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FROM	NAME & TITLE	Robert Cename, Budget Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 19-0431 – Towing – Licensing and Regulation		

DATE:

TO

The Honorable President and
Members of the City Council
Room 400, City Hall

July 2, 2020

Position: Does Not Oppose

The Department of Finance is herein reporting on City Council Bill 19-0431, Towing-Licensing and Regulation, the purpose of which is to generally regulate Baltimore City towing services through the standardization and consolidation of towing services under one administrative board, establishing licensure of towing services in Baltimore City, and establishing certain standards of operation and conduct. The bill proposes to accomplish this by repealing the current sections of the Baltimore City Code addressing both Trespass Towing and Accident Towing and replacing and consolidating them under a new law.

Background

Towing services are currently regulated in the Baltimore City Code under Article 15. Licensing and Regulation, Subtitle 22. Towing Services – Trespass Towing, and Article 31. Transit and Traffic, Subtitle 22. Towing Services – Accident Towing. The proposed legislation would consolidate the current code under Article 15, standardizing towing oversight, fees, and penalties under one City Board of Towing.

Currently, the Board of Licenses for Towing Services of Baltimore City oversees trespass towing services, which reviews license applications and establishes licensing fees and penalties, while the Police Commissioner of Baltimore City oversees accident towing services and issues licenses through a medallion system. While the Board of Licenses does not define an approved rate structure for trespass towing, accident towing service chargers are limited to \$150 per incident and \$50 per day for storage fees and must be filed with the Commissioner.

The proposed legislation creates one centralized Baltimore City Board of Towing to oversee all towing services. This Board would administer all towing licensing and regulations, including establishing maximum charges for towing services and storage. The Board of Estimates (BOE) would establish all relevant fees for licensing. The table below illustrates the current structure compared to the proposed structure.

Tow Type	Authority	Current Fees	Proposed Fees	Current Licensing	Proposed Licensing
Trespass, Private Towing	Board of Licenses for Towing Services	No approved rate structure	Maximum charge established by Baltimore City Board of Towing	\$100 per application, \$100 per registered two vehicle	Established by Board of Estimates
Trespass, City Towing	Board of Licenses for Towing Services	\$130 or \$140/tow, \$15/day with additional fees	Maximum charge established by Baltimore City Board of Towing	N/A	Established by Board of Estimates
Accident Towing	Baltimore City Police Commissioner	\$150/tow, \$50/day	Maximum charge established by Baltimore City Board of Towing	Medallion	Established by Board of Estimates

Fiscal Impact

The Department of Finance reviewed the potential impact of the changes that could result from this legislation, specifically the fee schedule for licensure, changes to the price of a tow, and changes in the price of incidentals to support Board operations. Finance anticipates a negligible fiscal impact.

Fees for Licensure

Fees for licensure would be standardized under this bill and are required to meet the costs of processing licenses. Whereas the cost for licensure currently varies between trespass and accident towing, the new Board would set a standard fee for the licensure of all towing vehicles. The current licensing fees are a \$100 application fee and \$100 registration fee per tow truck for trespass towing and generated \$4,400 in revenue for Fiscal Year 2019. Assuming the new fee structure recoups no less than is currently charged by the existing boards, there would be no change in revenue received from the licensure of towing companies.

Cost per Tow

Currently, the two entities overseeing towing are responsible for identifying an appropriate range for the price of a tow within their purview, which are \$150 per tow and \$50 per day storage for accident towing and range from \$130 to \$140 per tow and \$15 per day storage with additional fees for trespass towing. Under the proposed legislation, the new Board would establish a maximum charge, which could be higher than the current structure. Since the City has contracts with private vendors for trespass and accident towing, an increase in the allowed charge per tow could result in an increase in cost to the City to support these operations under a new towing contract.

Cost of Board Operations

Establishing the Board of Towing would consolidate operational activities necessary to support towing regulation. Finance anticipates that there will be time and ultimately cost savings as a result of consolidation, as fewer City staff hours are required to support the work of towing regulators and administrative processes.

Conclusion

City Council Bill 19-0431 would consolidate the two current towing boards, which separately oversee trespass and accident towing, into the Baltimore City Board of Towing. The Board would have authority over all towing activities within the city. The Department of Finance anticipates minimal financial impact and possible cost savings if the fees for licensure and the cost per tow are at a similar rate to the current structures. However, since these rates are not yet established, this legislation could result in a reduction in revenue from towing licensure and/or an increase in the cost per tow paid for by the City as part of its towing contracts.

For the reasons stated above, the Department of Finance does not oppose City Council Bill 19-0431.

cc: Henry Raymond
Matthew Stegman
Nina Themelis