

HB 2975 A STAFF MEASURE SUMMARY
House Committee On Business and Labor

Carrier: Rep. Malstrom

Action Date: 04/14/17
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 5-3-1-0
Yeas: 5 - Bynum, Doherty, Evans, Fahey, Holvey
Nays: 3 - Barreto, Hack, Kennemer
Exc: 1 - Heard
Fiscal: No fiscal impact
Revenue: No revenue impact
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WHAT THE MEASURE DOES:

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

ISSUES DISCUSSED:

- Problem consumers face when seller does not transfer title
- Frequency of complaints regarding vehicle dealers
- Time it takes to turn title over to consumer
- Staffing levels at Driver and Motor Vehicle Services Division offices to investigate complaints
- Whether minimum bond value is sufficient
- Attorney fees
- Sanctions for filing frivolous lawsuits

EFFECT OF AMENDMENT:

Clarifies language regarding attorney fees and amount of damages.

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 and \$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 a dealer's fraud, fraudulent representations or relevant violations of vehicle code has a right of action against the vehicle dealer, specifically against the surety on the bond and 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 can not conduct business without a bond or letter of credit. House Bill 2975-A allows the court to award the prevailing retail customer reasonable attorney fees and statutory damages equal to \$500 for certain violations of the vehicle code.