

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1283 (Delegate Jones, *et al.*)

Health and Government Operations

Judicial Proceedings

Vehicle Laws - Baltimore County - Tow Truck Operating Licenses

This bill requires Baltimore County to issue an accident towing license to any qualified applicant, regardless of the need for additional service. To the extent possible, new licenses must be issued to minority business enterprises (MBEs).

The bill takes effect June 1, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore County revenues and expenditures could increase minimally from processing new applications and fees for accident towing licenses.

Small Business Effect: Significant.

Analysis

Bill Summary: Baltimore County must designate a police precinct for the new licensee, such that each precinct will have substantially the same number of accident towing licensees on call. A police precinct must call the licensees in the precinct on a rotating basis.

An accident towing license must expire three years following the issuance of the license. The bill also establishes procedures for providing notice of expiration of a license.

Applicants may not be required to have had an accident towing license previously as a condition of receiving a license.

The provisions of this bill do not affect a license issued before June 1, 2006.

Current Law: MBE is a legal entity that is not a joint venture that is: (1) organized to perform commercial transactions; and (2) at least 51% owned controlled, and managed on a daily basis by one or more individuals who are socially and economically disadvantaged. Socially and economically disadvantaged individuals include members of specified minority groups.

In Baltimore County, “accident towing” means the moving, removing, or preparation for moving or removing of a disabled vehicle for a service charge. A service charge may include dues to an auto club. A person must have a license to operate a towing service. Baltimore County charges a fee of \$125 to apply for an accident towing license and a \$50 annual renewal fee. Applicants must pass a background check by the Baltimore County Police Department (BCPD). The Department of Permits and Development Management (PDM) must approve licenses on the basis of need for additional services and cannot issue a license without that need.

Background: PDM’s typical practice when a towing license application is submitted to the department is to refer the application to BCPD for investigation and review of the need for additional towing services in a particular area. BCPD then reports back to PDM and PDM ultimately issues or declines to issue the license. PDM had consistently always used BCPD’s criteria.

In 1998, Jordan Towing, an MBE applied for an accident towing license. At that time, there were no African-American holders of accident towing licenses. PDM included the need for diversity and inclusiveness as criteria and issued the towing license in 1999, even though BCPD reported that there was no need for additional towing services. Existing towing companies appealed the decision, and the Board of Appeals overrode PDM’s decision in 2001.

Jordan Towing appealed, but the decision was affirmed by the Circuit Court and the Court of Appeals for Maryland in *Jordan Towing, Inc. v. Hebbville Auto Repair, Inc.*, (369 Md. 439, 800 A.2d 768 (2002)). Standards for issuing towing licenses had been decided in a previous case, *Pollard’s Towing, Inc. v. Berman’s Body, Frame & Mechanical, Inc.*(Md.App. 277, 768 A.2d 131 (2001)), and Jordan Towing did not meet those standards.

Local Fiscal Effect: Baltimore County could see an increase in applications for an accident towing license, thus increasing Baltimore County revenues. In addition, the requirement that new licenses expire every three years would result in increased revenues from new holders of licenses reapplying for a license every three years. To the extent that additional applicants apply for an accident towing license that previously would not have applied, county expenditures could increase for additional background checks.

Small Business Effect: New towing businesses would significantly benefit from receiving an accident towing license; however, businesses with existing licenses would be negatively affected by the increase of towing companies competing for the same business.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Legislative Services

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