

**HB 4087 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Evans

**House Committee On Business and Labor**

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**Action Date:** 02/05/18

**Action:** Do pass with amendments. (Printed A-Eng.)

**Vote:** 11-0-0-0

**Yeas:** 11 - Barreto, Boles, Bynum, Doherty, Evans, Fahey, Heard, Holvey, Kennemer, Piluso, Wilson

**Fiscal:** Has minimal fiscal impact

**Revenue:** No revenue impact

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**WHAT THE MEASURE DOES:**

Requires person to have a \$20,000 bond before claiming a lien on a motor vehicle. 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. Exempts from bonding requirement franchised motor vehicle dealers, those attaching lien against an abandoned vehicle, and those who hold a towing business certificate in cases where the lien is claimed only for transporting or storing a vehicle.

**ISSUES DISCUSSED:**

- Consensus of work group that met throughout the interim
- Whether bond already required of vehicle dealers could be accessed for auto repair claims
- Whether auto repair shops will be able to obtain a bond for auto repair claims

**EFFECT OF AMENDMENT:**

Exempts from bonding requirement those who hold a towing business certificate if the lien is claimed only for transporting or storing a vehicle.

**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 a vehicle when the consumer could not or would not pay disputed charges, resulting in a quick accumulation of storage fees. If the repair shop is insolvent, the consumer is not able to recover the damage suffered. Legislation in 2017 (House Bill 3322) proposed that all auto repair shops be certified and carry a \$40,000 bond and would have granted regulatory authority to the Department of Consumer and Business Services. With no action taken on House Bill 3322, a work group met throughout the interim to discuss alternative approaches. House Bill 4087-A is the result of the work group's efforts.

House Bill 4087-A 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.