

# HOUSE BILL REPORT

## HB 1215

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### As Passed Legislature

**Title:** An act relating to clarifying the application of the fifteen-day storage limit on liens for impounded vehicles.

**Brief Description:** Clarifying the application of the fifteen-day storage limit on liens for impounded vehicles.

**Sponsors:** Representatives Liias, Rodne, Goodman and Kenney.

#### **Brief History:**

##### **Committee Activity:**

Transportation: 2/3/11, 2/8/11 [DP].

##### **Floor Activity:**

Passed House: 3/1/11, 97-0.

Passed Senate: 4/4/11, 49-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Clarifies that tow truck operators may accumulate storage charges on abandoned vehicles prior to the receipt of information about the owner from the Department of Licensing.
- Allows tow truck operators to charge the full cost of storage to owners who redeem their abandoned vehicles prior to the vehicle's sale at auction.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 26 members: Representatives Clibborn, Chair; Billig, Vice Chair; Liias, Vice Chair; Armstrong, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Angel, Asay, Eddy, Finn, Fitzgibbon, Jinkins, Johnson, Ladenburg, McCune, Moeller, Moscoso, Overstreet, Reykdal, Rivers, Rodne, Rolfes, Ryu, Shea, Takko, Upthegrove and Zeiger.

**Staff:** Beth Redfield (786-7347).

#### **Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Tow truck operators who impound vehicles from private or public property, or tow for law enforcement agencies, are regulated under chapter 46.55 RCW. Impoundment, the taking and holding of a vehicle in legal custody without the consent of the owner, may only be performed by registered tow truck operators (RTTOs). If on public property, the impound is at the direction of a law enforcement officer; if the vehicle is on private property, the impound is at the direction of the property owner or his or her agent.

When an unauthorized vehicle is impounded, within 24 hours the towing operator must send an impound notice to the legal owner, based on information received from law enforcement. After being held for 120 consecutive hours, a vehicle is considered abandoned and the RTTO must file an abandoned vehicle report (AVR) with the Department of Licensing (DOL). In response to the AVR, the DOL provides information to the RTTO regarding the owner of the vehicle.

Within 24 hours of receipt of this information, the RTTO must send by certified mail a notice of custody and sale to the owner.

After 15 days from the receipt of information from the DOL, the RTTO may no longer accumulate storage charges. If the vehicle remains unclaimed, the RTTO must conduct a sale at public auction. The RTTO may not hold the vehicle for longer than 90 days, except in the case of a law enforcement or judicial order.

Vehicles may be redeemed by their legal owners any time before the start of the auction upon payment of towing and storage charges.

The RTTOs collect towing and storage charges on abandoned vehicles via a lien against the sale of the vehicle at auction. If the vehicle sale proceeds are less than the lien, the remaining charges owed to the RTTO are sent to a collection agency for recovery of the deficient claim.

All surplus funds after the sale of an abandoned vehicle at auction and satisfaction of the RTTO lien are deposited in the Motor Vehicle Fund.

**Summary of Bill:**

The 15-day deadline after which storage charges may no longer be accumulated is clarified to be in addition to storage charges accumulated prior to the receipt of the information from the DOL.

Abandoned vehicles that are redeemed by an owner prior to their sale at auction are not subject to the 15-day limit and must pay all accumulated storage charges from the time of impoundment up to the time of redemption.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) This bill is a clarification of the law. This is the way that the law has been interpreted for over 20 years. Some tow inspectors have recently changed their interpretation. When put together 25 years ago, there were two public policy objectives. First, small tow truck operators may not have many impounds. If they had to conduct auctions every 15 days, the auction would only have one or two cars, and no one would come to the auction. The cars would likely have to be sold for scrap, and there would be no recovery of costs of towing. The 90-day time limit to have the auction allows tow truck operators to aggregate vehicles before going to auction. The second public policy is that we do not want tow truck operators to hold on to cars for too long and build up storage charges and hyper-inflate the bill, hence the 15-day limit on storage charges for vehicles going to auction.

The two provisions work together. The 15-day limit is in the section of the law titled "public auction" and not in the section of the law titled "redemption of vehicles." It has been interpreted that the 15-day time limit applied to vehicles sold at auction. In the corollary, if in fact a tow operator is aggregating vehicles and a registered owner comes in and only wants to pay for the 15 days, the answer is no, they have to pay the storage up to the time of the auction and they do not get away with having us provide storage for their cars.

In some areas of the state, not many tow truck operators can do impounds. If they can no longer justify doing impounds, law enforcement may have to wait longer for a tow operator to come from another location.

(Opposed) None.

**Persons Testifying:** Representative Liias, prime sponsor; Stu Halsan, Towing and Recovery Association of Washington; and Paul Bressi, Nisqually Towing.

**Persons Signed In To Testify But Not Testifying:** None.