

# SENATE BILL REPORT

## ESHB 1625

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As of March 22, 2013

**Title:** An act relating to consumer protection for tow truck services.

**Brief Description:** Concerning limitations on certain tow truck operator rates.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Pollet, Clibborn, Kagi, Pedersen, Hunt, Riccelli, Appleton, Hudgins, Moscoso, Fitzgibbon, Morrell, Sells and Bergquist).

**Brief History:** Passed House: 3/09/13, 91-7.

**Committee Activity:** Transportation: 3/21/13.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Kim Johnson (786-7472)

**Background:** State law regulates tow truck operators (operators) who impound vehicles from private or public property and/or tow for law enforcement agencies. Impounds, the taking and holding of a vehicle in legal custody without the consent of the owner, may only be performed by registered operators. If on public property, the impound is at the direction of a law enforcement officer; if the vehicle is on private property, the impound is at the direction of the property owner or the owner's agent.

Operators are issued a tow truck permit by the Department of Licensing (DOL), following payment of a \$100 per company and a \$50 per truck fee, plus an inspection by the Washington State Patrol (WSP). Operators must also file a surety bond of \$5,000 with DOL and meet certain minimum insurance requirements. An operator must file a fee schedule with DOL. An operator may not charge a fee that exceeds those filed with DOL.

In order for an operator to provide towing services for WSP, an application must be approved and a letter of appointment issued by WSP. As part of the application process, WSP requires compliance with standards for equipment, performance, pricing, and practices. These standards are only binding on those towing operators appointed by WSP for the purpose of performing towing services at the request of WSP. Current rules establish requirements related to criminal background checks for owners, officers, and employees of operators. WSP also sets maximum rates for towing services for WSP-riginated calls.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

State law also requires WSP to classify tow trucks in rule. WSP established requirements for class A, class B, class B-2, class C, class D, class E, class S, and class S-1 tow trucks. The classes are based on size, equipment, and capabilities of the tow truck.

The City of Seattle adopted an ordinance that caps the amount an operator may charge for private impounds using class A, class D, or class E tow trucks at \$183 for the first hour and \$130.60 for the second and subsequent hours. The ordinance also caps the storage fee at a maximum rate of \$15.50 for each 12-hour increment and caps the after-hour release fee at \$100.

**Summary of Bill:** Legislative findings are made in regard to the public knowing what the charges and fees will be for the private impound of vehicles parked on private property, and that those charges should be uniform and reasonable throughout the state.

Maximum rates for private impounds performed by operators using class A, class D, or class E tow trucks are established as such:

- towing hourly rates may not exceed 135 percent of the rate established for class A tow trucks for WSP-originated calls;
- daily storage rates may not exceed 135 percent of the rate established for WSP-originated calls; and
- the after-hours release fee may not exceed 100 percent of the rate established for WSP-originated calls.

The maximum rate requirements apply to all operators whether or not they hold letters of appointment from WSP to respond to WSP-originated calls. These requirements do not apply to other classes of tow trucks than those specified and do not apply to law enforcement impounds or private voluntary towing. Additionally the requirements only apply if a vehicle is parked and upright, has all its wheels and tires attached, does not have a broken axle, and was not involved in an accident at the location from which it is being impounded.

The statewide rate caps do not affect the authority of any city, town, or county to enforce, maintain, or amend any ordinance that regulates the maximum allowable tow rates and charges if the ordinance was enacted prior to January 1, 2013, and was valid under state law in existence at the time the ordinance was enacted.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 21, 2013.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The Senate Transportation Committee passed essentially the same bill last year. A number of years ago I had an experience where a mom at the day care I used had her car towed from a lot near by the day care. She had to pay \$500 to get her car back. There are some bad actors out there that charge \$600 to \$800 for a private impound. The towing industry stepped up and recognized that there are some bad

actors in the tow industry and worked with us to develop a reasonable statewide cap on rates. If you were convicted of a misdemeanor you would have a lower bill than some of the more outrageous tow charges I have seen. We worked out very careful language with the City of Seattle and the tow industry to make sure we do not impact the current litigation between Seattle and the tow industry.

Why is the rate capped at something higher than the WSP rate? WSP-initiated tows are usually very straightforward and the car is always there for us to tow when we arrive. Private impounds are more difficult and costly to perform. For example, private impound tows are often in very narrow parking lots where we must extract the vehicle without damaging it or the others around it. Only 50 percent of the cars are actually there for us to tow from a private impound call which means that the driver's time and the gas is an operating loss to the tow company. The Towing and Recovery Association of Washington strongly supports this bill. Why did we agree to have a rate cap on our industry? In a private impound situation, there is no opportunity for the vehicle owner to shop around and get the best price; they have to pay whatever the rate the tow company is charging for the tow and it can be whatever the tow company wants it to be. This bill is fair and based on the real costs of doing business. Help us protect the public and the honest tow companies. The WSP rate is based on a study and is well vetted. We feel it essential to have a statewide levied rate.

**Persons Testifying:** PRO: Representative Pollet, prime sponsor; Stuart Halsan, Towing and Recovery Assn. of WA; Jackie Currie, Columbia Towing; Randy Houston, Randy's Towing.