

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 1, 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 by political subdivisions of this state; providing a penalty.), **As Introduced**

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 and would provide guidelines and restrictions regarding fees for a nonconsent tow of a motor vehicle from private property. The bill would require nonconsent towed motor vehicles to be delivered to a vehicle storage facility licensed pursuant to the Vehicle Storage Facility Act and would also require all storage and notification fees for nonconsent tows to be regulated by that act. The bill would also prohibit fees from being charged without the prior written consent of the vehicle owner or operator, except as provided by this bill and that act.

The bill would require all towing and storage fees to be posted in view of persons claiming a vehicle and 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 would have to be submitted to TxDOT within 30 days of the change in the fees and that these political subdivisions would have to establish procedures by which towing companies could request a rate study and determine a fair value for such service.

The bill would require that any violation of specified rules and regulations would 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 also allow hearings in cases where towing charges exceeded amounts established, and court award amounts in excess of those established, in addition to other normal costs.

TxDOT identified 2,722 motor carriers operating 9,982 tow trucks that are currently registered with TxDOT and assumes that 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 50 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 that would be subject to the increased application fee; and that this amount would increase to approximately \$120,000 for 7,986 applications during each subsequent year. The bill would take effect September 1, 2003.

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, MW