



**DEPARTMENT OF JUSTICE**  
ATTORNEY GENERAL'S OFFICE

**MEMORANDUM**

DATE: February 16, 2018

TO: Honorable Floyd Prozanski, Chair  
Senate Committee on Judiciary

FROM: Cheryl Hiemstra, Deputy Legislative Director

SUBJECT: HB 4087 – Possessory Liens on Motor Vehicles

This testimony is presented in support of HB 4087.

**BACKGROUND**

Vehicle-related complaints are consistently among the most common type of complaint received by the Department of Justice's Consumer Hotline. Since the beginning of 2017, DOJ has received over 280 complaints against automotive repair companies alone.

Legislation was introduced in 2017 that addressed a broad set of issues Oregon consumers have been having with vehicle repair shops, but that measure died before consensus could be reached. HB 4087 is the result of an interim work group comprised of legislative branch, consumer advocate and industry members. Specifically, the issue at hand was that some unscrupulous vehicle repair shops have been exploiting a process in existing law that allows them to claim a possessory lien on a consumer's vehicle, refusing to return the vehicle to its owner until they are paid. If the owner disputes the charges or cannot pay their bill, the repair shop can hold their title hostage. If the repair shop is insolvent, the consumer has no means of seeking redress against the un-bonded company.

**CONCEPT**

HB 4087 requires a person claiming a possessory lien on a motor vehicle to carry a \$20,000 bond to cover any damages, costs or fees incurred by a vehicle owner who brings suit against the repair shop. The measure exempts from this requirement a franchised motor vehicle dealership, a person seeking to attach or claim a lien to an abandoned vehicle, or a towing business certified by the Department of Transportation if the lien is claimed only for transporting or storing the vehicle. HB 4087 also gives the consumer the right to seek a judgment directing the Department of Transportation to restore title to their vehicle.

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