

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1002

(Delegates Foley and Barve)

Environment and Transportation

Judicial Proceedings

Commercial Vehicles - Police-Initiated Towing - Alterations

This bill establishes a Committee on Rate Setting and Complaint Resolution for Police-Initiated Medium-Duty and Heavy-Duty Towing and Recovery within the Department of State Police (DSP) to recommend approved rates for police-initiated towing and recovery services and perform other duties, as specified. Among other provisions, the bill (1) requires DSP to establish the approved rates for towing and recovery that may be charged by a tow company on a specified tow list by January 1, 2024, and (2) alters provisions that establish an effective date for when an authorized tow company must accept certain payments for the release of a vehicle, as specified. **The bill takes effect July 1, 2023, with certain provisions subject to a specified contingency.**

Fiscal Summary

State Effect: General fund expenditures for DSP increase by \$44,700 in FY 2024 for staff. Future years reflect annualization and inflation. Revenues are not affected.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	44,700	50,300	52,500	55,000	58,000
Net Effect	(\$44,700)	(\$50,300)	(\$52,500)	(\$55,000)	(\$58,000)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: This bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law:

Police-initiated Towing – In General

Under current law (and unchanged by the bill) police-initiated towing is the towing or recovery of a commercial motor vehicle that was authorized, requested, or dispatched by DSP. A tow list is a list of towing businesses authorized by DSP to perform police-initiated towing services of disabled or abandoned commercial vehicles within DSP's jurisdiction.

Committee on Rate Setting and Complaint Resolution for Police-Initiated Medium-Duty and Heavy-Duty Towing and Recovery

The bill establishes a Committee on Rate Setting and Complaint Resolution for Police-Initiated Medium-Duty and Heavy-Duty Towing and Recovery, which must:

- on or before December 1, 2023, recommend approved rates to DSP that should be charged for police-initiated towing and recovery services;
- meet at least once every three years to review and consider modification of the approved rates;
- request information and comments from other parties of interest to assist with its work;
- recommend to DSP a process for resolving towing complaints; and
- make any additional recommendations to DSP that the committee considers appropriate.

DSP must provide staff support for the committee. A member of the committee may not receive compensation but is entitled to reimbursement for expenses under the standard State travel regulations.

By January 1, 2024, DSP must establish the approved rates for medium- and heavy-duty towing and recovery that may be charged by a tow company on the tow list. Within five days after the approved rates have been adopted, DSP must notify the Department of Legislative Services (DLS).

Department of State Police Requirements and Procedures for Police-initiated Towing

Chapter 575 of 2022 established numerous requirements and procedures for police-initiated towing of certain commercial vehicles. Generally, DSP requires a tow company *applying to DSP's tow list* (for medium- and heavy-duty towing) to (1) submit a

rate sheet that does not include per pound billing and (2) ban the use of per pound billing by October 1, 2023. In general, DSP makes each towing company's rate sheet publicly available, upon request, and an authorized tow company may charge less, but not more, than the rates on the rate sheet submitted to DSP for police-initiated towing.

The bill repeals these provisions, instead specifying that DSP must require a tow company *that is on the tow list* to ban the use of per pound billing by October 1, 2023. A tow company may continue to charge less than (but not more than) the approved rates. "Approved rates" are the maximum rates approved by DSP that apply to police-initiated towing and recovery services.

Dispute of Fees and Release of Vehicle

Under current law, beginning *October 1, 2023*, in the case of a genuine dispute as to the reasonableness (or amount) of the fees assessed by an authorized tow company, an authorized tow company must release the vehicle to the owner (or authorized agent) upon payment of 20% of the invoice by the vehicle owner or operator (or the owner's designee). Any such payment does not eliminate the remainder of the financial obligation to the authorized tow company. The bill alters the effective date of the aforementioned provision from beginning October 1, 2023, to March 1, 2024.

However, the bill also establishes that if DLS receives notice of the adoption of approved rates, the aforementioned provisions regarding the dispute of fees and release of vehicle are instead repealed.

State Expenditures: General fund expenditures for DSP increase by \$44,730 in fiscal 2024, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one part-time administrator to perform administrative duties, including coordination and assistance with committee meetings, handling complaints and investigations, and providing research support for the committee's recommendations. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$37,718
Other Operating Expenses	<u>7,012</u>
FY 2023 State Expenditures	\$44,730

Future year expenditures reflect a full salary with annual increases and employee turnover. DSP advises that based on the experience of a similar group, it is anticipated that the committee will meet more than once every three years, and that a permanent administrator is necessary to perform administrative duties for the committee and other related tasks for

police-initiated towing. To the extent that the committee generates less work than anticipated, the additional staff support may be eliminated in future years.

Any expense reimbursements for the committee members are assumed to be minimal and absorbable within existing budget resources.

Small Business Effect: The bill's provisions may have a meaningful impact on small business towing companies or small businesses that are the subject of police-initiated towing.

Additional Information

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

Designated Cross File: SB 927 (Senator Waldstreicher) - Judicial Proceedings.

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

Fiscal Note History: First Reader - March 1, 2023
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