

HOUSE BILL REPORT

HB 2592

As Passed Legislature

Title: An act relating to prohibiting incentive towing programs for private property impounds.

Brief Description: Prohibiting incentive towing programs for private property impounds.

Sponsors: Representatives Hunt and Hasegawa.

Brief History:

Committee Activity:

Transportation: 1/18/10, 1/19/10 [DP].

Floor Activity:

Passed House: 2/10/10, 95-2.

Passed Senate: 3/4/10, 48-0.

Passed Legislature.

Brief Summary of Bill

- Prohibits tow truck operators from entering into contracts or offering certain incentives for private impounds.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass. Signed by 24 members: Representatives Clibborn, Chair; Liias, Vice Chair; Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Campbell, Driscoll, Eddy, Finn, Johnson, Klippert, Kristiansen, Moeller, Nealey, Rolfes, Sells, Shea, Simpson, Springer, Takko, Upthegrove, Wallace, Williams and Wood.

Minority Report: Do not pass. Signed by 2 members: Representatives Ericksen and Herrera.

Staff: David Munnecke (786-7315).

Background:

Tow truck operators who impound vehicles from private or public property, or tow for law enforcement agencies, are regulated under Chapter 46.55 RCW. Impounds, the taking and

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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.

The RTTOs are issued a tow truck permit by the Department of Licensing (DOL), following payment of a \$100 per company and \$50 per truck fee, plus an inspection by the Washington State Patrol. The RTTOs must also file a surety bond of \$5,000 with the DOL and meet certain insurance requirements.

Except where the impounded vehicle has a fair market value only equal to its scrap value, an RTTO may not ask for or receive compensation, gratuities, or rewards from a person authorized to sign an impound authorization related to the impounding of a vehicle beyond the costs of towing, storage, or other services rendered. Registered tow truck operators are also prevented from having an interest in a contract, agreement, or understanding between a person having control of private property and an agent of the person authorized to sign an impound authorization. Finally, an RTTO may not have an interest in an entity whose functions include acting as an agent or representative of a property owner for the purpose of authorizing impounds. A violation of these prohibitions is a gross misdemeanor.

Summary of Bill:

Registered tow truck operators are prohibited from entering into any contract or agreement or offering an incentive to a person authorized to order a private impound that is related to the authorization of an impound. These incentives include monetary or nonmonetary things of value, but do not include items of de minimus value that are given in the ordinary course of business such as:

- promotional items including pens, calendars, and cups;
- holiday gifts such as cookies or candy;
- flowers for occasions such as illness or death; or
- the cost of a meal for one person.

The provision of the signs required to be posted on private property and the labor and materials associated with this placement is not a violation of this prohibition.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) House Bill 2592 came about because of a towing company that provided incentives or bonuses to its customers for ordering more impounds from the company. There are enough reasons to tow away vehicles without offering incentives to do so in order to

increase a towing company's income. Deciding which towing company to use should be based on the service that the company offers, not the incentives.

It is an important aspect of the current towing law that people be allowed to police their own parking lots. Most people thought that the law prevented the offering of inducements to do so, but once it was determined that this was not the case it became clear that legislation was necessary. This law would also give the Washington State Patrol an opportunity to make this prohibition a condition of licensing for towing companies.

Rental owners are also supportive of a law that prevents the offering of incentives. Owners and managers of rental housing have a need for towing services, and the managers of rental housing might take these incentives in the absence of a law prohibiting them from doing so.

(Opposed) None.

Persons Testifying: Representative Hunt, prime sponsor; Stu Halsan, Towing and Recovery Association Washington; and Joe Puckett, Washington Multi-Family Housing Association.

Persons Signed In To Testify But Not Testifying: None.