV will begin using the FEIN as the unique identifier for DMV's business partners.

Dealers and other business partners will soon see an FEIN section on applications for dealer certifications, dismantler certifications, transporter certifications, trip permit agents, and others.

Gary Sargent commented that the State of Washington installed a new system and they purged anything older than six years. Gary asked: "If there's no activity in a certain time period, will the information be purged?" Linda responded that DMV is required to follow Oregon's record retention laws and the new system won't change that.

Susan Thayer asked if the new system will be able to turn off vehicle registration renewal notice printing. Susan said EAN Holdings receives thousands of renewal notices that they shred. In order to reduce DMV's cost of printing and mailing notices they don't need, will the new system have a function to stop printing renewal notices? Craig said he will research the issue.

Mary Ann Trout asked if there is a way to stop receiving zeroed invoices for record look-up accounts. Currently, if you pay an invoice, you receive another invoice showing a zero balance. Mary Ann says that's a waste of paper and money.

Becky Ortiz mentioned that there's a Service Transformation webpage with information and a link to ask questions. She encourages people to visit the webpage and check back often as news and updates are posted regularly:

http://www.oregon.gov/ODOT/DMV/pages/STP/STP_Information.aspx

Alex Fraser asked about the dealer-to-dealer form and if there's going to be any interface capability between dealer data management systems (DMS) and DMV's new system. Information about vehicle sales could be instantly sent to DMV, so the dealer wouldn't have to complete any additional paperwork. Alex also wanted to know if the new system would be able to communicate with dealer DMS. Craig said they are still configuring how dealers (and other businesses) will use the new services and many details are still being worked. More information will be communicated as details are finalized.

Judith said with the upcoming system it's very important that we start complying with statutes. Currently, DMV charges a \$30 fee for a dealer business name change regardless of how many supplemental locations the dealer may have, even though statute requires a \$30 fee for each location. Starting July 1, 2018, \$30 will be charged for each supplemental location involved with a business name change.

Judith provided information for members that some local ordinances have requirements that if a dealer business is a home occupation, the home has to be owned by the principal business operator or one of the members of the company.

Larry provided a handout showing the activities of the Unlicensed Dealer Investigator from January to March 2018. Dealer Investigations now has access to archived postings on Craigslist which also helps assist in finding old posts from alleged unlicensed dealers.

Larry said they have a vacant Investigator position open for recruitment in the Multnomah County area and plan to fill it as soon as possible.
Meeting adjourned at 12:10 pm.