

**ALAN DEBOER**  
**STATE SENATOR**  
DISTRICT 3



**OREGON STATE SENATE**  
**900 COURT ST NE, S-421**  
**SALEM, OR 97301**

Colleagues,

I would like to provide testimony on the proposed transportation package. I applaud the time and energy that so many of you have spent addressing our many diverse needs. I will be very specific on the proposed 1 to 2 percent excise tax on new vehicles, or the version that has  $\frac{3}{4}$  percent of new and used.

As you are aware, I am an auto dealer and past president of the Oregon Automobile Dealers Association. However, I am also concerned about targeting a specific industry.

The whole definition of an excise tax is that it's a sales tax that cannot directly be passed on to the consumer. I have trouble explaining that we cannot pass it on to the consumer.

We are a highly competitive industry with a widow sticker on every new vehicle and very low markup from the manufacturer and operate at a margin between 1.5 and 3 percent.

Every business will also strive for maximum income. This allows higher pay and benefits for employees, the cost of infrastructure and debt reduction. If we add a tax, we have two choices: increase revenue (which we do every day) or decrease expenses.

I would offer several suggestions.

First, make it only on new vehicles. There are 218 new vehicle dealers in Oregon and 2,669 used dealers. It is much easier for a franchised dealer to handle regulations than it is for used vehicle dealers.

My second suggestion is to change it to a sales tax or a registration fee that is done through our DMV work at the dealership. This could make it easier to collect from out-of-state dealers. We should not give them a \$200 to \$600 advantage to sell in Oregon over our own businesses. The DMV is the best way to deal with it.

The third is that this package has become so complicated it may not pass. I hope we have a simplified, backup bill to increase in the gas tax and, if we're able to, a registration fee increase on plug-in vehicles, to provide a fair share for road usage. Our counties, cities and state have roads and bridges that need maintenance to lower vehicle miles traveled.

Thank you.