

SUBJECT: Modifying deadline for notice of a motor vehicle worker's lien

COMMITTEE: Business and Industry — favorable, without amendment

VOTE: 7 ayes — C. Turner, Hefner, Cain, Crockett, Lambert, Ordaz Perez, Patterson

0 nays

2 absent — Shine, S. Thompson

WITNESSES: For — None

Against — (*Registered, but did not testify*: Mario Martinez, Texas Independent Automobile Dealers Association)

BACKGROUND: Under Property Code sec. 70.006(a), the holder of a worker's lien on a motor vehicle, other than a person licensed as a franchised dealer, must give written notice to the owner and each lienholder recorded on the certificate of title and file a copy of the notice and all other required information with the county tax assessor-collector's office in the county in which the repairs were made. The notice has to be provided no later than the 30th day after the date on which the charges for the care or towing of the vehicle accrue.

Under sec. 70.006(b-1), a written notice to a lienholder of record from the holder of a possessory lien must include certain information, including the physical address at which repairs to the vehicle were made, the legal name and taxpayer identification number or employer identification number of the holder of the possessory lien, and a signed copy of the work order authorizing the repairs.

DIGEST: HB 2879 would specify that a holder of a worker's lien on a motor vehicle under Property Code sec. 70.006 had to file a notice and all other required information with the county tax assessor-collector not later than the later of:

- the 30th day after the date on which the charges accrued; or
- the 30th day before the date of a proposed sale or disposition of the motor vehicle by the lienholder.

A holder of a worker's lien who was required to give notice to a lienholder of record would have to include in the notice, if applicable, the proposed date of the sale or disposition of the motor vehicle by the lienholder.

The bill would take effect September 1, 2021, and would apply only to a possessory lien on a motor vehicle the possession of which was obtained on or after the effective date.

**SUPPORTERS
SAY:**

HB 2879 would provide flexibility to entities making repairs on motor vehicles by creating an alternative deadline for filing a notice of a possessory lien, while still allowing all relevant parties to receive notice. Currently, mechanics making expensive and time-consuming repairs to a vehicle may have to file notice of a lien on the vehicle before repairs are completed. This is problematic when the payment term for such long-term repairs extends beyond the 30-day notice deadline. The bill would remedy this problem by creating a more flexible deadline to accommodate liens, sales, and title transfers, especially for large equipment and vehicles that are time-consuming to repair.

Since the bill would require the mechanic to inform the title holder about the proposed date of sale, the bill would create a timeline by which timely repairs had to be made, preventing the mechanic from keeping the vehicle for longer than necessary.

**CRITICS
SAY:**

HB 2879 could provide too much leeway for holders of a possessory lien on a vehicle to possess the vehicle for long time periods, possibly longer than necessary for the completion of repairs. By creating an incentive to possess vehicles for longer time periods, the bill could result in significant storage fees and allow a vehicle held under a lien to undergo depreciation.

