

HB 4087 A -A8 STAFF MEASURE SUMMARY

Senate Committee On Judiciary

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Meeting Dates: 2/16, 2/27

WHAT THE MEASURE DOES:

Specifies process for creating or attaching possessory lien on automobile. Requires person creating or attaching lien to be one of four specifies categories: 1) a franchised motor vehicle dealership; 2) towers who attach lien for transporting or storing of vehicle; 3) creates or attaches lien against abandoned vehicle; or 4) is a person who carries a surety bond of at least \$20,000 for purpose of paying vehicle owner damages and attorney fees in action related to recovery or vehicle or title of vehicle. Specifies private right of action for

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A8 Revises section of measure on possessory lien. Specifies person may not create, attach, assert, or claim a possessory lien unless the person performs services in accordance with other Oregon statutes. Requires person creating or asserting lien to have valid surety bond of no less than \$20,000 prior to doing work on motor vehicle. Excludes franchised car dealerships, towers, and those creating or attaching liens on abandoned vehicles from bond requirement.

BACKGROUND:

A lien is a charge against property to secure payment of a debt, performance of an obligation, or discharge of a debt, tax, or duty owed. Liens may be applied against real or personal property and can be created in several ways. One type of lien is a "mechanic's lien." It allows an auto repair shop to assert a lien against the vehicle repaired until the owner settles payment for the services rendered. The lien attaches when the work is performed and the charges are due.

House Bill 4087 requires auto repair shops to carry a bond of at least \$20,000 in order to properly attach a lien on a repaired vehicle.