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February 15, 2024

To: The Honorable Marc Korman
Chair, Environment and Transportation Committee

From: Karen S. Straughn
Consumer Protection Division

Re: House Bill 514 – Commercial Law – Statutory Liens – Motor Vehicles Towed or
Removed from Parking Lots (CONCERN)

The Consumer Protection Division of the Office of the Attorney General has concerns regarding House Bill 514 introduced by Delegate Nick Allen and Vice-Chair Regina T. Boyce. This bill provides for an automatic lien on a motor vehicle towed from a privately owned parking lot for the charges incurred for towing, recovery, storage and notice and is intended to apply retroactively. Although the Division appreciates the sponsors' concern about towing companies having difficulty in some situations with cars not being claimed by their owners, we believe the bill could harm consumers and in the large majority of cases, would be unnecessary.

When a vehicle is towed from a private lot, there are charges incurred which are usually paid by the individual who owns the vehicle in order to recover it. Sometimes, however, the vehicle is towed because it has been abandoned, leaving no one to pay the costs, or the owner may have difficulty paying the fees. In some cases, the owner of the vehicle may have a dispute concerning the basis for towing the vehicle in the first place. Generally, in these cases, a lien may be filed with the courts, to serve as notice that the towing company may have a claim against the individual's assets. This bill would allow a towing company to bypass the normal process of obtaining a lien, and would make the lien automatic, only being discharged when all fees are paid. The lien becomes a public record, which could be detrimental to individual owners who

are taking the necessary steps to pay the bill in a timely manner. Moreover, under §25-206 of the Transportation Article, if an owner or secured party fails to reclaim an abandoned vehicle within 3 weeks after notice is given, the responsible party is deemed to have waived all of their rights, title, and interest in the vehicle and to have consented to the sale of the vehicle at public auction. Therefore, no automatic lien is necessary.

Finally, the Division is concerned that the retroactive aspect of the bill could impact individuals without providing notice that their towed vehicle is subject to a lien. Further, the Division is concerned that the bill would undermine pending litigation before the Courts have had a chance to address consumers' claims. Accordingly, the Consumer Protection Division wanted to make the Environment and Transportation Committee aware of our concerns.

cc: The Honorable Nick Allen
The Honorable Regina T. Boyce
Members, Environment and Transportation Committee