

Summary of the Attorney General’s “Report to the Vermont Legislature On Towing Practices in Vermont In Accordance with Act 41.”

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Towing Practices in Vermont:

- Several nationwide studies of towing regulation have found Vermont “has little or no requirements for the towing industry to follow, or for consumers to understand.”
- Consumer complaints typically are related to non-consensual tows of passenger vehicles. They point to arbitrary and predatory fees, as well as vehicles and personal property being “held hostage” by tow companies.
- Towing operators argue that they face challenges in receiving payment for their services.

Towing Regulation:

- **Pricing:** Towing operators generally set their own rates.¹ There are two exceptions:
 - Rates must be “reasonable” when towing from private lots or crash remediation sites,
 - Rates cannot exceed \$125 when towing from public spaces.
- **Storage:** There is currently no state-wide law regulating storage fees.²
 - An anecdote was given of a consumer being charged upwards of \$900 for a seven hour impoundment. The individual was required to pay the full amount, in cash, to retrieve their vehicle.
- **Removal of Personal Belongings & Cargo:** There is no law regulating the retrieval of personal belongings or cargo from a towed vehicle.
 - The Vermont Towing Association has stated that “it has no interest in interfering with the retrieval of personal items in towed vehicles.”
 - For commercial vehicles, prompt retrieval of cargo is often imperative for the company.
- **Liens:** There is no statutory or common law basis for liens in the context of towing.
 - Most Vermont courts have refused to recognize “a lien that secures payment for the towing and storage services.”
 - The Department of Financial Regulation has urged “caution with any change to state lien laws with respect to motor vehicles where a lender for the vehicle, equipment, or cargo may be involved.”

¹Some municipal protections do exist. Burlington limits towing charges for parking violations to \$95, with a \$50 drop fee

² Burlington limits storage fees to \$30/day and \$20 for the day of impoundment.

- The Vermont Towing Association has argued that liens on towed vehicles offer them an “efficient mechanism for payment or holding a vehicle until payment is made.”
- **Abandonment:** Abandoned vehicles may be towed by tow operators. “Abandoned Vehicle” is defined in Title 23.
 - Tow companies may “request and potentially receive title to an abandoned vehicle to cover the costs of towing and storage-related fees.”
 - The DMV notifies vehicle owners if a request is made for the title. There are currently several hundred vehicles subject to this process.
- **Recommendations:**
 - Require clear and conspicuous disclosure of rates and fees.
 - 14 states require disclosure of rates and fees.
 - Standard fixed rates for non-consensual tows (125\$ for tow, 25\$ for “drop fees”³). Municipalities should be able to set their own rates if below the statewide standard.
 - More than 30 states have some form of fixed rates or or “reasonability” requirement.
 - On average, “state limitations for basic nonconsensual passenger vehicle tows generally range from \$65-\$240.”
 - A fixed storage rate of no more than \$25/day.
 - Other states’ storage costs can range from \$17 to \$50/day. 18 states cap storage fees at \$25/day.
 - Require access to personal belongings in vehicles.
 - 20 states require vehicle owners to be allowed to retrieve their personal belongings during regular business hours.
 - Retrieval of third party cargo from towed commercial vehicles
 - 8 states require tow companies to release the cargo of towed commercial vehicles if the cargo does not belong to the transport company.
 - Required notification that a tow has occurred. This process could involve informing local law enforcement or the establishment of state-wide database where consumers can search and locate their vehicle
 - 37 states have some form of express notice requirement.
 - Require acceptance of all reasonable forms of payment, such as cash, check, debit card, etc.
 - 11 states require towing companies to accept all reasonable forms of payment.

³ A “drop fee” or “decoupling fee” can be defined as “a charge by a towing company for releasing a motor vehicle to its owner or operator when the vehicle has been, or is about to be, hooked or lifted by a tower, but prior to the vehicle actually having been moved or removed from the property.”