

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON JUDICIARY**

**Eighty-First Session
March 22, 2021**

The Committee on Judiciary was called to order by Chairman Steve Yeager at 10:02 a.m. on Monday, March 22, 2021, Online. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblyman Steve Yeager, Chairman
Assemblywoman Rochelle T. Nguyen, Vice Chairwoman
Assemblywoman Shannon Bilbray-Axelrod
Assemblywoman Lesley E. Cohen
Assemblywoman Cecelia González
Assemblywoman Alexis Hansen
Assemblywoman Melissa Hardy
Assemblywoman Heidi Kasama
Assemblywoman Lisa Krasner
Assemblywoman Elaine Marzola
Assemblyman C.H. Miller
Assemblyman P.K. O'Neill
Assemblyman David Orentlicher
Assemblywoman Shondra Summers-Armstrong
Assemblyman Jim Wheeler

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblywoman Susie Martinez, Assembly District No. 12

STAFF MEMBERS PRESENT:

Diane C. Thornton, Committee Policy Analyst
Ashlee Kalina, Assistant Committee Policy Analyst
Karyn Werner, Committee Secretary
Melissa Loomis, Committee Assistant



OTHERS PRESENT:

Sophia A. Romero, Attorney, Legal Aid Center of Southern Nevada
Will Pregman, Communications Director, Battle Born Progress
Jamie S. Cogburn, representing Nevada Justice Association
Andrew MacKay, Executive Director, Nevada Franchised Auto Dealers
Association
Paul J. Enos, Chief Executive Officer, Nevada Trucking Association and Tow
Operators of Northern Nevada

Chairman Yeager:

[Roll was taken. Committee rules and protocol were explained.] We have a quorum. We have one bill, but before we get started, I want Committee members and the public to know there is a short amendment [[Exhibit C](#)] on the Nevada Electronic Legislative Information System. It is a friendly amendment. I will now open the hearing on [Assembly Bill 284](#).

[Assembly Bill 284](#): Revises provisions relating to statutory liens on motor vehicles. (BDR 9-761)

Assemblywoman Susie Martinez, Assembly District No. 12:

With me today are Sophia Romero and Bailey Bortolin. [Assembly Bill 284](#) is intended to include in statute a mechanism to challenge storage and repair liens on motor vehicles. Currently, the lien statute, *Nevada Revised Statutes* (NRS) Chapter 108, provides a way to challenge potentially frivolous liens on someone's real property and mobile home, but it does not provide such a mechanism for a person's vehicle. As we all know, second to a home, a person's vehicle is the most expensive purchase they will make.

As some background, currently, if a person takes his car to a mechanic, the mechanic is required to provide a written estimate for the cost of the repairs, which the consumer must sign. If the repairs end up being \$100 or 20 percent over that amount, the repair shop is required to get additional prior authorization from the customer. Unfortunately, all too often, this does not happen, resulting in surprise billing that the customer cannot afford.

Another issue is that the shop will put off doing the work and charge the customer storage fees for the time the vehicle was in the shop prior to the repairs being made. When a customer cannot pay or there is a dispute over the amount, the shop will put a repair or storage lien on the vehicle and then sell it. Right now, there is no formal way to challenge that specific type of lien.

This bill will put in place a statutory mechanism to challenge frivolous liens in order to protect people from improperly losing their vehicles. Not only is this good for consumers, but it will also help protect finance companies. The consumer is much more likely to default on a loan when they no longer have the vehicle because it was sold by their mechanic.

Sophia A. Romero, Attorney, Legal Aid Center of Southern Nevada:

As Assemblywoman Martinez pointed out, this bill seeks to fill a hole in the statute by specifically challenging frivolous liens placed on motor vehicles as would be filed on a home or mobile home.

I will walk you through the bill. Section 1 mirrors the process already found in statute to challenge a frivolous mobile home lien. It gives the person challenging the lien the right to file a notice of opposition in the justice court and requires it to be served on the Department of Motor Vehicles (DMV). Once the notice of opposition is filed, the court will set a hearing within 14 calendar days after service. This time frame is important because, similar to the unlawful-tow issue, we are trying to get a court decision on whether the lien—or at least the amount of the lien—is valid prior to the vehicle being sold. This section also makes it clear that this does not affect the rights of the lender. In other words, if there is already a lien on the motor vehicle such as a purchase money lien—the money you borrowed to buy the vehicle—this bill does not affect those rights.

Section 3 sets forth the requirements of the notice of a lien, which is similar to that of mobile homes. In addition to what is already in statute, it requires notice to the consumer of the amount necessary to satisfy the lien and a description of the process to challenge the lien.

Section 4 sets forth that a vehicle lien expires six months after it is filed with the DMV.

Finally, there has been a friendly amendment introduced to this bill. The amendment essentially excludes tow cars from this bill. Tow cars are governed by NRS 706.4463, and their fees are set and regulated by the Nevada Transportation Authority. They have certificates of public convenience and are already governed by their own regulatory agency. We felt it is appropriate to exclude them from this bill.

Assemblyman O'Neill:

Your amendment clarifies some of my questions. If the lien expires within six months from filing, do they start over? Does the repair company have to go through the whole process again?

Sophia Romero:

This bill will, hopefully, affect a court decision prior to any lien having to be renoticed. In theory, yes, the lien does expire within six months. If a lien has been placed on the vehicle and neither the owner of the vehicle nor the mechanic shop has moved to enforce or strike the lien, at the end of the six-month period the lien would expire. If the mechanic shop wanted to introduce another lien, they would have to start the notice process again.

Assemblyman O'Neill:

If I get my repair work done in Washoe County, but I live in Douglas County, does the company filing the lien have to file in their county or do they file in the county of the registered owner of the vehicle? I see the notice to reply is in the county of the registered owner, but where is the process initiated?

Sophia Romero:

The justice court where the notice of lien would be filed would depend on the local rules of the jurisdiction. For example, there are certain rules and things you would have to do in order to file in the North Las Vegas Justice Court versus the Las Vegas Justice Court. Because the business is in Washoe County, it could be filed in one of the Washoe County justice courts.

Assemblyman O'Neill:

My response, as the registered owner of the vehicle, is filed in the county in which I reside and where the vehicle is housed. It says, ". . . in whose jurisdiction the registered owner of the motor vehicle lives." Would we actually have two different jurisdictions involved in this? I am trying to clarify this. Should the initial lien be filed in the county where the vehicle is registered? That would make sense to me.

Sophia Romero:

The lien is filed with the DMV, so it is statewide. The lien itself is not filed in a court of law. The lien is filed with the DMV, and then the vehicle owners can file in their justice court. I am sorry, but I misunderstood the question. You file the notice of opposition to the lien with the court in the county of residence of the registered owner.

Assemblyman O'Neill:

I misunderstood part of the bill. I appreciate the clarification.

Assemblywoman Cohen:

In section 1, subsection 2, on the five days for service, the car owner must serve the lien claimant within five days. Is that a standard time? If this is a person who is on his own, he may not have enough time to serve.

Sophia Romero:

I believe the days are similar to that of the unlawful-tow bill that was presented last week by Judge Melissa Saragosa. We feel that is a sufficient amount of time for people to get the notice of opposition served on the mechanic's shop. One of the reasons it is a tight turnaround is that you are racing against the clock. We also want the court hearing to be set and the service to be effectuated because storage fees accrue every day, and every day they are getting closer to having their vehicle sold. We feel five days is a sufficient amount of time, but we can look at that if others do not feel that way.

Assemblywoman Cohen:

We have talked about this before. Are the five days calendar or judicial days?

Sophia Romero:

I believe those are judicial days because it is only five days. We can include that to clarify it.

Assemblywoman Cohen:

I would appreciate that since we have so many rules changing regarding calendar days versus judicial days, and that would make it clear.

I am not clear on the six months that the shop owner has to refile the lien if they want to continue the lien. Where does the six months come from? Is it standard for a small business to keep filing every six months?

Sophia Romero:

That came about because, currently in statute, mobile home liens expire after one year. If the secure party—the lien holder—does not move to effectuate their lien or enforce their lien within that time frame, the lien itself expires. In reality, I do not believe these are going to be renewed. Vehicles depreciate more quickly than mobile homes, and people are not going to go six months without having a vehicle. With mobile homes, you still have possession until you get evicted. With cars, you do not have it. It is stuck at the mechanic's shop where the mechanic is holding on to your car. You are either going to file a notice of opposition to try to get your car back from the court, or the mechanic will sell your car. The likelihood of the lien being renewed is very small. We want mechanics to move on these because we do not want storage fees to continue accruing and for people to be without their cars for extended periods of time.

Chairman Yeager:

Do we have more questions from Committee members? [There were none.] We will now take testimony on the bill. I will open it up for testimony in support of A.B. 284.

Will Pregman, Communications Director, Battle Born Progress:

We are in support of A.B. 284. It fixes a very important loophole that will improve consumer protection and prevent fraudulent liens from being put on people's vehicles. We feel this is a small but very important commonsense measure to help with the legal aid process. Please support this bill.

Jamie S. Cogburn, representing Nevada Justice Association:

We are providing testimony in support of this bill. As stated by multiple people, this bill provides consumers with the right to properly challenge liens and provides all parties the right to adjudicate a lien quickly and fairly. It ensures a timely resolution is reached. Because of that, the Nevada Justice Association is in support of this bill.

Andrew MacKay, Executive Director, Nevada Franchised Auto Dealers Association:

We are here in support of Assembly Bill 284. I want to take a moment to thank both Sophia Romero and Bailey Bortolin. We met with them last week and talked at length. I learned what the intent of the bill is and, quite frankly, I believe this will address and correct a problem with—for lack of a better term—"chop shops" performing predatory actions against consumers. Since it puts structure on the ability to challenge excessive liens, we are in support of the measure.

Chairman Yeager:

Are there other people wishing to testify in support of the bill? [There was no one.] I will close testimony in support. I will now open testimony in opposition. Is there anyone in opposition of the bill? [There was no one.] I will close opposition testimony and open neutral testimony.

Paul J. Enos, Chief Executive Officer, Nevada Trucking Association and Tow Operators of Northern Nevada:

We want to thank you for working with the Chair and proponents of this measure and for accepting our friendly amendment [[Exhibit C](#)] that does exempt tow operators. There are some very proscriptive timelines in terms of what they do and how they need to process liens. When a law enforcement agency asks to have a vehicle towed, a lot of times those vehicles will sit in the tow company's lot for longer than six months, so we really do appreciate the proponents and the sponsor of the bill working with us on this amendment.

Chairman Yeager:

Is there anyone else in neutral wishing to testify? [There was no one.] I will close neutral testimony and turn it back over for concluding remarks on A.B. 284.

Assemblywoman Martinez:

I urge you to support Assembly Bill 284.

[[Exhibit D](#) is a letter dated March 10, 2021, submitted by Shane Piccinini, Government Relations, Food Bank of Northern Nevada, in support of Assembly Bill 284, but was not discussed.]

Chairman Yeager:

I will close the hearing on Assembly Bill 284. That takes us to the next item on our agenda, which is public comment. Public comment is the time to raise matters that are in the general jurisdiction of the Assembly Committee on Judiciary. Is there anyone who wishes to provide public comment? [There was no one.] I will close public comment. Is there anything else from Committee members this morning? [There was nothing.]

In terms of the rest of the week, there is an agenda for tomorrow morning that has a start time of 8 o'clock. We have two bills. Wednesday has an agenda for a work session, and we will get the work session document out to you as soon as possible. I anticipate we will hear at least one bill on Wednesday as well. We are trying to decide what that will be. Stay tuned for what will happen the rest of the week. I anticipate we will have a meeting every day from now until the April 9 deadline on the bills that are still out there. This meeting is adjourned [at 10:31 a.m.].

RESPECTFULLY SUBMITTED:

Karyn Werner
Committee Secretary

APPROVED BY:

Assemblyman Steve Yeager, Chairman

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a proposed amendment to Assembly Bill 284, dated March 19, 2021, submitted by Paul J. Enos, Chief Executive Officer, Nevada Trucking Association and Tow Operators of Northern Nevada.

[Exhibit D](#) is a letter dated March 10, 2021, submitted by Shane Piccinini, Government Relations, Food Bank of Northern Nevada, in support of Assembly Bill 284.