



NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 735

DEPARTMENT OF TRANSPORTATION

DRIVER AND MOTOR VEHICLE SERVICES DIVISION

FILED: 09/03/2026 1:47 PM

ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Removing and Amending Requirements for “Substantially Altered” Vehicles

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 10/21/2026 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

A public rulemaking hearing may be requested in writing by 10 or more people, or by a group with 10 or more members, within 21 days following the publication of the Notice of Proposed Rulemaking in the Oregon Bulletin or 28 days from the date the Notice was sent to people on the agency mailing list, whichever is later.

If sufficient hearing requests are received, the notice of the date and time of the rulemaking hearing must be published in the Oregon Bulletin at least 14 days before the hearing.

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NEED FOR THE RULE(S):

Oregon Laws 2025, chapter 415, sections 16, 32 through 37, removed the term “substantially altered” from the Oregon Vehicle Code. Driver and Motor Vehicle Services (DMV) proposes to amend several Oregon Administrative Rules (OAR) to align with the statutory changes.

However, this rulemaking does not remove all references to “substantially altered” from DMV administrative rules. DMV must still address how to process notices received prior to the law’s January 1, 2026, effective date, as well as how to handle any such notices received after the law takes effect.

Below is an overview of the changes made with the new law:

- Section 16: As it pertains to park model recreational vehicles (PMRV), removes the prohibition on DMV issuing an Oregon title for a vehicle that has been substantially altered.
- Section 32 and 33: Amends ORS 803.092 to require a title application when transferring interest in a substantially

altered vehicle.

- Section 34: Removes DMV’s authority under Oregon Revised Statutes (ORS) 819.030 to retire registration plates based on a vehicle being substantially altered. Consequently, ORS 803.530 will no longer allow plate transfers in such cases.
- Section 35: Updates ORS 819.030 to reflect that DMV will no longer receive certificates of title or notices under ORS 819.010, 819.012, or 819.014 related to substantially altered vehicles. Changes are conforming only.
- Section 36: Revises ORS 822.135 to eliminate the offense of operating an illegal vehicle rebuilding business based on dealing in substantially altered vehicles.
- Section 37: Removes “substantially alter” from the definition of “destroy” in ORS 822.133.

Below is a brief description of the proposed changes to each rule:

DMV proposes to amend OAR 735-001-0050 to clarify that an administrative review is available when DMV receives a notice prior to January 1, 2026, that a vehicle was substantially altered under ORS 819.030. This change ensures that administrative reviews remain available for cases in which DMV accepted a notice indicating a vehicle was substantially altered prior to the effective date of the new law.

DMV proposes to amend OAR 735-024-0070 to exclude substantially altered vehicles from the provisions of ORS 819.030 and related regulations in alignment with the law. While the term “substantially altered” is being removed from most references, the phrase is retained in certain sections of the rule to address how the agency will respond to future notifications involving substantially altered vehicles.

DMV proposes to amend OAR 735-024-0130 to allow vehicles that were previously accepted as substantially altered by DMV to be eligible for a salvage title.

DMV proposes to amend OAR 735-024-0170 and OAR 735-028-0010 to clarify that these rules apply to vehicles that were previously accepted as substantially altered prior to the effective date of the new law.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Enrolled SB 840 (2025) -

<https://olis.oregonlegislature.gov/liz/2025R1/Downloads/MeasureDocument/SB0840/Enrolled>

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE:

DMV believes the proposed rule changes will not affect racial equity in the state. DMV is updating its rules in response to new laws established by the Oregon Legislature. See Oregon Laws 2025, chapter 415.

FISCAL AND ECONOMIC IMPACT:

See below.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) DMV believes no state agencies, units of local government, and members of the public are likely to be economically affected by the rules. If there are any impacts, the impacts are a result of the passage of Oregon Laws 2025, chapter 415.

- (2) DMV believes the rule changes will have no effect on small businesses. Any impact can be attributed to the new law.
- (2)(a) All Oregon vehicle dealers and dismantlers are impacted by the new law. The proposed rules align with the new legislation. There are approximately 2,100 certified Oregon dealers and 100 certified Oregon dismantlers.
- (2)(b) The proposed rules will not require any additional reporting, recordkeeping, administrative activities and costs. Any changes in reporting, recordkeeping and administrative costs are a direct result of the legislation.
- (2)(c) There are no costs of services, supplies, labor or administration required to comply with the rules.
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DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

DMV sent the draft rules to small business representatives and received no responses. Small businesses were not directly involved in the development of these rules. However, the Oregon Dealer Advisory Committee (ODAC) was informed of the legislative change and supported the change.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

The proposed changes are a direct result of Oregon Laws 2025, chapter 415.

RULES PROPOSED:

735-001-0050, 735-024-0070, 735-024-0130, 735-024-0170, 735-028-0010

AMEND: 735-001-0050

RULE SUMMARY: DMV proposes to amend OAR 735-001-0050 to clarify that an administrative review is available when DMV receives a notice prior to January 1, 2026, that a vehicle was substantially altered under ORS 819.030. This change ensures that administrative reviews remain available for cases in which DMV accepted a notice indicating a vehicle was substantially altered prior to the effective date of the new law.

CHANGES TO RULE:

735-001-0050

Administrative Review~~¶¶~~

- (1) A person who is entitled to an administrative review by DMV under ORS chapter 809 or section (4) of this rule may request an administrative review. An administrative review may be requested by:¶¶
- (a) Completing a request on-line at <https://DMV2U.oregon.gov>;¶¶
- (b) Faxing a request to (503) 945-5497; or¶¶
- (c) Mailing a request to DMV, Administrative Review, 1905 Lana Ave. NE, Salem, Oregon 97314.¶¶
- (2) A request for an administrative review must include sufficient information for DMV to identify the person.¶¶
- (3) A request for an administrative review may include the following information:¶¶
- (a) The person's full name, date of birth, mailing address, and customer number; and¶¶
- (b) Any evidence that shows the person is not subject to the suspension, cancellation, or revocation that is the subject of the administrative review.¶¶
- (4) In addition to those circumstances specified in ORS 809.140 and 809.440, Driver and Motor Vehicle Services Division of the Department of Transportation (DMV) will provide an administrative review of a suspension, revocation, cancellation or denial of issuance action for:¶¶
- (a) Failure to install or maintain installation of an ignition interlock device under ORS 813.602;¶¶
- (b) Failure to complete and pass a security threat assessment required for a hazardous materials endorsement from the federal Transportation Security Administration (TSA) or being assessed as a security threat by TSA under ORS 807.173;¶¶
- (c) Failure to submit proof of medical qualification to operate a commercial motor vehicle under ORS 807.100(2);¶¶
- (d) Failure to pay a judgment under ORS 809.415(1);¶¶
- (e) A lapse in making future financial responsibility filings under ORS 809.415(3)(c) or 807.240(3)(e);¶¶
- (f) Notification from the superintendent of a hospital under ORS 807.700;¶¶
- (g) A request by a school superintendent or a school district board under ORS 339.254;¶¶
- (h) Notice received by DMV that a vehicle is totaled, wrecked, dismantled, or disassembled ~~or substantially altered~~

under ORS 819.030.¶

(i) Cancellation of commercial driving privileges due to failure to complete entry-level driver training as required by rules adopted pursuant to ORS 807.085.¶

(j) Instances when the federal Drug and Alcohol Clearinghouse indicates the driver is prohibited from operating a commercial motor vehicle under ORS 807.166 and OAR 735-063-0315; or¶

(k) Instances when DMV received notice prior to January 1, 2026, that a vehicle was substantially altered under ORS 819.030.

Statutory/Other Authority: ORS 184.619, 802.010, 809.440

Statutes/Other Implemented: ORS 809.440

RULE SUMMARY: DMV proposes to amend OAR 735-024-0070 to exclude substantially altered vehicles from the provisions of ORS 819.030 and related regulations in alignment with the law. While the term "substantially altered" is being removed from most references, the phrase is retained in certain sections of the rule to address how the agency will respond to future notifications involving substantially altered vehicles.

CHANGES TO RULE:

735-024-0070

Notice of Vehicles to be Wrecked, Dismantled, ~~or~~ Disassembled, ~~or Substantially Altered in Form~~ - Responsibility of Parties-

(1) The types of vehicles that are subject to the provisions of ORS 819.010 (wrecked, dismantled, ~~or~~ disassembled ~~or substantially altered~~) include:¶¶

(a) Vehicles of the type that, when operated over the highways of this state, are required to be registered and titled;¶¶

(b) Class I or III all-terrain vehicles;¶¶

(c) Snowmobiles; and¶¶

(d) Any other vehicle that has been issued a title by DMV or by another jurisdiction.¶¶

(2) This rule does not apply to a person who holds a current valid dismantler certificate issued under ORS 822.110.¶¶

(3) ORS 819.010 and any related rules apply if the activity described in 819.010 and OAR 735-024-0050 is performed in this state, and the vehicle is of a type covered in section (1) of this rule. This applies to vehicles titled in Oregon, those titled in another jurisdiction, and any vehicle not subject to title requirements.¶¶

(4) Primary ownership documents for vehicles described in section (1) of this rule may be surrendered to DMV, in place of the certificate of title where a title does not exist, or where ownership is being transferred by operation of law and the title is not available.¶¶

(5) The Oregon title certificate, foreign title certificate, or primary ownership document must be surrendered to DMV together with the application for salvage title, if a salvage title is required.¶¶

(6) The Oregon title and, unless lost or completely destroyed, the vehicle's registration card and registration plates must be surrendered to DMV along with a written statement that indicates the vehicle was dismantled, disassembled, ~~or~~ wrecked ~~or substantially altered~~, if a salvage title is not required. The statement must be submitted on a DMV Form 735-6017, "Notice of Vehicle to be Dismantled/Proof of Compliance."¶¶

(7) Vehicles that are subject to this rule may not be repaired, rebuilt, transferred, or the vehicle's frame or unibody used for repairing or constructing another vehicle, until a salvage title is applied for and issued, consistent with ORS 819.016 and 819.018.¶¶

(8) If a salvage title is not required, DMV may issue proof of compliance upon request, if:¶¶

(a) The title or primary ownership document is surrendered to DMV;¶¶

(b) DMV is provided with documentation that indicates the vehicle has been wrecked, dismantled, ~~or~~ disassembled ~~or substantially altered~~; and¶¶

(c) DMV is satisfied that a salvage title is not required.¶¶

(9) The act of wrecking, dismantling, ~~or~~ disassembling ~~or substantially altering~~ a vehicle does not by itself cause a vehicle to be considered a totaled vehicle. Such a vehicle:¶¶

(a) Is subject to the requirements under ORS 819.010 and DMV rules; and¶¶

(b) Is not considered totaled, and is not subject to requirements that apply to totaled vehicles unless the vehicle was determined to be totaled before the vehicle was wrecked, dismantled, ~~or~~ disassembled ~~or substantially altered~~.

Statutory/Other Authority: ORS ~~184.616~~, 184.619, 802.010, 803.140, 819.010, 819.012, 819.014, 819.016, 819.018

Statutes/Other Implemented: ORS 819.010, 819.012, 819.014, 819.016, 819.018, 819.030, 819.040

RULE SUMMARY: DMV proposes to amend OAR 735-024-0130 to allow vehicles that were previously accepted as substantially altered by DMV to be eligible for a salvage title.

CHANGES TO RULE:

735-024-0130

Salvage Title - Vehicles Subject and When/Who Required to Apply-

- (1) An Oregon salvage title is an ownership document that is used to assign interest and to make an odometer disclosure on a vehicle, from the time that the certificate of title is required to be surrendered to DMV until:
- (a) The vehicle is repaired, rebuilt or is issued a certificate of title; or
 - (b) It is determined that:
 - (A) The vehicle will not be rebuilt or repaired; and
 - (B) The frame or unibody of the vehicle will not be used to repair or construct another vehicle.
- (2) Vehicle types subject to the issuance of salvage titles, include any vehicle:
- (a) Of the type required to be titled or registered in this state, if operated over the highways;
 - (b) Snowmobiles required to be titled and registered by DMV; and
 - (c) Any other vehicle that has been issued a certificate of title by DMV, or some other jurisdiction.
- (3) Unless exempt under ORS 819.016(3), an application for a salvage title is required on a subject vehicle that is:
- (a) ~~Was~~ wrecked, dismantled, or disassembled, ~~or where the form of the vehicle is substantially altered,~~ as covered in ORS 819.010 and OAR 735-024-0050; ~~or~~
 - (b) ~~Is~~ determined to be a totaled vehicle, and the title is required to be surrendered to DMV under ORS 819.012 or 819.014; ~~or~~
 - (c) ~~As an~~ abandoned vehicle that is acquired under the provisions of ORS 819.215; or
 - (d) Was determined to be substantially altered prior to January 1, 2026.
- (4) When a salvage title is required, application must be made:
- (a) For a vehicle that is declared a total loss by an insurer that is obligated to cover the loss, or that the insurer takes possession of or title to:
 - (A) The insurer must apply for the salvage title if the insurer obtains the title as provided under ORS 819.014, unless a salvage title has already been issued; or
 - (B) The owner must apply for the salvage title if the vehicle owner does not surrender the title to the insurer.
 - (b) By the owner for a vehicle that is totaled due to damage when the loss is not covered by an insurer; or
 - (c) By any person who acquires an abandoned vehicle under ORS 819.215; or
 - (d) By any person who receives or purchases a vehicle subject to salvage title requirements unless:
 - (A) A salvage title or similar document has already been issued by Oregon or some other jurisdiction, and the person is not required to apply for salvage title in his or her name under OAR 735-024-0170; or
 - (B) A totaled vehicle that was purchased before January 1, 1992, and is not subject until the vehicle, frame or unibody is transferred, or the vehicle is wrecked, dismantled, or disassembled, ~~or substantially altered in form.~~
- (5) The term "receive" as used in section (4) of this rule and ORS 819.012, does not apply to auctions or other parties who as an agent of another, take possession or control of a vehicle, but who do not actually acquire an interest in the vehicle or vehicle salvage. This section does not:
- (a) Relieve insurers or persons who are actually transferring interest in the vehicle or vehicle salvage from the responsibility to apply for and provide any purchaser with a salvage title, as required under ORS 819.012 through 819.018 and this rule; or
 - (b) Prevent parties from entering into agreements to allow agents to apply for and provide salvage titles to any purchaser on behalf of another.
- (6) An odometer disclosure is required when application is made for the issuance or transfer of a salvage title for motor vehicles, except those motor vehicles exempt from disclosure requirements under OAR 735-028-0010.
- Statutory/Other Authority: ~~ORS 184.616, 184.619, 802.010, 803.140, 819.012, 819.014, 819.016, 819.018~~
Statutes/Other Implemented: ORS 803.140, 819.010, 819.012, 819.014, 819.016, 819.018, 819.030, 819.040, 49 CFR Part 580

AMEND: 735-024-0170

RULE SUMMARY: DMV proposes to amend OAR 735-024-0170 to clarify that these rules apply to vehicles that were previously accepted as substantially altered prior to the effective date of the new law.

CHANGES TO RULE:

735-024-0170

Salvage Title - Assignment, Transfer, Requirements for Surrender-

- (1) The owner of a vehicle issued a salvage title, must keep the title until:
 - (a) The frame or unibody are no longer subject to salvage requirements described in OAR 735-024-0130; or
 - (b) The vehicle is transferred to a new owner.
- (2) If the vehicle is wrecked, dismantled, ~~or~~ disassembled, ~~or substantially altered in form,~~ and the parts are transferred separately:
 - (a) The salvage title must remain with the frame or unibody, if it is still subject to salvage title requirements or is sold to someone in another jurisdiction;
 - (b) The salvage title must be surrendered to DMV if the frame or unibody is no longer subject to salvage title requirements and has not been sold to someone in another jurisdiction. In this case, the salvage title must be surrendered to DMV within 30 days of when the vehicle, including the frame or unibody, is no longer subject to salvage title requirements.
- (3) The provisions of this rule relating to forms used for assigning interest and making odometer disclosures only apply to a vehicle or frame or unibody remaining in this state. Other states may require assignments and disclosures to be made on the salvage title or on secure assignment forms that may be submitted with the salvage title.
- (4) A dealer, dismantler, or insurer is not required to apply for salvage title in their name if ownership of a vehicle or frame or unibody has been issued or is transferred to a dealer or dismantler who holds a certificate issued under ORS 822.020 or 822.110, or to an insurer. This section does not prohibit a dealer, dismantler or insurer from applying for a salvage title in their name:
 - (a) Except as provided in subsection (4)(b) of this rule, any assignment of interest to the insurer, dealer or dismantler must be made on:
 - (A) The current salvage title; or
 - (B) If all of the assignment spaces on the salvage title are filled up, a separate assignment must accompany and remain with the salvage title. If ownership of the vehicle is transferred at a later time, any assignment(s) not recorded on the title must be provided with the salvage title to the transferee at time of transfer.
 - (b) The assignment may be made on the replacement title application or on documents supporting the application for replacement title, if the salvage title is lost, mutilated or destroyed, and where allowed under OAR 735-024-0150, the replacement salvage title is to be issued in a name other than the current owner of record.
- (5) If ownership of a vehicle or frame or unibody for which a salvage title has been issued is transferred to anyone other than a dealer or dismantler who holds a certificate issued under ORS 822.020 or 822.110, or an insurer, that person is required to apply for salvage title in his or her name. In this case:
 - (a) Assignments of interest may be made as provided in section (4) of this rule;
 - (b) Odometer disclosures may be made on the application for salvage title or as otherwise provided in OAR 735-028-0000; and
 - (c) The person must apply for salvage title as described in OAR 735-024-0140, or if the salvage title is lost, destroyed or mutilated, as provided in OAR 735-024-0150.

Statutory/Other Authority: ~~ORS 184.616,~~ 184.616, 802.010, 803.140, 819.016

Statutes/Other Implemented: ORS 803.140

AMEND: 735-028-0010

RULE SUMMARY: DMV proposes to amend OAR 735-028-0010 to clarify that these rules apply to vehicles that were previously accepted as substantially altered prior to the effective date of the new law.

CHANGES TO RULE:

735-028-0010

Vehicles Exempt from Odometer Disclosure Requirements¶¶

(1) The following vehicles are exempt from odometer disclosure requirements:¶¶

(a) A new vehicle that is transferred before it is sold to a retail customer, including the transfer of a new vehicle between vehicle dealers.¶¶

(b) A vehicle transferred solely to create, release or assign a security interest.¶¶

(c) Snowmobiles.¶¶

(d) All-terrain vehicles.¶¶

(e) A vehicle that has been reported stolen and has not been recovered.¶¶

(f) A vehicle originally manufactured without an odometer.¶¶

(g) A vehicle covered by a salvage title, if:¶¶

(A) The odometer has been destroyed, removed or is unreadable; or¶¶

(B) The frame or unibody is transferred separately from the odometer.¶¶

(h) A vehicle that has been wrecked, dismantled, ~~or~~ disassembled ~~or substantially altered~~ and:¶¶

(A) The provisions of ORS 819.010 have been complied with and DMV has issued proof of compliance under 819.030; and¶¶

(B) The vehicle is acquired by a vehicle dismantler as defined under OAR 735-152-0000.¶¶

(i) A vehicle having a Gross Vehicle Weight Rating of more than 16,000 pounds.¶¶

(j) A vehicle that is not self-propelled.¶¶

(k) A vehicle with a model year of 2010 or older.¶¶

~~(L)~~ A vehicle with a model year of 2011 or newer that is at least 20 years old on January 1 of the calendar year corresponding to its designated model year. For example, 2011 model year vehicles are exempt as of January 1 in calendar year 2031.¶¶

(m) A vehicle sold directly by the manufacturer to any agency of the United States in conformity with contractual specifications.¶¶

(2) A lessor of any of the vehicles listed in paragraph (h)-~~(L)~~ of section (1) of this rule does not need to notify the lessee of any of these vehicles of the disclosure requirements.¶¶

(3) DMV may require an applicant to submit additional information to verify the model year of a vehicle.

Statutory/Other Authority: ORS 184.619, 802.010, 803.045, 803.102, 49 CFR 580.17

Statutes/Other Implemented: ORS 803.045, 803.102