

## Department of Motor Vehicles 2006 Fiscal Impact Statement

**1. Bill Number** HB1258

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Hugo

**3. Committee**   Transportation

**4. Title**            Tow trucks; towing and recovery operators; local-option regulations; regulation by Board for Towing

**5. Summary/Purpose:** Transfers the definition of "tow truck" from its present location to § 46.2-100 (the general definitions applicable to all of Title 46.2 (Motor Vehicles)) and uses this defined term ("tow truck") to replace references to the undefined terms "wrecker" and "towing and recovery vehicle." The bill allows a mechanic's lien for "towing, storage, and recovery" in addition to the present "keeping, supporting, and care,"; increases the present three-day limit for garage keepers to obtain vehicle data from DMV and provide written notice to the owner of the stored vehicle to a seven-day limit; raises the so-called "junk car" threshold from the present \$5,000 to \$10,000 and increases from \$25 per day to \$50 per day the amount owed for storage if a vehicle is towed, unclaimed, and sold. The bill also revises the procedures by which towing and storage companies may seek to recover their fees and charges for towing away and storing immobilized and abandoned vehicles and provides that, when stolen vehicles are recovered, owners of the recovered vehicles pay the towing and storage charges and can be reimbursed from the appropriation for criminal charges. In addition, it provides that local towing regulations can be no less restrictive than those imposed by the new Board for Towing and Recovery Operators and requires that signs used to provide notice that a trespassing vehicle will be towed include at least the nonemergency telephone number of the local law-enforcement agency or the telephone number of the towing and recovery business authorized to perform the tows. The measure also expands localities' ability to regulate "trespass tows" by ordinance and provides that, in the event a vehicle is towed from one locality to be stored in another, the ordinances of the locality from which the vehicle was towed shall apply, and prohibits local requirements that towing and recovery businesses provide service as repair facilities, body shops, or filling stations. Under this measure, localities would be authorized by ordinance to require photographic evidence to justify "trespass tows," posting of signs providing notice of where towed vehicles may be reclaimed and the name and telephone number of local consumer affairs offices, obtaining so-called "second signatures" from property owner agents prior to tows. The bill additionally prohibits certain relationships between towing and recovery businesses and the agents of property owners from whose property trespassing vehicles are towed by the towing and recovery businesses. The maximum allowable hookup and initial towing fee for trespass tows of passenger cars would be increased from \$85 to \$125, unless local ordinance sets a different limit, and the amount of additional fees for late night, weekend, and holiday tows would be raised from \$10 to \$25. The bill reduces from 24 hours to 12 hours the period of initial storage for which no storage or

safekeeping charge can be imposed, allows local governments, by ordinance, to (i) prohibit storage charges for periods of time when owners cannot reclaim their vehicles because the towing and recovery business is closed and (ii) place caps on the charges that these businesses may impose and requires that any such limits be subject to "periodic and timely" adjustments. Local towing advisory boards would be required to consist of an equal number of representatives of local law-enforcement agencies and representatives of towing and recovery operators, plus one "civilian," and would have to meet at least once per year at the call of the chairman, who is to be chosen annually by a majority vote of the board. Finally, the bill establishes a new Board of Towing and Recovery Operators to license and regulate the towing and recovery industry and tow truck drivers. **See SB 134 (O'Brien) for companion bill.**

**6. Fiscal Impact Estimates are Preliminary (see Items 7 and 8 below).**

**7. Budget amendment necessary: Yes – new item required**

A request for treasury loans of \$350,000 for each of the next two fiscal years will be submitted to provide start-up funds for the Board of Towing and Recovery Operators until the self-funding mechanisms are established and implemented.

**8. Fiscal implications:** Funding for the proposed Board of Towing and Recovery Operators will be derived from licensing and other fees associated with the regulation of the towing industry. Initial staffing for the Board is expected to include an executive director and up to two support staff. Funding for staff to the Board, including the executive director, and reimbursements for each board member's actual and necessary expenses incurred while carrying out their duties will be paid from treasury loan funds until the licensing and other fees are established and implemented. Once the fees are established and implemented, they will be deposited into the Towing and Recovery Operators Board Fund. Costs associated with Board operations will be paid out of that fund. The bill will require minimal computer system changes at DMV.

**9. Specific agency or political subdivisions affected:** Localities, DMV, and the proposed Board of Towing and Recovery Operators

**10. Technical amendment necessary:** An amendment in the nature of a substitute is expected in order to mirror the recent changes made to the Senate companion bill (SB 134 – O'Brien).

**11. Other comments:** Unlike many other boards, the bill does not provide a statutory nexus linking the Board of Towing and Recovery Operators to the Executive Branch.

**Date:** 01/28/06 /jmc

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**cc:** Secretary of Transportation