



Oregon

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DATE: March 20, 2017

TO: Senate Committee on Business and Transportation

FROM: Amy Joyce, Legislative Liaison
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SUBJECT: SB 782, Manufacturer's bill of sale

INTRODUCTION

SB 782 seems to require DMV to allow two new types of documents as valid evidence that a person owns a vehicle. DMV has concerns about the requirements as drafted.

DISCUSSION

DMV issues certificates of title to demonstrate ownership interest in a vehicle. When a brand new vehicle is delivered the manufacturer provides a "manufacturer's certificate of origin" (MCO). The purchaser submits this document to DMV, along with an application for title and registration, and the fee. The MCO is the standard ownership document across all vehicle manufacturers, and therefore is the only acceptable document for initial titling of a brand new vehicle in Oregon.

As DMV understands it, the fundamental problem the bill seeks to address is that a small group of vehicle manufacturers sometimes delivers new vehicles to an Oregon rental car company without this MCO. And without the MCO, current law does not allow the vehicle to be titled and registered. The vehicle, therefore, sits on the lot and temporarily does not generate revenue. If this is the problem attempting to be addressed through SB 782, the issue is that the private sector manufacturer is delivering a vehicle to the rental car company without the necessary paperwork, making that vehicle unable to be immediately registered in Oregon. DMV understands the intent behind the bill is to allow documents other than a manufacturer's certificate of origin – a "manufacturer's bill of sale" or a "manufacturer's certificate of ownership" – to be used for initial titling of a vehicle and to get around the problem caused by the manufacturer.

The proposed solution creates several problems. First, an example of a bill of sale suggested by the proponent is a simple spreadsheet containing data that purports to demonstrate ownership of a particular vehicle. The proposed document does not adequately provide proof of ownership that DMV would need to see to be assured of authenticity. One of the core missions of Oregon DMV is to protect ownership interests in vehicles. Accepting a spreadsheet for this purpose does not further that duty. Second, DMV processes over one million title transactions every year in a paper-intensive manual process. The proposed solution would require DMV to begin the title and registration process without the MCO, then later the MCO would be sent to DMV and need to be matched up with the earlier paperwork and combine into a single transaction. The DMV processing unit would need to add another layer of manual work-around to accommodate the issue caused by the private sector vehicle manufacturer.

Last year DMV changed vendors for its Electronic Vehicle Registration (EVR) program. EVR is a method of electronically transferring information between a vehicle dealer and the DMV. The dealer electronically submits information through the EVR system. The dealer later follows up with the paper documents. This makes the process faster and more efficient for all parties. The DMV chose a new EVR company and the transition between old and new took place during 2016. As part of that transition there were no changes to the requirement to submit an MCO, and no changes to the timeframe to submit a transaction. A dealer, including Enterprise, has the same amount of time to submit the transaction with the new vendor as existed with the former vendor.

The only major change DMV made during the switch from old to new vendor was the central issuance inventory. Rather than dealers keeping license plates in stock, and putting plates on the new car on the lot, the new EVR vendor keeps the plates. After ensuring all information is in place for issuance, they overnight the plate to a dealer (Enterprise). This change was made because of significant problems with dealers' failure to account for secure inventory: license plates and registration tags.

It could be the reason the delayed MCO was not perceived as a problem through the prior EVR vendor is that Enterprise had license plate inventory on-site. Yet, even with on-site inventory, Enterprise could not legally assign a plate and rent out the vehicle before they had the MCO from the manufacturer. It is unclear what change has led to the problem, as DMV has not heard from any other rental or fleet companies, or any other certified Oregon dealers, about a similar problem.

Finally, it is worth noting that the proposed change may be in the wrong statute. The statute proposed to be amended (ORS 803.012) describes the different types of title certificate that DMV *issues*, not what documents DMV may accept to issue a title.

SUMMARY

The bill seeks to add two types of document that DMV must accept to show proof of ownership for issuance of a title certificate. The bill apparently is addressed to a problem one company is having with a vehicle manufacturer not timely sending necessary paperwork. The proposed solution will add unnecessary complexity to an already complex and high-volume title issuance process at DMV. The change in EVR vendors did not result in a timing change, and the switch to central issuance should not have affected Enterprise's ability to get cars on the road.