



HOUSE BILL 567: NC Aircraft Repair Act

2015-2016 General Assembly

Committee: House Transportation
Introduced by: Reps. Saine, Hager
Analysis of: First Edition

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SUMMARY: *House Bill 567 amends the Aircraft Labor and Storage Liens law to create regulations regarding written estimates and disclosures of other charges for the repair of aircrafts. The bill also would prevent an aircraft repair shop that violates any of the regulations from perfecting a lien on the repaired aircraft.*

CURRENT LAW: Under current law, a person who expends labor, skill, or materials on an aircraft or has furnished storage for an aircraft has a perfected lien on the aircraft. The amount of the lien is the contract price for the work or storage, and in the absence of a contract, the lien is for the reasonable worth of the service.

The law establishes the process for filing a notice of lien and gives the lien priority over other perfected and unperfected security interests in the aircraft. Upon payment, the lienor must release possession of the aircraft and file a notice of satisfaction of lien with the clerk of court. The law also provides a process for the enforcement of the lien by sale of the aircraft.

BILL ANALYSIS: House Bill 567 requires that an aircraft repair shop provide a written repair estimate to the customer before beginning any work on an aircraft if the work will cost in excess of \$350. Calculation of the cost must include all charges for parts and labor, any necessary diagnostic work and disassembly, any taxes, and other supplies or overhead. The customer may waive the right to an estimate in writing.

If the repair shop charges a fee to prepare the estimate, it must disclose the amount of the fee to the customer and obtain written authorization to proceed. In the event the estimate was only for diagnostic work or the needed repairs exceed the written estimate by more than 10%, or there was an implied partial waiver for diagnostic work, the repair shop must notify the customer of the estimated cost of additional work, and the customer must orally or in writing, authorize, modify, or cancel the work order.

Upon completion of the repair work, the repair shop must provide the customer with a legible copy of an invoice that details information of the work performed and contains an itemized description and the cost of all labor, parts, and merchandise supplied.

The repair shop must conspicuously post a sign, at least 24 inches on each side, informing customers of their right to a written estimate and their right to the return or inspection of all parts replaced during the repair work.

The bill contains a list of prohibited acts and practices that constitute a violation of the Article if done by a repair shop, including:

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- Requiring a customer to waive the rights under the Article as a precondition to the repair.
- Charging more than 10% over the amount authorized by the customer.
- Refusing to return the aircraft because the customer refused to pay more than 10% over the amount authorized.
- Charging for work that has not been authorized by the customer.
- Making certain misrepresentations about work or the need for work.
- Fraudulently altering documents or misusing a customer's credit card.
- Making untrue, deceptive, or misleading statements about the Article.
- Making fraudulent promises to induce a customer to authorize work.
- Substituting used parts for new replacement parts without notice to the owner.
- Causing or allowing a customer to sign an estimate that does not state the type of repair work requested by the customer.
- Refusing to give the customer a copy of any document requiring a signature upon completion or cancellation of the work.

A customer injured by a violation of the act may bring an action in court.

An aircraft repair shop that violates any provision of the act shall not have a perfected lien on the aircraft owned by the customer injured as a result of the violation.

EFFECTIVE DATE: The act becomes effective January 1, 2016, and applies to aircraft repairs requested and performed on or after that date.

Karen Cochrane-Brown, counsel to the House Commerce and Job Development Committee, substantially contributed to this summary.