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SB 263

The North American Equipment Dealers Association is an international trade association representing approximately 4,500 farm, industrial and outdoor power equipment dealers in North America.

Through the sale of equipment, parts, and service, our dealer members work in partnership with farmers and ranchers across Arkansas to make them the most productive and competitive food producers in the world.

SB 263 is a needed update to the lienholder laws in Arkansas. The primary purpose of a mechanic's lien is to ensure that work completed on equipment is paid for. Overly burdensome or costly procedures to enforce mechanic liens deprives the lienholder of the ability to recover their costs. Those additional costs are either absorbed as losses or spread out to other customers, neither of which are optimal results.

The provisions in SB 263 streamline the process for enforcing a mechanic's lien while safeguarding debtor's rights. Under current law, a lienholder must essentially file litigation in circuit court as a precursor to enforcing their lien. This is a costly and time-consuming process. The bill would allow lienholder's to post an appropriate bond with the circuit clerk rather than filing a lawsuit to establish a bond amount. That simple, straightforward change would make the enforcement of a mechanic's lien much more workable. The additional notice provisions and debtor protections in the bill ensure the debtor is made aware of the bond amount and has recourse for wrongful enforcement of the lien.

This bill strikes the right balance between businesses who need to recoup their costs for unpaid work performed on equipment and owners of that equipment. In the unfortunate instances where mechanic liens must be enforced, good public policy should ensure that additional costs are kept to a minimum and not be borne by the businesses who performed the work or their other customers.

On behalf of Arkansas equipment dealers, we urge you to SUPPORT SB 263.

Eric Wareham
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