

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 97 (Delegate Fulton)

Commerce and Government Matters

Tow Truck Services - Regulation of Towing Practices

This bill prohibits a person who operates a towing service from: (1) having a police radio in the tow truck unless the person is contracted to provide towing services for a law enforcement agency; (2) having a scanner in a tow truck; (3) employing “spotters”; or (4) paying the owner, employee, or agent of the owner of a private parking facility based on the removal of a motor vehicle from the facility. A tow truck operator may not tow a vehicle from private property without the consent of the owner or driver of the vehicle, or the owner or person in control of the property. Violators of this provision are subject to a fine of up to \$10,000 and/or imprisonment of up to 1 year. The bill also requires tow truck operators to disseminate standardized towing service forms to individuals requesting towing services and requires tow truck operators to keep records of such transactions for 3 years. Failure to meet the bill’s requirement constitutes an unfair or deceptive trade practice.

The bill requires the Motor Vehicle Administration (MVA) to create the standardized towing service form and to make it available to tow truck operators. The form must include: (1) the name and address of the tow truck operator; (2) the costs of the towing service; (3) the amount of any storage charge or any other charge; (4) the time periods in which the vehicle may be retrieved; and (5) the manner in which the charges may be paid. The MVA may charge a fee for making the forms available.

Fiscal Summary

State Effect: Offsetting increases in Transportation Trust Fund (TTF) revenues and expenditures of approximately \$235,000 annually. The civil and criminal penalty provisions of this bill are not expected to significantly affect general fund finances. Assuming the Customer Protection Division receives fewer than 50 complaints as a result of this bill, any additional workload could be handled with existing resources. Any cost recovery by the

Attorney General resulting from actions brought under the unfair and deceptive trade practices provision cannot be quantified beforehand.

Local Effect: The civil and criminal penalty provisions of this bill are not expected to significantly affect local finances.

Small Business Effect: Meaningful.

Fiscal Analysis

State Effect: It is estimated that each operator of the 5,000 licensed tow trucks in the State will distribute to customers approximately 1,000 forms each year. It will cost the MVA \$47 to design and print 1,000 forms. The MVA will charge a fee so as to recover its costs of production. Accordingly, TTF revenues and expenditures will increase by approximately \$235,000 annually. The forms will be available for purchase at all MVA branch locations.

The civil and criminal penalty provisions of this bill are not expected to significantly affect State expenditures or revenues.

Local Effect: The civil and criminal penalty provisions of this bill are not expected to significantly affect local expenditures or revenues.

Small Business Effect: There are approximately 5,000 tow trucks licensed by the MVA in the State. It is unclear what proportion of the tow trucks are owned by small business, although it is assumed that such entities make up the majority of the industry.

Each provider of towing service will be required to purchase the forms mandated by the bill from the MVA at an approximate cost of \$50 for 1,000 forms. The bill requires tow truck operators to keep records of towing transactions for 3 years. Costs associated with clerical, administrative, and storage activities are likely to increase. Additionally, the towing companies will also be subject to stricter monetary and imprisonment penalties.

Information Source(s): Maryland Department of Transportation (Motor Vehicle Administration), Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

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