

# HOUSE BILL REPORT

## HB 1219

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### As Reported by House Committee On: Transportation

**Title:** An act relating to deficiency claims after auction of a private property vehicle impound.

**Brief Description:** Concerning deficiency claims after auction of a private property vehicle impound.

**Sponsors:** Representatives Orcutt, Fey and Goodman.

#### **Brief History:**

##### **Committee Activity:**

Transportation: 1/23/17, 2/1/17 [DPS].

#### **Brief Summary of Substitute Bill**

- Increases the limit on a deficiency claim that a registered tow truck operator (RTTO) is allowed against the registered owner of an impounded vehicle to \$800. For vehicles over 10,000 pounds gross vehicle weight, the limit on a deficiency claim is increased to \$2,250.
- Requires the deficiency claim limits to be adjusted every three years, by the Department of Licensing, to reflect the percentage change in the consumer price index for urban consumers, as measured by the United States Bureau of Labor Statistics, in that time.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Wylie, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Chapman, Gregerson, Hayes, Irwin, Kloba, Lovick, McBride, Morris, Ortiz-Self, Pellicciotti, Pike, Riccelli, Rodne, Shea, Stambaugh, Tarleton, Van Werven and Young.

**Staff:** David Munnecke (786-7315).

#### **Background:**

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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.*

Tow truck operators who impound vehicles from private or public property, or tow for law enforcement agencies, are regulated under chapter 46.55 RCW. Impoundment, the taking and holding of a vehicle in legal custody without the consent of the owner, may only be performed by registered tow truck operators (RTTOs). 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 his or her agent.

When an unauthorized vehicle is impounded, within 24 hours the towing operator must send an impound notice to the legal owner, based on information received from law enforcement. After being held for 120 consecutive hours, a vehicle is considered abandoned and the RTTO must file an abandoned vehicle report (AVR) with the Department of Licensing (DOL). In response to the AVR, the DOL provides information to the RTTO regarding the owner of the vehicle.

Within 24 hours of receipt of this information, the RTTO must send by certified mail a notice of custody and sale to the owner. After 15 days from the receipt of information from the DOL, the RTTO may no longer accumulate storage charges. If the vehicle remains unclaimed, the RTTO must conduct a sale at public auction. The RTTO may not hold the vehicle for longer than 90 days, except in the case of a law enforcement or judicial order.

Vehicles may be redeemed by their legal owners any time before the start of the auction upon payment of towing and storage charges. The RTTOs collect towing and storage charges on abandoned vehicles via a lien against the sale of the vehicle at auction. If the vehicle sale proceeds are less than the lien, the remaining charges owed to the RTTO are sent to a collection agency for recovery of the deficient claim. An RTTO is allowed a deficiency claim against the registered owner of an impounded vehicle of up to \$500. For vehicles over 10,000 pounds gross vehicle weight, an RTTO is allowed a deficiency claim of up to \$1,000.

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#### **Summary of Substitute Bill:**

The amount that an RTTO is allowed in a deficiency claim against the registered owner of an impounded vehicle is increased to \$800. For vehicles over 10,000 pounds gross vehicle weight, an RTTO is allowed a deficiency claim of up to \$2,250. These two amounts are required to be adjusted every three years, by the DOL, to reflect the percentage change in the consumer price index for urban consumers, as measured by the United States Bureau of Labor Statistics, in that time.

#### **Substitute Bill Compared to Original Bill:**

The substitute bill adds a requirement that adjustments in the deficiency claim limits be done by the DOL on July 1 of the year in which the adjustment is required to be made.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) There are rules that need to be followed by RTTOs, and there are costs associated with following these rules. This bill allows more of these costs to be recovered from the registered owner of the vehicle, which is only fair.

The increases in the deficiency claim limits are inflationary, since the current amounts have not been changed in decades. The indexing of the amounts allows the amounts to keep up with inflation.

This bill allows RTTOs to recover their costs that are not covered by the auction of a vehicle. Credit agencies are no longer reporting these sorts of deficiency claims, so this is the last option for cost recovery.

(Opposed) None.

**Persons Testifying:** Representative Orcutt, prime sponsor; and Peter Lukevich, Towing and Recovery Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.