

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number SB134

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

2. Patron O'Brien

3. Committee Passed Both Houses

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

5. Summary/Purpose: This bill 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 the Department of Motor Vehicles (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 non-emergency 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, and 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.

6. Fiscal impact estimates are final.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	-	-	-
2006-07	\$350,000	3.00	NGF
2007-08	\$350,000	3.00	NGF
2008-09	\$350,000	3.00	NGF
2009-10	\$350,000	3.00	NGF
2010-11	\$350,000	3.00	NGF
2011-12	\$350,000	3.00	NGF

7. Budget amendment necessary: Yes, new item required.

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 need to 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 and repayment of treasury loans will be paid out of that fund. The bill will require minimal computer system changes at DMV.

Both the House and Senate provide for treasury loans of \$350,000 for each of the next two fiscal years as start-up funds for the Board of Towing and Recovery Operators until the self-funding mechanisms are established and implemented.

9. Specific agency or political subdivisions affected: Localities, Department of Motor Vehicles, proposed Board of Towing and Recovery Operators.

10. Technical amendment necessary: Yes. An appropriation must be established to reflect the use of a treasury loan to fund the Board's operations until the fee structure and fee collection processes are sufficient. DPB recommends an enactment clause such as, "Implementation of

this bill is contingent upon an appropriation in a 2006 budget bill passed by the General Assembly and approved by the Governor.”

11. Other comments: The House budget places the Board under the Motor Vehicle Dealer Board, while the Senate budget treats it as a stand-alone agency.

This bill conforms to HB 1258.

Date: 3/20/06 /jlv

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cc: Secretary of Transportation