

Commission on Local Government

Estimate of Local Fiscal Impact

2018 General Assembly Session

Bill: HB1406

Patron: Pogge

Date: 1/23/2018

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

Bill Summary:

Creates a mechanism whereby towing and recovery operators that tow certain abandoned or immobile vehicles on behalf of a law-enforcement agency may recover costs for storage, towing, and recovery fees from such law-enforcement agency. The bill provides that such law-enforcement agency may seek full reimbursement of the costs from the state treasury from the appropriation for criminal charges

Executive Summary:

Localities have evaluated a negative fiscal impact ranging from \$0.00 - \$10,000.00, however most localities were unable to quantify a fiscal impact due to lack of available data on the subject, and noted that there would be some fiscal impact. The bill could increase the administrative workload, and there would be costs associated with towing, storage & recovery fees. Localities responded indicating a fiscal impact, noted that they have to front-fund these costs, which can be exorbitant, and raised concern because the reimbursement is contingent on appropriation by the state.

Local Analysis:

Locality: Botetourt County

Estimated Fiscal Impact: \$0.00

Botetourt County

While there are several towing operators in the County, I do not have the total number of vehicles held per year at the request of the County. However, DMV states that a vehicle must be held 30 days plus 10 days after due date before the vehicle is disposed of. This would equate to \$ 1,600 to \$2,000 per vehicle at a cost of \$40 to \$50 per day for storage. In addition, in speaking to one or two company owners, an average tow costs \$150 - \$200. Added to this would be the administrative work involved in processing, coordinating, and related costs. Therefore, on a per vehicle basis, the request for reimbursement from the towing operators could be between \$1,800 and \$2,500 per vehicle.

Locality: City of Alexandria

Estimated Fiscal Impact: \$0.00

Strongly oppose. Would put costs for towing and storage directly on the Police Departments for recovered stolen vehicles. Could amount to heavy fiscal burden on police agencies where recoveries occur. Contracted towing agencies who transport vehicles are already paid through those contracts. Costs should remain with insurance companies.

Locality: City of Covington

Estimated Fiscal Impact: \$0.00

Small locality no significant impacts projected.

Locality: City of Danville

Estimated Fiscal Impact: \$10,000.00

The Danville Police Department estimates these costs at around \$10,000, which would cover administrative costs for processing/personnel costs during the narrow time frame between the initial notification and when it would turn over to reimbursement from the state treasury.

Locality: City of Harrisonburg

Estimated Fiscal Impact: \$0.00

A cost estimate of 120 vehicles a year is approximately \$35,000 for abandoned and immobile vehicles. As we interpret the full written bill and if full reimbursement is provided by the state then there should be no impact for abandoned or immobile vehicles.

Locality: City of Martinsville

Estimated Fiscal Impact: \$5,000.00

At first glance, this seems reasonable; however, the locality would have to front-fund these costs - which can be exorbitant - without a guarantee of reimbursement. We can hope that it would be reimbursed, but it would require additional man-power in an already stretched-thin workforce. So not only do we have to lay funds out, it's going to cost us in time and energy to get the funds back, and that's something we'll never recover. Don't do it.

Locality: City of Virginia Beach

Estimated Fiscal Impact: \$0.00

The exact fiscal impact is unknown at this time; however, the City of Virginia Beach opposes this bill. This proposed amendment would require the City to pay for all associated costs and fees and then we would have to request reimbursement from the state. Currently, the tow companies are required to request reimbursement from the state on their own. Not only would the passage of this proposal result in added costs to our agency (at least initially), it would also increase the administrative workload required by the City to request reimbursements. Another point of concern is that the reimbursement to the City is contingent on appropriation by the State. Over the years, it has not been uncommon for appropriations to be fully expended by State for programs prior to the City receiving full reimbursement for cost of programs.

Locality: City of Winchester

Estimated Fiscal Impact: \$10,000.00

According to Police Department staff:

The proposed change will make the timely notification of the vehicle owner even more important, according to the code that would be by certified mail with return receipt requested. I would think this would fall under law enforcement to see that this is completed. The owners time starts once they have received the notice. Depending on how long the vehicle has been stored before notification was properly made, this can add up very quickly at \$50.00 per day storage fees. We would have to pay, if the tow company applied for payment, \$150.00 for tow, and the \$90.00 administrative fee on top of the \$50.00 per day storage. We would be able to seek reimbursement from the state treasury from the appropriation for criminal charges.

If no charges are filed; identity of the violator cannot be determined, or where it is found by a court that this section was not violated the cost will be paid out of the state treasury, provided that such costs are not required to be paid by the law-enforcement agency that initiated the request, then I assume we are not reimbursed at all. If this is the case then it would require a budget addition or adjustment to an existing budget to provide these funds. It will also require someone to keep a file on the towed vehicles and follow up on the necessary filings and paperwork.

As an example in the past thirty days we have had 77 vehicles towed. I am not sure how many of those at this point would apply but this change would require someone to monitor what is being towed and make sure it is being followed up on in a timely manner to avoid any unnecessary charges.

Another comment:

I would agree with this and I am sure tow business would collect if given the chance especially with abandon vehicles and persons lack of paying. The vehicles are usually left abandon because of the lack of money and we know how hard it is for people to pay fines. It also seems the majority of finding out ownership etc would be the responsibility of LE which we wouldn't have the resources for.

~~~~~  
**Locality:** County of Henrico

**Estimated Fiscal Impact:** \$0.00

This bill would be unlikely to affect Henrico fiscally. We currently store all stolen vehicles at County owned facilities, and no storage fee is charged or paid to any outside towing agency. Costs would not increase for towing, because Henrico Police already reimburse the towing charges to the towing company.

~~~~~  
Locality: Fairfax County

Estimated Fiscal Impact: \$1.00

The bill could have a significant fiscal impact. It would require the Police Department to reimburse towing and impound fees for the impoundment of cars related to crime. Although the bill says the County can "seek reimbursement" from the State, funds would have to be available for such reimbursements.

~~~~~  
**Professional Organization Analysis:**

**Organization:** Accomack-Northampton Planning District Commission

Staff contacted the towing company most often used by law enforcement. Towing charges are based on certain factors such as whether or not flares were used, clean-up of gasoline or other material is needed, and the vehicle condition. Towing costs can range from \$50 - \$300. Law enforcement calls occur each week. The estimate of the average towing charges requested by law enforcement for the Eastern Shore of Virginia is \$13,500 annually.

~~~~~

Organization: Northern Neck PDC

No negative impacts to locality.

