

HB 4058 A STAFF MEASURE SUMMARY

Carrier: Rep. Evans

House Committee On Business and Labor

Action Date: 02/12/20

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

Vote: 11-0-0-0

Yeas: 11 - Barker, Barreto, Bonham, Boshart Davis, Breese-Iverson, Bynum, Clem, Doherty, Evans, Fahey, Holvey

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Jan Nordlund, LPRO Analyst

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, 2021. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Attempt to target repair shops' unscrupulous use of mechanic liens
- Duties of Department of Transportation

EFFECT OF AMENDMENT:

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. Exempts vehicle manufacturers from requirement to maintain bond or letter of credit. Delays operative date of provisions in this measure and in section 2, chapter 56, Oregon Laws 2019, that require vehicle repair business to carry a bond in order to claim mechanic's lien to July 1, 2021.

BACKGROUND:

In 2018, the Legislative Assembly enacted House Bill 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. A subsequent measure, House Bill 2913 (2019), suspended the bond requirement until July 1, 2020.

House Bill 4058-A clarifies the conditions for requiring, issuing, and maintaining a surety bond or irrevocable letter of credit for vehicle repair businesses.