

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 6, 2003

TO: Honorable Mike Krusee, Chair, House Committee on Transportation

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1808 by Hill (Relating to the regulation of tow trucks and to the authority of a political subdivision of this state to regulate tow trucks; providing penalties.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Transportation Code to require motor carriers operating tow trucks and filing an initial application or motor carrier registration renewal to pay a fee of \$25, which would be an increase of \$15 from the current fee. The bill would also require tow trucks used to perform nonconsent tows to maintain on-hook cargo insurance in the amount of \$50,000.

The bill would allow political subdivisions to regulate the fee for any nonconsent tow of a motor vehicle; establish guidelines and restrictions for establishing the fee; and require political subdivisions to establish procedures by which towing companies could request that a towing fee study be performed. The bill would provide guidelines and restrictions regarding fees for a nonconsent tow of a motor vehicle from private property, require all storage and notification fees for nonconsent tows to be regulated and require nonconsent towed motor vehicles be delivered to a vehicle storage facility licensed pursuant to the Vehicle Storage Facility Act.

The bill would require towing companies to submit all nonconsent towing fees to the Texas Department of Transportation (TxDOT) before January 31 of each calendar year. The bill would require that rate changes by political subdivisions regulating nonconsent tows be submitted to TxDOT within 30 days of the change in the fees and would require TxDOT to post a towing fee schedule available on its website.

The bill would require that any violation of specified rules and regulations be an offense classified as a Class C Misdemeanor, punishable by a fine of not less than \$200 and not more than \$1,000. The bill would identify issues that would be allowed in a hearing and amounts a court could award.

TxDOT indicates 2,722 motor carriers operating 9,982 tow trucks are currently registered and assumes 80 percent of the registered carriers operating tow trucks currently perform nonconsent tows. TxDOT estimates that 2,178 carriers operating 7,986 vehicles would be required to comply with the provisions of the bill and that an additional 2,178 cargo insurance filings would be received and processed during the first year; that 25 percent of the tow truck carriers would submit insurance filings more than once annually; and that an additional 400 complaints would be received each year against tow trucks and storage facilities.

No significant fiscal implications are anticipated because it is assumed that TxDOT would accomplish the duties and responsibilities associated with increased filings and complaints by utilizing existing resources; that approximately \$100,000 in additional General Revenue would be collected in fiscal year 2004 for 6,691 tow truck applications paying the increased application fee (an additional \$15 per application); that this amount would increase to approximately \$120,000 for 7,986 applications during each subsequent year; that approximately \$218,000 in additional General Revenue would only be collected for 2,178 carriers that would pay an annual \$100 insurance filing fee in fiscal year 2004, related to on-hook cargo insurance; and that an additional \$54,400 in General Revenue would be

collected for 544 carriers that would make multiple insurance filings with the same fee each year.

The bill would take effect September 1, 2003, and would apply only to offenses committed on or after that date.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JK, RR, RT, MW