

Date of Hearing: April 28, 2025

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 987 (Sharp-Collins) – As Amended April 22, 2025

SUBJECT: Vehicles: storage and towing

SUMMARY: Expands the types of towing and storage fees that are considered unreasonable. Specifically, **this bill:**

- 1) Expands existing towing and storage fees that are considered unreasonable if an insurer is responsible for covering the cost of tow or for any other tow to include:
 - a) Additional towing fees that exceed 10% of the normal towing rate due to the call originating after normal business hours when gate fees are reasonable assessed;
 - b) Storage fees charged for state holidays that exceed the posted standard daily storage rate;
 - c) Towing fees when the owner is directed by a law enforcement officer to remove their vehicle to the nearest shoulder or to level ground adjacent to the roadway for the sole purpose of clearing a roadway to facilitate access by an emergency vehicle at the scene of a state emergency or a local emergency. An owner or operator of a tow truck that removes a vehicle under the circumstances described in this paragraph shall be relieved of all liability for any damage to personal property that results from the removal of the vehicle;
 - d) Following a request from the vehicle owner to release their vehicle, storage fees for any day that a storage facility fails to release the vehicle; and,
 - e) Storage fees in excess of 50% of the daily storage rate when a vehicle is recovered within the first 12 hours of storage.
- 2) Makes the following fees unreasonable for other tows that are already considered unreasonable for tows that have to be covered by insurance:
 - a) Administrative filing fees, except those incurred related to documentation from the Department of Motor Vehicles (DMV) and those related to the lien sale of a vehicle;
 - b) Security fees;
 - c) Dolly fees;
 - d) Load and unload fees;
 - e) Pull-out fees; and,
 - f) Gate fees, except when the owner or insurer of the vehicle requests that the vehicle be released outside of regular business hours.
- 3) Defines “regular business hours” to include Monday through Friday from 8:00 a.m. to 5:00 p.m., including state holidays.

EXISTING LAW:

- 1) Defines a tow truck as “a motor vehicle which has been altered or designed and equipped for, and primarily used in the business of, transporting vehicles by means of a crane, hoist, tow bar, tow line, or dolly or is otherwise primarily used to render assistance to other vehicles. A ‘roll-back carrier’ designed to carry up to two vehicles is also a tow truck. A trailer for hire that is being used to transport a vehicle is a tow truck. ‘Tow truck’ does not include an automobile dismantlers’ tow vehicle or a reposessor’s tow vehicle.” (Vehicle Code Section (VEH) 615)
- 2) Requires all storage and towing fees charged to a legal owner of a motor vehicle to be reasonable, as specified. Requires all towing and storage fees charged when those services are performed as a result of an accident or recovery of a stolen vehicle to be reasonable. Deems a towing and storage charge to be reasonable if it does not exceed those rates and fees charged for similar services provided in response to requests initiated by a public agency, including but not limited to, the CHP or local police department. Deems a storage rate and fee to be reasonable if it is comparable to storage-related rates and fees charged by other facilities in the same locale, but does not preclude a rate or fee that is higher or lower if it is otherwise reasonable.(VEH 106252.5 and 22524.5)
- 3) Specifies that the following rates and fees are presumptively unreasonable: administrative or filing fees, except those incurred related to documentation from DMV and those related to the lien sale of a vehicle; security fees; dolly fees; load and unload fees; pull-out fees; and, gate fees, except when the owner or insurer of the vehicle requests that the vehicle be released outside of regular business hours. (VEH 22524.5).
- 4) Clarifies that 3) above does not prohibit any fees authorized in an agreement between a law enforcement agency and a towing company, if the tow was initiated by the law enforcement agency. (VEH 22524.5)
- 5) Authorizes a vehicle owner, his or her agent, or a reposessor prior to paying any towing, recovery, or storage related fees to inspect the vehicle without paying a fee or have an insurer inspect the vehicle at the storage facility at no charge during normal business hours; however, the storage facility may limit the inspection to increments of 45 consecutive minutes in order to provide service to customers, as specified. (VEH 22651.07)
- 6) Requires a towing or storage facility to accept an insurer’s check as a form of payment. (VEH 22651.07)
- 7) Requires a storage facility to be open and accessible during normal business hours and outside of normal business hours, the facility must provide a telephone number that permits the caller to leave a message and calls must be returned no later than six business hours after a message has been left (VEH 22651.07).
- 8) Adds information to the towing and storage fees and access notice related to vehicle inspections and releases by insurance carriers. Defines, for purposes of this bill, “insurer” to mean either a first-party insurer or third-party insurer. (VEH 22651.07)

FISCAL EFFECT: Unknown

COMMENTS: The California Legislature has taken steps to reduce a number of anti-consumer behaviors by some towing and storage companies. There was a growing problem with bandit towing that involved the removal of legitimately parked cars. In these cases, a tower would remove the parked car, take it to a storage lot, and then charge inflated towing and storage fees. To address the problem, AB 2210 (Goldberg), Chapter 609, Statutes of 2006, required written approval before the tow operator could remove a parked car. If the tow was on private property, the written approval had to come from the property owner and, if on public property, the written approval was required to be from law enforcement or a public agency. AB 2210, among other things, required tow operators to maintain CHP-approved rates, vehicle storage facilities to release towed vehicles after normal business hours, and set specified storage rate fees.

AB 519 (Solorio), Chapter 566, Statutes of 2010, required towing companies to provide consumers a Towing Fees and Access Notice and an itemized invoice of all towing and storage fees. Towing companies are also required to accept credit cards, debit cards, and insurance checks.

AB 2392 (Santiago), Chapter 432, Statutes of 2018 aimed to protect consumers against unreasonable towing fees by clarifying what towing fees were considered reasonable and what fees were considered unreasonable, with the general rule creating a presumption that fees that were higher than the prevailing rate in the area or higher than the negotiated cost made with local law enforcement or the CHP were unreasonable if the insurer was responsible for covering the cost of the tow.

According to the author, “Unreasonable tow and storage fees can place a severe financial burden on working-class individuals, especially when their vehicles are towed unexpectedly or through no fault of their own. Current law only limits fees in certain situations, allowing towing companies to impose excessive charges—such as holiday fees, after-hours releases, or unnecessary administrative costs—in most other cases. These practices exploit people in vulnerable moments, often forcing them to choose between paying exorbitant fees or losing access to vital transportation. This bill expands the definition of “unreasonable” fees to provide clear consumer protections and prevent predatory pricing.”

This bill builds on AB 2392 and expands what fees (shown above) are considered unreasonable. This bill mirrors the provisions in CHP Tow Service Agreements, with the exception of the half day storage charge for vehicles recovered within the first 12 hours. CHP currently has towing service agreements with towing companies that they use and CHP negotiates the price of the tow for consumers. Rates higher than the rate for the standard towing agreement or agreements with local law enforcement are presumed unreasonable under the law even if the towing company does not have an agreement for CHP. The CHP will suspend a towing company from its preferential towing list if consumers bring repeated complaints against the company.

Under existing law, if an individual is charged unreasonable fees they are entitled to bring a lawsuit against a towing and storage facility for damages. Existing law authorizes damages to be as much as four times the cost of the towing and storage charges (the damages are limited to a maximum of \$10,000 if brought in small claims court). If a towing agency refuses to accept a credit card, insurer’s check, or a bank draft, fails to provide a Towing Fees and Access Notice and an itemized invoice, or is not open during normal business hours they can be found civilly liable up to two times the amount charge but a maximum liability of \$500 per vehicle.

Committee comments: This bill is still being negotiated between the California Tow Truck Association (CTTA) and the author's office. Most of the current language reflects an agreement between the two. The original version of the bill was much broader, especially in defining which towing fees were considered unreasonable.

One ongoing issue is whether tow yards can charge a full day's storage fee for vehicles that have been stored for 12 hours or less. The committee proposed this language as an alternative to language that would have prohibited nonhourly storage fees if the vehicle has been in storage for fewer than 12 hours. CTTA opposes limiting these fees, saying that most people retrieve their vehicles within the first 12 hours. They argue that such a limit would significantly reduce their revenue.

This bill does not allow towing companies to charge a fee for moving a vehicle that is blocking emergency vehicles during a declared emergency. In return, the tow companies are protected from being held liable for any damage they cause while moving the vehicle.

This liability protection could lead to tow companies being less careful with other people's cars, since they would not have to worry about paying for any damage they cause. On the other hand, without this protection, companies may have no incentive to move vehicles at all—and could even lose money if damage occurs.

The bill was changed too late to be reviewed by the Assembly Judiciary Committee. Future committees may want to consider if the liability protection is appropriate, or if exceptions should be made—especially in cases of gross negligence by the towing operator.

Previous legislation: AB 471 (Low), Chapter 372, Statutes of 2021, authorized BAR to establish an informal citation conference for automotive repair dealers, creating a three-member panel to issue citations and fines on low-level citations that can result in a Bureau-approved remedial training course.

AB 2932 (Santiago) Chapter 432, Statutes of 2018, required all towing and storage fees to be reasonable and enhances consumer protections for towing and storage customers, as specified.

AB 519 (Solorio), Chapter 566, Statutes of 2010, required towing companies to provide consumers a Towing Fees and Access Notice and an itemized invoice of all towing and storage fees.

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 card or cash.

AB 294 (Santiago) of 2021 would have created the Vehicle Towing and Storage Board (VTSB) within the Department of Consumer Affairs (DCA) and required businesses that tow and store vehicles to receive a permit from VTSB, and would have authorized VTSB to resolve disputes associated with the tow and storage of vehicles. That bill died in Assembly Appropriations Committee.

AB 2656 (Chen) of 2018 would have required towing and storage facilities to accept a debit card from licensed repossessioners. That bill was vetoed by the Governor.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: David Sforza / TRANS. / (916) 319-2093