

## **HB 4087 -1, -2 STAFF MEASURE SUMMARY**

### **House Committee On Business and Labor**

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**Prepared By:** Jan Nordlund, LPRO Analyst

**Meeting Dates:** 2/5

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#### **WHAT THE MEASURE DOES:**

Requires person to have a \$20,000 bond before claiming a lien on a motor vehicle. Exempts franchised motor vehicle dealers and those attaching lien against an abandoned vehicle from bonding requirement. Requires bond be for the purpose of paying motor vehicle owner the full amount of damages, costs, reimbursements and attorney fees. Provides vehicle owner with private right of action against person who refuses to release vehicle or restore title to the owner if person does not hold a \$20,000 bond or does not satisfy other requirements for claiming a lien.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

- 1 (From the committee) Exempts from bonding requirement those who hold a towing business certificate if the lien is claimed only for transporting or storing a vehicle.
  
- 2 (From Rep. Barreto) Exempts from bonding requirement those who hold a vehicle dealer certificate issued by the Oregon Department of Transportation.

#### **BACKGROUND:**

Consumer advocates testified before the House Committee on Business and Labor in 2017 that some auto repair shops abuse their statutory authority to claim a lien on motor vehicles held in their possession. For example, an auto shop refused to release the vehicle when the consumer could not or would not pay disputed charges, and the storage fees quickly accumulated. If the repair shop is insolvent, the consumer is not able to recover the damage suffered. Legislation in 2017 (HB 3322) proposed that all auto repair shops be certified and carry a \$40,000 bond. The Department of Consumer and Business Services would have been given regulatory authority. With no action taken on HB 3322, a work group met throughout the interim to discuss alternative approaches. House Bill 4087 is the result of the work group's efforts.

House Bill 4087 requires a person claiming a possessory lien on a motor vehicle to carry a \$20,000 bond to cover damages, costs and fees suffered by or incurred by a vehicle owner who brings suit in court. The vehicle owner may also seek a judgment directing the Department of Transportation to restore title to the owner. The measure does not require auto repair shops to be registered or licensed with a State agency.