



North Dakota Farm Credit Council

AgCountry Farm Credit Services Farm Credit Services of Mandan Farm Credit Services of North Dakota

**Testimony of Dana Bohn
North Dakota Farm Credit Council Executive Director
HB 1366
February 11, 2021**

Chairman Ruby and members of the House Transportation Committee, my name is Dana Bohn and on behalf of the North Dakota Farm Credit Council (NDFCC), I would like to express our opposition to HB 1366.

NDFCC is comprised of three farmer/rancher-owned independent Farm Credit associations that provide credit and financial services to farmers, ranchers and agribusinesses of all sizes and income ranges in every county in North Dakota. North Dakota Farm Credit associations provide about \$14.6 billion in credit in addition to providing financial services to approximately 26,000 customers.

A repairman's lien is a lien that may be placed against a vehicle or a piece of farm equipment when the repairs completed on the property are not paid for by the owner of the property.

The repairman's lien already has first priority over other security interests or liens on the property. HB 1366 would increase the eligibility for a repairman's lien to allow for storage fees and transportation on top of any repairs. This would shift liability from the repair shop or implement dealer to the lender and create an adverse effect on the lending industry.

In 2013, the legislature broadened the eligibility requirements for filing a repairman's lien by including construction equipment and increasing thresholds for the dollar amounts and percentage entitled to priority. The changes made in 2013 shifted very substantial and additional risks (up to \$9,000 or 30 percent of the repaired value of farm machinery or construction equipment, whichever is greater) to the lender. It also increased the maximum amount of a lien on automobiles to \$4,000 or 30 percent of the repaired value of the vehicle, whichever is greater.

The proponents of the bill in 2013 argued the law had not kept up with increasing costs. Statue is based on a dollar amount or a percentage of the value of the equipment, whichever is greater, so as the value of the equipment increases so does the threshold. Therefore, we saw no need to change it then, and we see no need to broaden it now.

In addition, we believe it should be the responsibility of the repairman to make sure the payment for the repair is provided before the repair is made or the repaired equipment is released back to the owner, not the responsibility of the lender. Simply broadening the eligibility of qualifying expenses for a repairman's lien does not increase communication between the lender, farmer and repairman, which we would prefer in negotiating a settlement between the parties. Rather, HB 1366 transfers title to the repairman and sticks the lender with the loss. This, in turn, increases the cost of credit for our customers, North Dakota farmers and ranchers.

Finally, current statute already permits a viable and well-defined process for a repairman to foreclose on a lien. The current process allows for repairmen to maximize the amount of their recovery and does so with far less anti-consumer issues, fewer concerns about taking personal property, and better protections for other lienholders, including secured creditors such as Farm Credit, than the proposed bill does. Therefore, we oppose HB 1366, and ask you to give it a Do Not Pass recommendation.

Independently owned and operated associations serving North Dakota.

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