

HB 4058 -5 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/10, 2/12

WHAT THE MEASURE DOES:

Specifies conditions regarding \$20,000 surety bond or irrevocable letter of credit required for vehicle repair business to impose lien in connection with making, altering, repairing transporting, storing, servicing, or supplying materials or labor in connection with a motor vehicle. Becomes operative July 1, 2020. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-5 Clarifies bond or letter of credit is not necessary before making or repairing vehicle, but must be in effect before, and at all times while, creating, attaching, asserting, or claiming lien after making or repairing vehicle. Delays operative date to July 1, 2021, of amendments made to ORS 87.152 by section 2 of chapter 56, Or. Laws 2019 (HB 2913). Exempts vehicle manufacturers from \$20,000 bond or letter of credit requirement.

REVENUE: No revenue impact.

FISCAL: Minimal fiscal impact.

BACKGROUND:

In 2018, the Legislative Assembly enacted HB 4087, which required vehicle repair businesses to carry a surety bond of at least \$20,000 in order to assert valid liens on customer vehicles for non payment of work performed and other associated costs. This requirement does not apply to dealerships, towers, or abandoned vehicles. The bond is to cover damages or costs incurred by a vehicle owner who brings suit against the repair vehicle that does not have a valid lien. The legislation took effect on January 1, 2019. House Bill House Bill 2913 (2019) suspended the bond requirement until July 1, 2020.

House Bill 4058 clarifies the conditions for requiring, issuing, and maintaining a surety bond or irrevocable letter of credit for vehicle repair businesses. Aside from the different dollar amount, these conditions are very similar to those placed on vehicle dealers under Oregon Revised Statute 822.030.