

OREGON TRIAL LAWYERS ASSOCIATION

812 SW Washington Street, #900

Portland, OR 97205

www.oregontriallawyers.org

503-799-1017

Testimony of Arthur Towers

OTLA Political Director

In Support of HB 2801 and 2818

Before the House Committee on Business and Labor

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Chair Holvey, Vice-Chairs Elmer and Sosa, and members of the committee, thank you for the opportunity to submit testimony in support of two important consumer protection bills.

OTLA members are lawyers who fight for underdogs, and in this case, these underdogs are defrauded consumers.

We are extremely appreciative of this committee's interest in improving the economic lives of ordinary Oregonians. Over the years, there has been an extremely justifiable emphasis on housing issues, health care costs, and on improving workers' wages, but the economic impact of consumer fraud and deception deserves attention too.

With the two bills under consideration today, you can positively impact consumers' lives at a juncture where they are at their most vulnerable – in the marketplace for a used car.

The sale of a used car is one of the clearest examples of the power imbalance in consumer transactions. For many consumers, this is the second most expensive purchase in their lives.

HB 2818 addresses one of the basics of the used car transaction – the delivery of the title, plates, and registration. The bill closes a loophole exploited by national companies based outside of Oregon.

The critical piece of HB 2818 is the one-two punch of its enforcement mechanism. The bill gives ODOT/DMV more power to regulate these companies by requiring them to be licensed as a used car dealer in Oregon. The bill also gives individual consumers the power to stand up for themselves without government assistance and tell their story to a jury. This 7th-Amendment right to a jury trial is enshrined in our Constitution for a reason. It allows a jury to establish community standards of justice and conduct. These two enforcement mechanisms, when used in tandem, give consumers a much more level playing field.

HB 2801 addresses issues with the yo-yo financing of used cars. The bait and switch nature of these transactions is unconscionable. The stories this week on OPB <https://www.opb.org/article/2023/02/06/even-after-you-think-you-bought-a-car-dealerships-can-yo-yo-you-and-take-it-back/> illustrate the nature of the crisis. States like Maryland have addressed this issue and have curbed this predatory approach to used car sales by more than 50%.

We urge the legislature to end the use of these one-way contracts – in which the consumer is bound, but the used car dealer can walk away. In the all-too-common nightmare scenario, the consumer trades in their vehicle to purchase the used car. The dealer contacts the consumer a few days later to report that the financing “fell through” and they must bring their car back. In situations in which the used car dealer has already sold the trade-in, the consumer is in a truly impossible situation, and forced to accept much less favorable terms or walk away without a vehicle that they are reliant on to get to work.

These are two bills that empower Oregonians and create a fairer economic climate. **We urge a YES vote on HB 2801 and HB 2818.**