

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS
FINAL BILL ANALYSIS**

BILL #: HB 975 Aircraft Liens
SPONSOR(S): Altman
TIED BILLS: **IDEN./SIM. BILLS:** SB 1208

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Civil Justice Subcommittee	14 Y, 0 N	Mawn	Poche
2) Transportation & Infrastructure Subcommittee	13 Y, 0 N	Johnson	Vickers
3) Judiciary Committee	18 Y, 0 N	Mawn	Poche

FINAL HOUSE FLOOR ACTION: 114 Y's 0 N's
GOVERNOR'S ACTION: Approved

SUMMARY ANALYSIS

HB 975 passed the House on April 17, 2019, and subsequently passed the Senate on May 1, 2019.

A lien is a claim against property that evidences a debt, obligation, or duty. A lien can be created by judgment, equity, agreement, or statute. The rights and duties of a lienholder depend on the type of lien created and are generally set out in the order, agreement, or statute creating the lien. A judicial lien, including an equitable lien, continues until the terms of the judgment are satisfied, the lien expires, or the judgment is overturned, and a consensual lien expires according to the terms of the parties' agreement. A statutory lien expires in the manner and method set forth in statute.

The governing body of a publicly owned and operated airport may claim a lien upon an aircraft landing at the airport for all unpaid fees and charges for the use of the airport's facilities after demanding payment for such fees and charges from the aircraft's owner or operator. Similarly, a person who provides fuel for an aircraft may claim a lien on the aircraft for any unpaid fuel charges. Both liens are possessory liens, meaning either lien may only be enforced so long as the lienor retains possession of the aircraft subject to the lien.

The bill clarifies that liens claimed under ss. 329.41 and 713.58, F.S., for labor, services, fuel, or material furnished to an aircraft are not possessory liens. Thus, a person claiming such a lien does not need to keep the aircraft in his or her possession to enforce the lien.

The bill does not appear to affect state or local governments.

The bill was approved by the Governor on June 7, 2019, ch. 2019-88, L.O.F., and will become effective on July 1, 2019.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Background

A lien is a claim against property that evidences a debt, obligation, or duty.¹ A lien can be created by judgment, equity,² agreement, or statute.³ The rights and duties of a lienholder depend on the type of lien created and are generally set out in the order, agreement, or statute creating the lien.⁴ A judicial lien, including an equitable lien, continues until the terms of the judgment are satisfied, the lien expires, or the judgment is overturned, and a consensual lien expires according to the terms of the parties' agreement.⁵ A statutory lien expires in the manner and method set forth in statute.⁶

Possessory Liens

A possessory lien is only enforceable so long as the lienor retains possession of the subject property.⁷ A lienor who releases property on which he or she claims a possessory lien loses his or her right to claim the lien.

Aircraft Liens

Recording, Generally

The U.S. Congress passed the Federal Aviation Act (Act) in 1958.⁸ The Act requires a civil aircraft⁹ lien to be recorded with the Federal Aviation Administration¹⁰ (FAA).¹¹ Until an aircraft lien is recorded with the FAA, it is valid only against those with actual notice of the lien.¹² The purpose of the recording provision was to create a central clearinghouse for the recording of liens affecting civil aircraft in the United States so that a person would know where to find such information.¹³ However, the Act preempted state law only as to the priority of liens, meaning a state could impose requirements affecting the enforceability and validity of liens within that state.¹⁴ Further, in 1981, the FAA took the position that aircraft liens could only be recorded with the FAA if the state law creating the lien allows for the creation or perfection of such a lien in this way.¹⁵ Currently, the FAA records liens claimed in

¹ Fla. Jur. 2d Liens § 37:1

² Equitable liens are judicial creations designed to prevent unjust enrichment of a party. See Ralph E. Boyer and Barry Kutun, *The Equitable Lien in Florida*, 20 U. Miami L. Rev. 731 (1966),

<https://repository.law.miami.edu/cgi/viewcontent.cgi?article=3127&context=umlr> (last visited May 3, 2019).

³ Fla. Jur., *supra*, at 1.

⁴ *Id.*

⁵ Fla. Jur. 2d Liens and Encumbrances on Title § 4:21.

⁶ *Id.*

⁷ *Commercial Jet, Inc. v. U.S. Bank, N.A.*, 45 So. 3d 887 (3d DCA 2010).

⁸ *Creston Aviation, Inc. v. Textron Financial Corp.*, 900 So. 2d 727 (2005).

⁹ "Aircraft" means any contrivance invented, used, or designed to navigate, or fly in, the air. 49 USC § 40102(a)(g).

¹⁰ The Federal Aviation Administration of the Department of Transportation regulates civil aviation and U.S. commercial space transportation, maintains and operates air traffic control and navigation systems for civil and military aircrafts, and develops and administers programs relating to aviation safety and the National Airspace System. See The Federal Register, *Federal Aviation Administration*, <https://www.federalregister.gov/agencies/federal-aviation-administration> (last visited May 3, 2019).

¹¹ See 49 U.S.C. § 44107; see also *Creston*, *supra*, at 8.

¹² See 49 U.S.C. § 44108; see also *Creston*, *supra*, at 8.

¹³ See *Creston*, *supra*, at 12, citing *Aircraft Trading & Servs., Inc. v. Braniff, Inc.*, 819 F. 2d 1227 (2d Cir. 1987).

¹⁴ See *Creston*, *supra*, at 12, citing *Philko Aviation, Inc. v. Shackel*, 103 S. Ct. 2476 (1983).

¹⁵ Federal Aviation Administration, *Artisan Liens on Aircraft; Recordability*, 70 FR 59800 (Oct. 13, 2005)

<https://www.federalregister.gov/documents/2005/10/13/05-20467/artisan-liens-on-aircraft-recordability> (last visited May 3, 2019).

thirty-six states, including Florida.¹⁶ Florida specifically provides that no lien affecting title to a civil aircraft is valid until such lien is recorded with the FAA.¹⁷

Lien for Landing

The governing body of a publicly owned and operated airport may claim a lien upon an aircraft landing at the airport for all unpaid fees and charges for the use of the airport's facilities after demanding payment for such fees and charges from the aircraft's owner or operator.¹⁸ A lien for landing is a possessory lien that attaches to any aircraft, at the airport, owned or operated by the person owing such charges and fees.¹⁹

A lien for landing is enforced in the same manner as a warehouseman's²⁰ lien, i.e., by public sale of the aircraft after notification to all persons known to claim an interest in the aircraft.²¹ The notification must be delivered by certified mail or in person and include:

- An itemized statement of the amount due;
- A description of the aircraft;
- A demand for payment within a specified time; and
- A conspicuous statement that unless the claim is paid within the specified time, the goods will be sold at a specified time and place.²²

Following the expiration of the timeframe given for payment in the notice, the lienor must publish an advertisement for two consecutive weeks in a newspaper of general circulation where the sale is to occur.²³ The advertisement must state:

- A description of the aircraft;
- The name of the person on whose account the aircraft is held; and
- The time and place of the sale.²⁴

Lien for Fuel, Labor, Services, or Material

A person who provides fuel for an aircraft may claim a lien on the aircraft for any unpaid fuel charges.²⁵ A person who performs labor or services on or for an aircraft may claim a lien on the aircraft for any unpaid costs for the labor or services performed and for the materials used.²⁶

A lien for fuel, labor, services, or material under ss. 329.41 or 713.58, F.S., is a possessory lien.²⁷ To enforce such a lien, a lienor must record a verified lien notice with the clerk of the circuit court in the county where the aircraft was located at the time the fuel, labor, services, or material was last provided.²⁸ Such notice must be recorded within 90 days of the date the fuel, labor, services, or material was last furnished and must state:

- The name of the lienor;
- The name of the aircraft's owner;
- A description of the subject aircraft;

¹⁶ *Id.*

¹⁷ S. 329.01, F.S.

¹⁸ S. 329.40(1), F.S.

¹⁹ S. 329.40(2), F.S.

²⁰ "Warehouse" means a person engaged in the business of storing the goods of others for hire. S. 677.102(1)(m), F.S.

²¹ Ss. 329.40(1) and 677.210(1) and (2), F.S.

²² S. 677.210(2), F.S.

²³ S. 677.201(3), F.S.

²⁴ *Id.*

²⁵ S. 329.41, F.S.

²⁶ S. 713.58(1), F.S.

²⁷ S. 713.58(3), F.S.; see also *Commercial Jet, Inc.*, *supra*, at 7.

²⁸ S. 329.51, F.S.

- The amount for which the lien is claimed; and
- The date the expenditure was completed.²⁹

Effect of the Bill

The bill declares liens claimed under ss. 329.41 and 713.58, F.S., for labor, services, fuel, or material furnished to an aircraft are not possessory liens. Thus, a person claiming such a lien does not need to keep the aircraft in his or her possession to enforce the lien.

The bill does not affect the possessory nature of liens for labor or services to other property claimed under s. 713.58, F.S.,³⁰ or liens for landing claimed under s. 329.40, F.S. These liens remain possessory liens unless categorized otherwise in statute.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill allows a lienor to enforce a lien for fuel, labor, services, or material furnished to an aircraft even if the lienor releases the aircraft to the owner or operator. This may make it easier for a lienor to recover money owed to him or her without keeping a commercial aircraft out of service and potentially disrupting commercial air travel. This may also allow the owner or operator of an aircraft on which a lien is claimed to keep using the aircraft while he or she works to satisfy the lien.

D. FISCAL COMMENTS:

None.

²⁹ *Id.*

³⁰ E.g., a lien claimed under s. 718.58, F.S., for labor or services performed on a motor vehicle.