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# NORTHWEST AUTO TRADES ASSOCIATION SUPPORTS HOUSE BILL 2311 WITH -1 AMENDMENT

House Business and Labor Committee / February 3, 2021

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Chair Holvey and Members of the Committee:

The Northwest Automobile Trades Association (NATA), represents more than 450 business members across Oregon. NATA members include collision and mechanical repairs shops, dismantlers, and auto parts manufacturers and distributors.

NATA requested the introduction of House Bill 2311 and supports the bill. We are not aware of any opposition to the bill.

## **The Short Version**

HB2311 requires auto repair shops to have a \$20,000 bond to exercise a mechanic's lien on a customer's vehicle. A mechanic's lien allows a repair shop to keep possession of a customer's vehicle if the customer authorizes work and then does not pay when the work is completed. Once the bill is paid (or payment arrangements are made), the shop releases the vehicle to the customer. If the customer abandons the vehicle, the repair shop can go through a lengthy process of selling the vehicle to recoup their costs. Mechanic's liens are a last resort for repair shops, and they are rarely used. The requirement does not include franchised motor vehicle dealers, towers or abandoned vehicles.

Prior to 2018, repair shop had the ability to exercise a mechanic's lien without having the bond. However, a workgroup established by Rep. Evans created an agreement for shops to have a \$20,000 bond to exercise this long-standing right. Repair shops are not required to have the bond if they do not use mechanic's liens.

HB2311 tweaks the bond language to allow bonding companies to issue the bonds to repair shops.

## **Amendment**

NATA requested the -1 amendment to modify the effective date from July 1, 2022 to January 1, 2022.

## **The Long Version**

In 2017 Representative Paul Evans (et al) introduced House Bill 3322 at the request of his constituent, Mr. John Gear, who is a consumer protection lawyer. NATA supports efforts to penalize bad-actor repair shops, but opposed the solution offered by HB3322. From those discussions, Rep. Evans created a workgroup which included NATA, OADA, OVDA, OTLA, DOJ, DMV, and DCBS.

The workgroup settled on a concept which became House Bill 4087 in the February, 2018 short session. The bill passed and became law January 1, 2019. However, the work group did not have representation from the bond writing industry (but not from a lack of trying).

After completing our work, we learned from the bond writing companies that they viewed the requirement as too risky and no bond company would issue the bond. The workgroup met again in December, 2018 to determine if the problem could be resolved without tweaking the statutory language. Everyone agreed the statute would need to be fixed.

In the 2020 session, NATA requested the introduction of HB4058 to fix the problems. The bill passed the full House without opposition and moved out of the Senate Judiciary Committee. However, the bill died at the President's desk when the short session ended sooner than expected.

House Bill 2311 is the same bill as 2020, with a small tweak at the request of the Credit Unions (who support the current bill as written).

**Conclusion**

NATA requests the House Business and Labor Committee move House Bill 2311 with the -1 amendments to the Floor of the House of Representatives with a "Do Pass as Amended" recommendation. We are aware of no opposition to the bill or the amendment.

I am happy to answer any questions. Thank you.