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**NORTHWEST AUTO TRADES ASSN  
TESTIMONY IN SUPPORT OF HB4087  
WITH THE -1 AMENDMENTS**



Before the House Business & Labor Committee / February 5, 2018  
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Rep. Holvey and Members of the Committee:

The Northwest Auto Trades Association (NATA) represents sectors of the auto industry including mechanical repair shops, collision repair shops, motor vehicle dismantlers, tow truck operators and parts suppliers and distributors.

First, I would like to thank Rep. Paul Evans for agreeing to set aside legislation he introduced on behalf of a constituent during the 2017 Legislative Session, in exchange for working during the interim on a consensus solution to the problem.

Second, I would also like to recognize and thank that constituent, attorney John Gear, who also agreed to work with the auto repair industry to develop consensus legislation.

Finally, I would like to thank Chair Paul Holvey for directing his outstanding staff to assist the work group in developing consensus legislation.

***NATA supports House Bill 4087 with the -1 amendments.***

HB4087 is a textbook example of the type of legislation the “short” session was designed to advance. This bill is the work product of an interim work group that worked cooperatively to define a problem and then find a solution. That work group included DMV, DOJ, DCBS, repair shops, new and independent auto dealers, trial lawyers, Rep. Evans, and committee staff.

Oregon auto repair shops have always had a right to exercise a “mechanic’s” lien on vehicles in their possession. This lien right permitted them to hold a vehicle until a customer pays for authorized work on a vehicle.

However, a very small number of unscrupulous shops were using this statutory right to take unfair advantage of consumers. This created enormous hardships for people who rely on the use of their vehicle to get to work and back, and to take care of their family. With their vehicle held hostage, an unscrupulous shop could demand payments that were unearned or well outside of industry standards, even if they weren’t authorized. Consumers simply did not know their rights and could not afford the time or effort to retain an attorney to help them. Many, many times the Department of Justice Consumer Protection Office and the DMV Business Regulation Office have been able to assist consumers. But, consumers must know with whom to file a complaint.

In an effort to protect consumers and defend the reputations of the vast majority of honest repair shops in Oregon, NATA worked to find a solution. The result is HB4087 and a new requirement that repair shops acquire a \$20,000 surety bond if they wish to exercise a mechanic's lien on a motor vehicle. Shop are not required to get the bond to operate a legitimate repair shop. They only need the bond if they plan to exercise their right to file a lien.

Franchised new car dealers were exempted from the bond requirement in recognition of the higher level of financial stability they have in order to maintain their franchise agreement with a vehicle manufacturer, and that the manufacturer would likely assist customers in the rare case of a problem.

After the conclusion of the work group, it was determined that the legislation had an unanticipated consequence: Tow truck operators would be required to obtain this new bond even if they do not perform repair or service work. This was not a goal of the work group. An amendment was drafted to exempt tow truck operators from obtaining the bond in order to exercise a lien, as long as their lien was limited to transportation and storage of motor vehicles. The amendment was circulated to the work group participants and has no opposition.

HB4087 is a sensible solution to a real problem faced by a very small number of consumers in Oregon every year. But the small number doesn't matter if you're vehicle is being held hostage by an unscrupulous repair shop.

The Northwest Auto Trades Association asks you to adopt the -1 amendment and advance House Bill 4087 to the full House with a "Do Pass as Amended" recommendation. I am happy to answer any questions you have about the bill.

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