A Report to Governor Martin O'Malley

and

the Maryland General Assembly

regarding

Task Force to Study Motor Vehicle Towing Practices

(As Required in House Bill 978, Chapter 704, Acts of 2009)

Staffed by the Motor Vehicle Administration

Task Force to Study Motor Vehicle Towing Practices
(As Required in House Bill 978, Chapter 704, Acts of 2009)

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Task Force to Study Motor Vehicle Towing Practices
(As Required in House Bill 978, Chapter 704, Acts of 2009)

Authorization and Scope

The Task Force to Study Motor Vehicle Towing Practices was created by House Bill 684, Chapter 514, Acts of 2008, sponsored by Delegate Melvin Stukes and signed into law on May 13, 2008. The Task Force was extended by House Bill 978, Chapter 704, Acts of 2009; sponsored by Delegate Doyle Niemann.

The Task Force was charged with studying the following areas of towing:

(1) the State and local laws governing towing practices, including the storage and disposal of towed vehicles, and any recommended changes to these laws;

(2) the costs, benefits, and feasibility of a State program of licensure or registration for the towing industry;

(3) issues related to notice given by a private property owner to the owner of a motor vehicle before towing the vehicle;

(4) issues related to notice given by a police department to the motor vehicle owner, a secured party, or an insurer of an abandoned motor vehicle in police custody;

(5) issues related to notice given by a private tower to the motor vehicle owner, a secured party, an insurer, or the local police department of a towed vehicle in the possession of a private tower;

(6) issues related to State preemption of local authority governing the towing or removal of motor vehicles; and

(7) any other issues that the Task Force considers relevant to motor vehicle towing practices in the State.

Membership of the Task Force

Chairman

Joseph Nagro, City Manager College Park

Members

One Representative from Motor Vehicle Administration:
Deborah Rogers, Director of Vehicle Policies
Betty Rabbitt, Assistant Director of Vehicle Policies (Alternate)

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Two Representatives from the Motor Vehicle Insurance Industry:
Cornelius Scott, Government Affairs Representative Farmers Insurance
Larry Hinton, Esq., Government Affairs GEICO

Two Representatives from different County Police Departments:
G. Lea Reed, Code Enforcement Officer Prince George's County
Cmmdr. Howard Hall Baltimore County Police Department
Cpl. Alan Friedman, Baltimore County Police Department (Alternate)

Two individuals representing the interest of Residential and Commercial Property:
Katherine Kelly Howard, Esq., General Counsel Regional Management, Inc.
R. Bruce Campbell, Wallace H. Campbell, Inc.

Two individuals representing the General Public:
Ray Leard, Citizen Member
Rosemunde Smith, Citizen Member

Two representing the Towing and Recovery Professionals of Maryland:
Fred Scheler, President TRPM
Paula Protani, Member, TRPM
Betty Cornwell, Member TRPM (alternate)

Two representing the Maryland Association of Counties (MACo):
Sgt. Dave W. Ennis, Anne Arundel County Police Department
Richard C. Truitt, Harford County Deputy Director

One representing the Maryland Retailers Association:
Judge Jeff Zellmer, Legislative Director

One representing the Maryland Bankers Association:
Steven R. Gormont

One representing the Maryland Automobile Dealers Association:
Travis Martz, Director of Government and Industry Affairs

One representing the Apartment and Office Building Association:
Lesa Hoover

One representing the Maryland Auto and Truck Recyclers Association:
James Gosnell, Jr.

One representing American Automobile Association (AAA), Maryland chapter:
Glenn Yarbrough

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Two representing the Maryland Municipal League:
John Moss, Chief of Police Bladensburg
Chairman Joe Nagro, City Manager College Park

One Member of the Senate:
The Honorable Catherine Pugh

One Member of the House:
The Honorable Cheryl Glenn

Executive Summary

The Task Force met 12 times between October 14, 2008 and December 8, 2009. The meetings were held in either the College Park City Council Chambers in College Park, Maryland or at the Motor Vehicle Administration in Glen Burnie, Maryland.

Each of the meetings was open to the public and was well attended by both Task Force members and other interested parties. In addition to the members of the Task Force, active participants included Delegate Doyle Neimann, Delegate Melvin Stukes, Delegate Barbara Frush, Sergeant Janet Harrison from the Maryland State Police, Ray Presley from the Maryland Vehicle Theft Prevention Council, Douglas Numbers from the Montgomery County Office of Consumer Protection, D. Robert Enten and Marjorie Corwin on behalf of the Maryland Banker's Association, and many others engaged in the business of towing.

The Task Force considered two main proposals: (1) creation of an independent tow licensure board; and (2) focusing on private non-consensual tows the creation of penalties (civil and criminal), consumer protection measures, and allowing towers a process to dispose of unclaimed vehicles. Ultimately, the Task Force voted 15-1 to support the second concept, which appears as draft legislation in Appendix A.

First Proposal --Independent Towing Board Concept

The first meeting began by reviewing each of the items in accordance with the legislative mandate. Quickly, the discussion turned to narrowing the scope of the issues to be examined. The Task Force categorized the different types of towing and recognized that different regulations were required for each type. The four categories examined were: (1) police initiated towing (i.e. clearing the scene of an accident); (2) property owner trespass tows (i.e. from a parking lot); (3) owner consensual towing (i.e. breakdown tows); and (4) repossession towing.

The Task Force heard information from those in the towing industry and members of the general public indicating that there were nefarious individuals who towed under questionable authority, held vehicles for ransom, accepted only cash payments for unhooking fees, and engaged in other suspect practices. It was said many times that to become a tower in Maryland, one only had to purchase a tow truck and start towing vehicles.

Problem towers often had a tow truck but no fixed business address. The conclusion of the Task Force was that these trucks were giving the industry a bad reputation and elimination of these problem towers became a primary goal of the Task Force. The experience of Prince George's County was cited where there are 789 trucks registered with tow truck plates from the Motor Vehicle Administration (MVA) but far fewer have been licensed by the county.

The Task Force reviewed information on the divergent levels of regulation of the towing industry within various jurisdictions within the State. Some counties and municipalities had no regulatory requirements for towers, while other counties and municipalities had fairly extensive requirements. These gaps in and patchwork of towing regulation made for a consensus that some level of statewide regulation was appropriate.

There was extensive discussion on the best method of achieving that regulation, especially in light of the current State budget climate and the cost of regulation. An early consensus emerged that the most appropriate method of regulation would be through a self-governing, self-funded towing board similar to a newly enacted law in the State of Virginia.

The Task Force extensively discussed various proposals to create a largely self-regulating, independent board of towers that would set occupational standards and license all towers in the State. Creation of a board to license and regulate towers requires an enabling statute. A model statute was drafted and discussed point-by-point. According to this model legislation, in order for the MVA to issue a registration plate for a tow truck to an applicant, the applicant would have to provide proof that they were licensed by the independent board as a tow-truck operator. This model legislation: set standards for testing and background checks; required certain consumer protections such as signage; allowed the Board to charge fees to recover their costs; created a reporting and appeal mechanism for infractions; provided criminal penalties for failure to comply; etc. The draft legislation proposing these requirements is appended to this report (Appendix B).

Ultimately, there were a number of decision points the Task Force was never comfortable supporting. First the issue of where the Board would be housed and who would staff the Board posed significant questions. The Task Force heard from representatives from the MVA and the Department of Labor, Licensing, and Regulation (DLLR) on this issue, and both cautioned that with the current State budget situation, adding oversight of the towing industry to their respective oversight duties would be challenging.

The Task Force debated the political feasibility of realistically being able to create a new Board in the current fiscal climate. Evidence was presented that the start up costs for the Board would be around $200,000. It was estimated that the Board would not be revenue neutral until approximately two years after its creation. This startup cost to whatever State agency or department housed the Board was thought to be prohibitive for the near future.

The Task Force also debated and failed to reach a consensus on many other issues facing the creation of an independent Board, including:

1. finding the proper mix of towing representatives, consumer representatives, and other industry representatives;
2. evaluating the need and requirements for criminal background checks, (who to require, how the checks would be accomplished, what offenses would disqualify from what licensures); and
3. evaluating the need for minimum competency for licensure (age, testing).

After presenting a final draft of the bill (Appendix B) and soliciting comments from the members, a majority of the Task Force decided not to support this draft bill for a number of reasons. Many cited the lack of evidence of a demonstrated problem and felt that the Task Force was moving too quickly.

Some of the written comments on this approach are excerpted below:

Captain Howard Hall from the Baltimore County Police Department wrote:

At the present time, I do not believe that the Task Force should recommend a statewide tow board or the proposed legislation. I simply have not seen evidence sufficient to support such an undertaking. I do, however, believe that there are issues that can and should be addressed. I don't know if they are significant enough to warrant statewide regulation ... I certainly do not believe that we can demonstrate an immediate health and safety need for these regulations.

A number of other members voiced support for these comments including Glen Yarbrough from AAA Mid Atlantic who wrote:

AAA Mid-Atlantic concurs and supports the comments provided by Captain Hall ... several times during our meetings and discussions, the problems associated with non-consensual (trespass) towing have been brought forth. This should be the sole focus of any effort to draft new legislation. We do not believe it is in the interest of the motoring public to create new regulation for an entire industry in response to a few negative incidents in one specific towing group...

The representatives from the Towing and Recovery Professionals of Maryland joined in writing:

... our association concurs with the general concerns expressed in Captain Hall's [letter] ... The draft legislation, while well-intentioned, imposes requirements and other constraints on legitimate practitioners, and very well could have the effect of driving responsible operators out of business instead of stopping unwanted practices.... [W]e are concerned... [the legislation] could subject us to unnecessary and unwanted rules and regulations. ... Therefore, we join with what we understand are the recommendations of others in urging that we not offer legislation this year to license towing and recovery professionals

Richard Truitt, Deputy Director of Building Services in Harford County, representing the Maryland Association of Counties wrote:

While I do have concerns about the towing industry in Maryland, waiting one more year to submit legislation to address the problem may not be a bad thing.... For the trespass towing the current State law only covers a small portion of the geographical state. If anything the Task Force should propose legislation to limit trespass towing fees and practices that would apply to the state as a whole.... [W]e need to take more time in developing the enabling legislation for some future body to regulate this industry.

Based on these comments and discussion at the January 28, 2009 meeting, the Task Force voted to not introduce the draft bill in the 2009 legislative session. The Task Force agreed to request an extension to continue their work beyond the May 31, 2009 deadline.

On February 13, 2009 Delegate Doyle Niemann introduced **House Bill 978, *Task Force to Study Motor Vehicle Towing Practices – Extension*** that extended the Task Force's reporting date to December 31, 2009. This bill passed and was signed into law as Chapter 704, Acts of 2009 on May 19, 2009.

Second Approach -- Consumer Protection, Penalties, and Disposal of Vehicles

The Task Force reconvened on May 12, 2009 to continue to discuss options to address towing issues that had been raised. The Task Force abandoned the idea of creating an independent towing licensure board because of practical problems identified above that were viewed as not feasible at this time.

The Task Force began to identify and enumerate issues with the four identified areas of towing: Trespass Tows, Consensual Tows, Police Initiated Towing, and Repossession Towing.

Some of the identified problems had non-legislative solutions that were able to be resolved during the Task Force meetings. Proper tow vehicle identification was listed as a problem for all of the towing areas. As a result, MVA agreed to begin to produce and issue license plates to properly registered tow vehicles that read "Tow Truck" on the bottom. (Currently, all plates display *www.Maryland.gov).*

Police initiated towing was generally discussed as working successfully, albeit differently, in varying jurisdictions. Consistency in Maryland State Police tow list procedures was identified as a problem for the category of police initiated towing with different barracks using different procedures. As a result, the Maryland State Police agreed to review their towing procedures to see if more uniform procedures would be feasible.

Problems associated with repossession towing were discussed such as providing notice to police of a repossession tow and notification to the owner of the vehicles. If the repossession companies collect money, they are already required to be licensed through DLLR. The general consensus of the group was that while some statute changes might be prudent, repossession towing was outside the general scope of the charge of the Task Force. Delegate Niemann and Senator Pugh agreed to address this on their own during the upcoming legislative session.

The Task Force produced a list of numerous problems related to Trespass / Non-consensual tows. The Task Force agreed to narrow the scope of its inquiry to addressing legislatively the non-consensual tow issue since this comprised the bulk of the problems.

The Task Force began by reviewing the current framework within Baltimore County and Baltimore City that exists in current State law within Section 21-10A of the Transportation Article. Based on consensus that these laws worked relatively well in Baltimore City and County, the Task Force agreed that the best approach would be to examine these provisions line by line to update the statute and make it applicable statewide.

The Task Force voted 15-1 in favor of recommending the entire bill as set forth below:

Transportation Article § 11-152 *Definitions Salvage Vehicle*

1. Change the definition of salvage vehicle to include a vehicle purchased at an auction of abandoned and tow lien vehicles.

Discussion: **The Task Force voted unanimously** to recommend these in order to clarify that the end purchaser at an auction for abandoned and tow lien vehicles will be eligible to apply for a salvage certificate rather than a title. These vehicles will then be subject to a salvage inspection before being able to be titled within the state of Maryland.

Transportation Article § 13-507 *Salvage Title Branding*

1. Creates a new brand of "xsalvage" that will remain on the title of the vehicle purchased at an abandoned vehicle auction.

Discussion: **The Task Force voted unanimously** to recommend this change to benefit the consumer. Vehicles that have been bought at these abandoned vehicle auctions will be permanently recorded as 'xsalvage' on the title because consumers should know that the vehicle was previously abandoned.

Transportation Article § 13-920 *Definitions*

1. Changes the insurance requirements for tow trucks to match federal requirements;
2. Requires tow trucks operated by *Automotive Dismantlers and Recyclers (*AD&R) and dealers to have the same minimum insurance requirements; and
3. For improperly registered tow trucks, allows impounding of the vehicle and the fine of $3,000 and/or one year in jail.

Discussion: **The Task Force voted unanimously** to recommend these changes to the definition. The current insurance requirements of $100,000 per person, $300,000 per occurrence bodily injury liability, and $100,000 per occurrence property damage liability were thought to be insufficient to protect the public. Federal law limits are higher with minimum liability requirements for hauling non-hazardous property at $750,000.

After extensive discussion and debate over whether AD&R and licensed dealers ought to be exempt from the requirements for Tow Truck registration for towing vehicles they own, the Task Force compromised. In order to protect the public, everyone who owns a tow truck will be subject to minimum liability insurance requirements, and AD&Rs and Dealers should continue to be allowed to use interchangeable plates on their towing vehicles.

Allowing improperly registered vehicles to be impounded was an important public safety component to stop the rogue towers who operate outside the scope of requirements such as minimum liability insurance coverage. Additionally, adding a criminal penalty to this provision will allow law enforcement to issue a citation to the offenders.

Transportation Article § 21-10A-01 *Applicability*

1. Makes the current private parking lot towing protections for Baltimore City and County statewide; and
2. Requires 72 hours notice before towing vehicles whose only violation is outdated MVA registration stickers.

Discussion: **The Task Force voted unanimously** to recommend the changes to this section. This makes the protections formerly applicable only to Baltimore City and Baltimore County within this subtitle applicable statewide.

The Task Force discussed the problems with aggressive towers patrolling private lots early in any given month and hauling away cars that are displaying registration stickers that may have just expired. To stop this potentially predatory practice, the Task Force recommends requiring a notice be placed on the vehicle with the outdated registration stickers, at least 72 hours before the vehicle is towed. This will provide the vehicle owner with an opportunity to get replacement stickers even allotting time to account for the MVA to be closed on a weekend.

There was considerable debate over whether to recommend the minimum time before towing 48 hours or 72 hours. The 48-hour amendment failed in voting with 6 in favor and 9 against. The 72-hour limit was subsequently adopted by a vote of 12 in favor and 5 against.

Transportation Article Section 21-10A-02 *Signage*

1. Requires signage at the private parking lots to include the name of the tow company and a statement that the vehicle can be reclaimed 24 hours per day 7 days per week.

Discussion: **The Task Force voted unanimously** to recommend the change to this section. In addition to the other informational and size requirements of this section, the Task Force supported the idea as a consumer protection measure, that people who have their vehicles towed from private lots should be able to easily relocate their vehicle at anytime.

Transportation Article Section 21-10A-03 *Distance*

1. Changes maximum tow distance to not more than 15 miles or other limit established by the municipality.

Discussion: **The Task Force voted unanimously** to recommend the change to this section. There was extensive discussion on this point. Ultimately, the Task Force felt that a 15-mile limit was more reasonable for a statewide towing law than was the current law of 10 miles for Baltimore City and Baltimore County. Being sensitive to geographic distances, the Task Force recognized that in some rural counties, there may not be a tow yard for more than 10 or even 15 miles. Therefore, each political subdivision may set their own limits on distance towing, and in the absence of a limit, 15 miles is a reasonable limit.

Transportation Article Section 21-10A-04 *Rights, Duties, and Obligations*

1. Makes the tow rate and daily storage rate maximum as set by the political subdivision or in the event that no limit is in place, the limit is $400 for the tow and $35 per day for storage;
2. Caps total fees at $1,200 for vehicles that weigh less than 10,001 pounds;
3. Requires towers to notify police within one hour of the tow;
4. Requires photo of violation;
5. Removes bonding requirement;
6. Prohibits kickbacks from parking lot owner; and
7. Creates a tow lien on the vehicle for $1,200.

Discussion: **The Task Force voted unanimously** to recommend these changes to this section. There was extensive discussion over much of this section. Capping the daily maximum storage rate for vehicles at the rate allowable by the political subdivision for police initiated towing was thought to be a reasonable limit taking into account economic and geographic differences through the State.

However, the Task Force was uncomfortable with potential areas that do not have a tow rate cap or a daily storage rate cap. To address this, the Task Force voted 13-2 in favor of placing maximum limits, only where there is no local cap, of $400 for the tow and $35 per day for storage.

A fee cap was an essential component for consumer protection. The total cap of $1,200 was heavily debated with different groups wanting a higher or lower amount. Ultimately, $1,200 was a compromise number that balanced the competing interests.

The Task Force recommended reducing the time allowed for a tower to notify police of a private vehicle tow. Police are often contacted by the vehicle owner when once the owner realizes their vehicle is missing, thinking the vehicle has been stolen. Virtually every tower now has a cell phone; therefore reducing the amount of time from 2 hours to 1 hour that towers are required to notify local police departments is a practical measure meant to reduce the impact on police departments.

A measure to protect both the consumer and the tower is the requirement to take a photo of the violation before towing. Digital cameras are an inexpensive way to avoid disputes; many tow companies already do this as a matter of practice.

The Task Force heard testimony from Baltimore City on their bonding requirement for towers within their jurisdiction. The Task Force found no useful purpose for the bonding requirement, and recommended to remove the requirement in light of the increased insurance requirements.

The Task Force heard stories and testimony regarding third party "spotters" and lot owners who get paid by towers per tow. As a consumer protection and good business measure, the Task Force recommended prohibiting anyone except the tower from benefiting financially from a tow.

The Task Force held extensive discussions on the issue of vehicle disposal. According to information presented to the Task Force, by some accounts 30% of vehicles that have been towed from private lots are never reclaimed. The vast majority of these vehicles are worth less than $500 and are usually only valuable for parts and scrap. Current law on what to do with these unclaimed vehicles is unclear. The Task Force received advice from the Attorney General that under certain circumstances, these vehicles could currently be sold in accordance with the Commercial Law under a common law lien. Assistant Attorney General Jonathan Acton II writes, "[for vehicles towed from private lots in conformity with state law for Baltimore City and Baltimore County] [s]torage costs may not exceed $300 and the vehicle may be sold at auction, after notice to the owner and secured parties, if unclaimed after 30 days under § 16-207(a) and (f) of the Commercial Law Article."

For unclaimed vehicle private tows under other circumstances, tow companies can try making notices and getting the local police to issue a CS-78 Form which would allow transfer of the vehicle to an Automotive Dismantler and Scrap Processor. However, the Task Force heard testimony that many local police departments do not have the resources to effectively ensure that proper notifications were made, and do not issue CS-78 Forms as a matter of practice. It is also not practical for tow companies to use the court system as a means of re-titling the vehicle since most of the vehicles left on tow lots are inoperable scrap.

Therefore, given the testimony and discussion, the Task Force decided to recommend the creation of a lien on the property that they hold, similar to the mechanics' lien. Ultimately, this would allow the tower in possession to transfer the vehicle to an auction, or hold a public auction themselves after a certain time and proper notification. In addition, the Task Force used this as an opportunity to strengthen the current consumer protections found in the statutory lien sections that are discussed below.

Transportation Article Section 21-10A-05 ***Reclaiming the vehicle***

1. Prohibits towers moving vehicles from storage lot for at least 72 hours;
2. Creates drop fee of ½ towing charge; and
3. Requires towers to accept two credit cards or have an ATM machine.

Discussion: **The Task Force voted unanimously** to recommend these changes to this section. The prohibition on moving the vehicle is intended to provide certainty for the consumer that a vehicle will be able to be picked up at the advertised location if reclaimed within a reasonable time frame. The drop fee will also benefit consumers who are in the process of being actively towed by providing for a reduced fee for those

consumers. Finally, requiring either credit card acceptance or an ATM machine on the premises is a customer convenience measure since tows can cost up to hundreds of dollars.

Transportation Article Section 21-10A-06 ***Violation of Subtitle***

1. Towers in violation are liable for triple penalties in a civil action;
2. Towers in violation are subject to criminal penalties;
3. Owner / secured party can bring action in District Court to dispute and stay the sale of the property; and
4. Requiring that to sell the property subject to the lien, the tower must be properly licensed in the political subdivision of the tow.

Discussion: **The Task Force voted unanimously** to recommend these changes to this section. These measures are an important component of the Task Force's work. Since the Task Force decided not to recommend creation of a licensing board for towers, the public is protected against rogue towers through the civil and criminal law. With these changes, police will be able to write criminal citations for violation of this subsection. Additionally, wrongfully towed consumers, secured parties, and insurers will be able to reclaim triple their damages.

The Task Force also provided a mechanism to halt the sale of a vehicle at auction for unpaid towing charges until after any court action is resolved. Finally for this section, the Task Force recommends making it a requirement that a tower be properly licensed by the local jurisdiction where the vehicle was towed before being able to sell a vehicle to which a lien attaches. This will encourage proper licensure and reduce "rogue towers."

Transportation Article Section 27-101 ***Penalties***

1. Creates misdemeanor penalties for towing violation of $500 / 2 months imprisonment.

Discussion: **The Task Force voted unanimously** to recommend the change to this section. Violating the above provisions will subject a tower to the maximum penalties above.

Commercial Law Article Section 16-207(b) ***Creation of Lien***

1. Changes publication notice of vehicle auction to advertising once per week for 3 weeks and requires publication of the sale in both the county where the vehicle was acquired and in the county of the auction.
2. Requires certified mail and first class mail notice of not less than 30 days before the sale to owner and secured party.
3. Removes option of sending letter to general delivery

4. Sets forth information the notice must include (vehicle description, vehicle location, timeframe for reclaiming, and failure to reclaim could result in the sale of the vehicle).

Discussion: **The Task Force voted unanimously** to recommend these changes to this section. There was considerable debate over whether the lien process was the appropriate means of disposal of unwanted vehicles that have been towed. A strong minority opinion would have required a court order for disposal of every vehicle and would not have authorized use of the lien process for towed vehicles. An amendment was moved to strike the lien process in the bill and substitute a court ordered process. This amendment failed with 5 in favor and 8 against.

The MVA testified to certain existing problems within the scope of the current statutory lien scheme. These changes are meant to address existing shortcomings of the lien statutes as the statute expands to include vehicles that have been towed. The first change requires the public auction to be advertised for at least 3 weeks preceding the auction in a newspaper within the county where the vehicle was acquired and where the auction is being held. Currently, these auctions can take place in counties far from where the vehicle was acquired and therefore the vehicle owner may not receive notice of the auction. Extending the advertising requirement to 3 weeks slows the process down a bit and will prevent advertising for 2 days over the weekend from complying. The MVA also strongly recommended requiring certified mail 30 days in advance and setting forth important specific information in the notice. The addition of a requirement for first class mail was intended to as an additional effort for notification in the event the certified mail is refused or unsuccessful.

Commercial Law Article Section 16-207(d) ***Creation of Lien cont.***

1. Requires purchaser of the vehicle to apply for a salvage certificate
2. Adds requirement for photograph of the VIN to be submitted to MVA
3. Adds requirement for a nationwide auto history check to be submitted to MVA
4. Adds requirement for Federal Tax ID or MD Tax ID to be submitted where applicable.

Discussion: **The Task Force voted unanimously** to recommend these changes to this section. The Task Force recommended that purchasers of these vehicles that have been abandoned receive only a salvage certificate and not a full title after the purchase. Before titling, the vehicle would then have to undergo a salvage inspection for stolen parts and a safety inspection.

MVA advocated strengthening the requirements for the process of gaining ownership of these abandoned vehicles by requiring submission of a photograph of the vehicle's VIN, a nationwide vehicle history check, and the tax ID of the entity purchasing the vehicle.

Commercial Law Article Section 16-207(f) ***Creation of Lien cont.***

1. Clarifies that the storage and towing charges for vehicles under 10,001 pounds are capped at $1,200.

Discussion: **The Task Force voted unanimously** to recommend the change to this section. The rationale for limiting the cap to vehicles under 10,001 pounds gross vehicle weight rating is that vehicles above this limit are generally commercial vehicles moving commercial goods. The cost for towing and storage on commercial motor vehicles can be significantly higher than for passenger vehicles.

Commercial Law Article Section 16-207(g) ***Creation of Lien cont.***

1. For vehicles worth more than $7,500 requires tower in possession to file an action to sell the vehicle in Circuit Court joining all parties.

Discussion: **The Task Force voted unanimously** to recommend the change to this section. There was considerable debate over what value the vehicle limit should be, before the Task Force unanimously agreed to $7,500. For vehicles that retain substantial value, the Task Force voted to support a separate process through the court system. It is reportedly rare that all parties would simply abandon a vehicle that retains substantial value and therefore, a court should be involved in the notice, sale, and distribution of the proceeds. This process requires personal service and the joining of all parties, including the MVA and all secured parties.

Commercial Law Article Section 16-207(h) ***Creation of Lien cont.***

1. Makes violation of the provisions of the lien sale process a criminal act with penalties of a $5,000 fine and/or one year in jail.

Discussion: **The Task Force voted unanimously** to recommend the change to this section. The purpose of the penalty is to provide the ability to criminally sanction individuals who may use the new lien sale provisions as a means to commit fraud. The Task Force felt that it was important to put teeth into these provisions.

Conclusion

While the Task Force was not able to reach unanimity on every issue above, the Task Force is confident that the attached bill is well researched and thoroughly discussed. All stakeholders had a voice in the attached bill, and the bill contains important provisions to protect the public, criminalize "rogue towing", and address longstanding disputes over vehicle disposal in a responsible fashion.

The Task Force does respectfully request the adoption of the attached bill by the General Assembly.