

HB 2975 A STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

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Meeting Dates: 5/24, 5/31

WHAT THE MEASURE DOES:

Allows a court to award attorney fees to prevailing retail customer who brings action against a vehicle dealer with a claim of fraud, fraudulent representation or violations relating to vehicle registrations, vehicle permits, transfer or alteration of vehicles or regulation of vehicle dealers. Allows a court to award damages of \$500 for violations of vehicle code relating to vehicle registrations, vehicle permits, transfer or alteration of vehicles or regulation of vehicle dealers.

FISCAL: No fiscal impact

REVENUE: No revenue impact

ISSUES DISCUSSED:

- Situations that could result in rightful owner not in possession of car title
- Whether a dealer's bond covers the court cost of a plaintiff
- Implications of statutory damages imposed by the court
- Sanctions that may be imposed by the Driver and Motor Vehicle Services Division

EFFECT OF AMENDMENT:

[-A2 amendment] Limits attorney fees that the court may award to \$5,000.

BACKGROUND:

Vehicle dealers must be certified by the Oregon Department of Transportation and pay an annual fee of \$1,100 when operating a single place of business, plus \$350 for each additional location. The vehicle dealer must complete an application, maintain a \$40,000 bond or letter of credit, obtain insurance, and complete applicable education and examination requirements. A person claiming loss or damage by reason of fraud, fraudulent representation or relevant violations of the vehicle code by a dealer has a right of action against the dealer, specifically against the surety on the bond or against the letter of credit. If the surety or financial institution cancels the bond or letter of credit for any reason, it must notify the Department. A vehicle dealer is not allowed to conduct business without a bond or letter of credit. House Bill 2975-A allows the court to award a prevailing retail customer reasonable attorney fees and statutory damages equal to \$500 for certain violations of the vehicle code.

HOUSE VOTE: 36-20