

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 514 (Delegates Allen and Boyce)
Environment and Transportation

**Commercial Law - Statutory Liens - Motor Vehicles Towed or Removed From
Parking Lots**

This bill establishes that a person has a lien on a motor vehicle if the person tows or removes the motor vehicle from a privately owned parking lot under specified provisions of State law, for any charges incurred for any (1) towing; (2) recovery; (3) storage; or (4) notice provided. A lien created pursuant to the bill must be extinguished if the motor vehicle is reclaimed and the charges giving rise to the lien are paid by (1) the owner, lessee, or operator of the motor vehicle; (2) the insurer of record; (3) any secured party; or (4) any authorized agent of the motor vehicle owner. A lien is created under the bill when any charges giving rise to the lien are incurred. The bill applies retroactively and must be applied to (and interpreted to affect) any action for the wrongful retention of a motor vehicle arising out of the towing or removal of the motor vehicle from a privately owned parking lot under specified provisions of State law occurring before the bill takes effect.

Fiscal Summary

State Effect: Transportation Trust Fund revenues may increase minimally depending on the number of additional lien placements. Expenditures are likely not materially affected.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Rights, Duties, and Obligations – Towing or Removing Vehicles from Parking Lots

Towing and daily storage rates are based on the limits set by the political subdivision for a public safety tow from which the vehicle was towed, or if no limit is established, no more than \$250 for towing and \$30 per day for storage. A tower may also charge the cost of providing notice to specified parties, but the tower must also provide the itemized cost of giving this notice.

In addition, towing services are required to notify police within one hour of the tow and photograph the violation or event that precipitated the violation. The tower must provide specified notice to the owner of the vehicle, as well as any secured party, and the vehicle's insurer, within seven days of the vehicle's removal from a parking lot, not including days that the towing business is closed.

A towing service that tows a vehicle from a parking lot is prohibited from charging for the actual cost of providing the required notice of the tow if the vehicle's owner or agent, insurer, or any secured party retakes possession of the vehicle within 48 hours of the vehicle being received by the storage facility.

The Motor Vehicle Administration must maintain a database of addresses for providing notice to an insurer and make the database available to towers free of charge.

Small Business Effect: Small business towing companies are likely impacted by the bill, as the bill establishes that such companies have a lien (*i.e.*, a claim) on vehicles towed from privately owned parking lots. Under the bill, towing companies may be able to more easily recoup their costs due to the lien creation (as any charges giving rise to the lien must be paid in order to recover a towed vehicle).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 107 (Senator James) - Judicial Proceedings.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Department of State Police; Maryland Department of Transportation; Department of Legislative Services

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