

HB 4087 B STAFF MEASURE SUMMARY

Carrier: Sen. Linthicum

Senate Committee On Judiciary

Action Date: 02/27/18

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 7-0-0-0

Yeas: 7 - Bentz, Dembrow, Gelser, Linthicum, Prozanski, Thatcher, Wagner

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Channa Newell, Counsel

WHAT THE MEASURE DOES:

Specifies process for creating or attaching possessory lien on automobile. Specifies person may not create, attach, assert, or claim a possessory lien unless the person performs services in accordance with already required statutory provisions in ORS 646A.480 - 646A.495. 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. Provides right of action for recovery against those who improperly assert possessory lien.

ISSUES DISCUSSED:

- Possessory lien created when an auto repair shop works on vehicle and owner does not pay
- Complaints from consumer protection advocates on auto repair shops improperly refusing to return car to owner
- Work group efforts to provide solution
- Continued efforts in interim to address additional consumer protection issues
- Cost of bond is estimated at \$250-\$400 per year

EFFECT OF AMENDMENT:

Revises section of measure on creation of possessory lien.

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-B requires auto repair shops to carry a bond of at least \$20,000 in order to properly attach a lien on a repaired vehicle and provides an avenue for recovery against those who improperly assert a mechanic's lien against a vehicle.