

# SENATE BILL REPORT

## SB 5016

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As of February 1, 2017

**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:** Senators Hobbs, Rivers and Warnick.

**Brief History:**

**Committee Activity:** Transportation: 1/25/17.

**Brief Summary of Bill**

- Increases the deficiency claim cap for a registered tow truck operator against the registered owner of an impounded vehicle to \$800 and up to \$2,250 for vehicles over 10,000 pounds gross vehicle weight.

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### SENATE COMMITTEE ON TRANSPORTATION

**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.

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.

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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.*

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 Washington State Patrol (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:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** The maximum deficiency lien RTTOs are permitted against the registered owner of an impounded vehicle is up to \$800 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 \$2,250.

The dollar thresholds must be adjusted every three years to reflect the percentage change for that three-year period in the consumer price index. DOL must also adjust the dollar thresholds established on July first of the year that an adjustment under this section is authorized.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony on Proposed Substitute:** PRO: Most towing companies are small businesses. These caps were set in the mid 80's and 90's. We should bring them up to present day value.

Often times when we tow an abandoned vehicle it isn't worth much, and we don't recover enough at the auction to cover our costs which means we are towing these vehicles at a deficit. All we are trying to do is bring these amounts up to get us closer to covering our costs for removing the vehicle. There is a section of the bill that would link it to the CPI to try to keep the cap amount current moving forward.

**Persons Testifying:** PRO: Senator Steve Hobbs, Prime Sponsor; Paul Bressi, Nisqually Towing; Chester Baldwin, Towing and Recovery Association of Washington.

**Persons Signed In To Testify But Not Testifying:** No one.