

Date of Hearing: April 23, 2018

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2656 (Chen) – As Amended March 22, 2018

**SUBJECT:** Vehicle towing and storage

**SUMMARY:** Requires a person operating a storage facility where vehicles are stored to accept a debit card. Specifically, **this bill:**

- 1) Requires a person operating a storage facility where vehicles are stored to accept a debit card or combination of a debit card, credit card or cash as decided by the person presenting the card or cash from the registered owner, legal owner, the agent of the registered or legal owner, or the licensed reposessor claiming the vehicle.
- 2) Requires that the credit or debit card be the name of the person or business entity presenting the card, and that it does not have to be in the name of the person who has received a vehicle release.
- 3) Defines debit card to mean an accepted debit card or other means of access to a debit cardholder's account that may be used to initiate electronic funds transfers and may be used without unique identifying information such as a personal identification number to initiate access to the debit cardholder's account.
- 4) Provides that a person who refuses or willfully fails to accept a debit card shall be liable to the owner of the vehicle or to the person who tendered the fees for four times the amount of the towing and storage charges, but not to exceed \$500.
- 5) Requires a person operating or in charge of the storage facility to make a telephone call to receive approval of a transaction for a credit or debit card if the charge cannot be completed electronically.

**EXISTING LAW:**

- 1) Requires a person operating a storage facility where vehicles are stored to accept a credit card or cash for payment of towing and storage by the registered owner, legal owner, or the owner's agent claiming the vehicle.
- 2) Requires the credit card to be in the name of the person presenting the card.
- 3) Defines "credit card" as any card, plate, coupon book, or other single credit device existing for the purpose of being used from time to time upon presentation to obtain money, property, labor, or services on credit, with specified exemptions.
- 4) Provides that a person who refuses or willfully fails to accept a credit card shall be liable to the owner of the vehicle or to the person who tendered the fees for four times the amount of the towing and storage charges, but not to exceed \$500.
- 5) Requires persons operating or in charge of the storage facility to have sufficient funds on the premises to accommodate and make change in a reasonable monetary transaction.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

*Authors Statement:* According to the author, “Debit cards have become accepted form of payment across the country for a great number of transactions. However this method of payment has not yet been added to Vehicle Code Section 22651.1, which requires vehicle storage facilities to accept either bank credit cards or cash. There are many occasions when individuals desiring to pay for towing and storage to obtain the release of their cars from a storage facility only have this method of payment, but the storage facility refuses to accept this method of payment. This enables the storage facility to charge more days of storage or to sell the car at a lien sale auction.”

*Debit Cards:* The debit card has been around since 1966 and started as a pilot program by the Bank of Delaware. In 1990 there were around 300 million debit card transactions. By 2009, prepaid cards and debit cards were used in 37.6 billion transactions. Despite this, the sponsors of this bill claim that towing and storage facilities are refusing to accept debit cards as a form of payment in order to keep cars longer so they can charge higher fees or even sell the cars at auction. They also claim storage facilities are claiming their credit card machines are not working to delay payment, or refusing to accept both cash and credit as a payment.

In order to address this problem, this bill adds debit cards to the list of form of payments towing and storage facilities must accept, and requires storage facilities to accept a combination of payments, and if their credit or debit card machine is not working, requiring them to make a telephone call to authorize the charge.

*Related Legislation:* AB 2392 (Santiago), requires towing and storage facilities to accept an insurance check. AB 2392 is set to be heard by this committee on April 23, 2018.

*Prior Legislation:* AB 515 (Hagman), Chapter 322, Statutes of 2009, made numerous changes to the Collateral Recovery Act, including requiring impound agencies to accept a valid bank credit cards or cash.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Association of Licensed Repossessors

**Opposition**

None on file

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