

# SENATE BILL REPORT

## SB 5640

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As Reported by Senate Committee On:  
Transportation, February 25, 2015

**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. [**Revised for 1st Substitute:** Concerning the limitation on towing and storage deficiency claims after auction of a private property vehicle impound.]

**Sponsors:** Senator Ericksen.

**Brief History:**

**Committee Activity:** Transportation: 2/10/15, 2/25/15 [DPS, DNP].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5640 be substituted therefor, and the substitute bill do pass.

Signed by Senators King, Chair; Benton, Vice Chair; Fain, Vice Chair; Lias, Assistant Ranking Minority Member; Baumgartner, Ericksen, Miloscia, Rivers and Sheldon.

**Minority Report:** Do not pass.

Signed by Senators Cleveland, Jayapal and Pedersen.

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

**Background:** Impounds, i.e. 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). When a vehicle is impounded, an RTTO must send an impound notice to the legal owner, based on information received from law enforcement.

After a vehicle is held in impound for more than 120 hours it is considered abandoned, and an RTTO must file an abandoned vehicle report (AVR) with the Department of Licensing (DOL). In response to the AVR, DOL provides information to the RTTO regarding the owner of the vehicle, and the RTTO must send by certified mail a notice of custody and sale to the owner.

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If the vehicle remains unclaimed, the RTTO must conduct a sale at public auction. Vehicles may be redeemed by their legal owners any time before the start of the auction upon payment of towing and storage charges.

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. RTTOs are permitted a deficiency lien against the registered owner of an impounded vehicle of up to \$500 after deducting the amount bid at the auction. For vehicles over 10,000 pounds gross vehicle weight, the RTTO is permitted a deficiency lien of up to \$1,000.

The statutory maximum rates for private impounds performed by operators using class A, class D, or class E tow trucks are as follows:

- 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.

**Summary of Bill (Recommended Substitute):** The maximum limits for deficiency claims for an RTTO are removed for tow and impound services that are covered by the statutory rate cap.

**EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Substitute):** Removes the deficiency cap only for tow and impounds that are covered by the statutory rate cap.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

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

**Staff Summary of Public Testimony on Original Bill:** There is a cap in statute. That cap only applies to private property impounds. It does not apply to police impounds because there was an hourly rate cap. Private impounds never had the rate cap so the deficiency claim was capped as a protection. Now we do have rate regulation that sets a reasonable rate for tow, impound, and storage fees. These rates have been in statute for over 20 years. There have been no changes in the rates for 20 years and no adjustment of inflation. They are not necessary a safety valve anymore. A real problem is when they get called in to tow abandoned recreational vehicles. It can be thousands of dollars to dispose of these vehicles.

**Persons Testifying:** PRO: Stu Halsan, Towing and Recovery Assn. of WA.