FISCAL IMPACT STATEMENT

LS 7040
BILL NUMBER: HB 1183
NOTE PREPARED: Feb 14, 2019
BILL AMENDED: Feb 14, 2019

SUBJECT: Towing Services.

FIRST AUTHOR: Rep. Lehman
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Release of Abandoned Motor Vehicles: It amends the statute concerning the release of an abandoned motor vehicle that has been towed to a storage yard or towing facility as follows: (1) Provides inspection rights for owners and lienholders. (2) Requires a towing service or storage yard to: (A) provide an itemized receipt upon payment; and (B) meet certain requirements as to: (i) hours of operation; and (ii) receiving and returning telephone calls.

New Regulations Governing Towing: The bill provides that not later than three business days after towing a vehicle a towing company or storage facility must comply with certain statutes relating to abandoned vehicles for giving notice. It requires a towing company to charge reasonable fees. It requires a towing company to provide the owner or operator of a motor vehicle that is about to be towed a written and itemized estimate of all charges and services to be performed by the towing company. It also requires a towing company to document and itemize certain fees related to a tow and certain towing services. The bill specifies certain record keeping requirements for itemized estimates issued by a towing company.

The bill also creates a new article in the Indiana Code to establish certain requirements for towing companies that engage in, or offer to engage in, the business of providing towing service in Indiana, including provisions concerning the following: (1) Emergency towing. (2) Private property towing. (3) Estimates and invoices for towing services. (4) Releasing towed motor vehicles. (5) Prohibited acts by towing companies and storage facilities.

Registration: The bill requires a person or entity wishing to operate a towing company to register with the
Secretary of State in the form and manner prescribed by the Secretary of State.

Enforcement: The bill provides that a person who violates these new provisions commits a deceptive act that is: (1) actionable under; and (2) subject to the penalties and remedies set forth in; the statute governing deceptive consumer sales. It provides that the Attorney General: (1) shall receive, and may investigate, complaints alleging violations of the new provisions; and (2) after finding that a violation has occurred, may take appropriate action under the statute governing deceptive consumer sales. It also authorizes the Attorney General to adopt rules to implement the new provisions.

Effective Date: July 1, 2019.

Explanation of State Expenditures: Investigation of Complaints: This bill could increase the workload of the Attorney General to the extent complaints are filed against towing companies who violate the requirements of the bill. Increases in workload would include investigating allegations, and in instances where a deceptive act has been discovered, the Attorney General would file an enjoinment against violators and seek civil penalties during a court action. Increases in workload could be offset with the collection of civil penalties levied against violators.

Towing Company Certificates: The bill also requires individuals who wish to operate a towing business in the state to register with the Secretary of State. Currently, towing companies register with the Secretary of State, Business Services Division. It is not known if these towing company certificates would be an additional registration requirement, or if their current registrations with the Business Services Division would satisfy the requirements of the bill.

To the extent an additional registration is required for towing companies, the workload of the Secretary of State would increase to process and approve additional registration requests. Increases in workload and/or expenditures could be offset with the collection of registration fees.

Rule Promulgation: The bill authorizes the Attorney General to adopt rules concerning the administration of tow truck regulations in the bill. Increases in workload are expected to be accomplished within existing resource and funding levels.

Explanation of State Revenues: (Revised) Summary: Towing companies who violate the provisions of the bill would be subject to action from the Attorney General and a maximum civil penalty of $5,000 per violation. Revenue received from civil penalties would benefit the General Fund. Total revenue received from civil penalties is unknown.

The bill could also increase revenue the Secretary of State receives from registration fees paid by towing companies. Actual revenue received will depend on the number of towing companies that would be required to register with the Secretary of State under the bill as well as the registration fees established by the Secretary of State.

(Revised) Additional Information: The bill could increase state revenue from court fees from deceptive acts. Increases in revenue are expected to be minimal as it is expected that consumers aggrieved by a towing company would already file a complaint with the Attorney General.

The bill could increase revenue the Secretary of State receives from registration fees paid by towing
companies who are required to receive certification under the bill.

**Explanation of Local Expenditures:** *Summary:* This bill could increase court workloads to hear cases where a towing company has committed a deceptive act. Increases in court workloads are indeterminable, but expected to be small.

*Additional Information:* By specifying new regulations concerning towing of vehicles, this bill may increase court caseload to provide additional deceptive act hearings. However, it is expected that in most instances where a consumer feels that a towing company has committed a deceptive act, these cases are currently reported to the Attorney General and are actionable through deceptive act regulations contained in current law.

**Explanation of Local Revenues:** (Revised) The bill could increase local revenue from court fees from deceptive acts. Increases in local revenue are expected to be minimal as it is expected that consumers aggrieved by a towing company would already file a complaint with the Attorney General.

**State Agencies Affected:** Attorney General; Indiana Department of Transportation; Secretary of State.

**Local Agencies Affected:** Courts.

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 317-232-9559.