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## Transportation Committee

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### HB 1869

**Brief Description:** Establishing nonimpound tow truck operator licensing.

**Sponsors:** Representatives Pollet, Harris, Hayes and Moscoso.

#### Brief Summary of Bill

- Creates a new category of tow truck operator, defined as a non-impound tow truck operator (NTTO).
- Establishes NTTO requirements, including minimum insurance coverage, criminal background checks, and tow truck inspections.
- Delegates rule-making authority to the Department of Licensing and the Washington State Patrol.

**Hearing Date:** 2/11/15

**Staff:** Andrew Russell (786-7143).

#### Background:

The Department of Licensing (DOL) issues registration certificates to certain tow truck operators. These registered tow truck operators (RTTO) are authorized to impound, transport, and store certain vehicles, and dispose of abandoned vehicles. It is a gross misdemeanor for a person to engage in the activities of an RTTO without first registering with the DOL. A vehicle that recovers disabled vehicles for monetary compensation either must be operated by an RTTO or must meet the minimum insurance and tow truck inspection requirements applied to RTTOs.

In applying to become an RTTO, a person must submit the names and addresses of the firm, of all persons having an interest in the business, and of all employees who serve as tow truck drivers. Additionally, the RTTO must provide proof that it has insurance in at least the following amounts: \$100,000 for liability for bodily injury or property damage per occurrence, and \$50,000 for liability for vehicle damage. The applicant must provide a certificate of approval from the Washington State Patrol (WSP), certifying that the listed addresses are correct, the

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business has proper public access, and it provides sufficient vehicle storage facilities. An application may be denied if the applicant has previously had a license canceled, or if the application was filed not in good faith or as a subterfuge.

An RTTO must also maintain a tow truck permit for each tow truck of which the operator is the registered owner. A tow truck permit requires the truck to undergo a physical inspection by the WSP.

Additionally, an RTTO may apply to the WSP for a letter of appointment, which authorizes that RTTO to conduct impounds at the direction of law enforcement. To apply for a letter of appointment, an RTTO must sign a contractual agreement that lists the maximum tow rates that may be charged for WSP-originated calls. Additionally, the applicant must undergo a criminal background check.

The RTTOs must file a fee schedule with the DOL, and the RTTO may not charge fees in excess of this schedule. Towing fees must be calculated on an hourly basis, and the fees for certain towing operations are limited to 135 percent of the maximum hourly rate as negotiated by the WSP.

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

A new type of tow truck operator is created—a "non-impound tow truck operator" (NTTO). A NTTO is defined as a person who is not an RTTO but who tows disabled vehicles from public highways for monetary compensation. The NTTOs are required to obtain a license from the DOL, and it is a gross misdemeanor to engage in the activities of a NTTO without the required license. Additionally, NTTO businesses are specifically made subject to the Uniform Regulation of Business and Professions Act, chapter 18.235 RCW.

In applying to become a NTTO, a person must submit the same information that is required in applying to be an RTTO, including names and addresses of the firm, persons with an interest in the business, and all employees who serve as tow truck drivers. The NTTOs are also subject to the same minimum insurance requirements: \$100,000 for liability for bodily injury or property damage per occurrence, and \$50,000 for liability for vehicle damage. An application may be denied if the applicant has previously had a license canceled, or if the application was filed not in good faith or as a subterfuge.

As is required of the RTTOs, a NTTO must maintain a permit for each tow truck of which the operator is the registered owner. A tow truck permit for an application or renewal requires that the truck be inspected by a qualified mechanic.

All NTTO applicants, owners, partners, and corporate officers must be screened through state and federal background checks, the cost of which may be passed on to the tow truck operators and applicants. The information obtained through this background check, however, may not be shared with any other entity. The DOL may not issue a NTTO license if the background check reveals the applicant was convicted of a class A felony, any sex offense, a class B felony in the last 10 years, a class C felony in the last five years, a drug- or alcohol-related traffic violation two or more times in the last five years, any gross misdemeanor in the last three years, or must register as a sex offender or kidnapping offender. Additionally, the NTTO must conduct pre-

employment criminal history background checks for any prospective employees that operate a tow truck.

The NTTOs must prepare itemized bills for tow service and provide this bill to the customer. Additionally, NTTOs must retain certain records, which must be available for audit and inspection, including tow truck inspection and maintenance records, itemized invoices and receipts, and prospective employee criminal history background checks.

Finally, a section of law allowing non-RTTOs to tow disabled vehicles for monetary compensation under certain circumstances, is repealed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2016.