

Licenses and Consumer Services

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Staff Report

Class A Motor Vehicle Services (Towing) Fees

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Class A motor vehicle service is the action of towing and impounding a motor vehicle from private property without the permission on the vehicle owner. This is sometimes referred to as non-consensual towing, private property impound towing or third party towing. This type of towing service is usually used to remove those vehicles that have parked, or otherwise trespassed, on private property without the property owner's permission. Currently, the ordinances of the City of Minneapolis do not regulate the rate that can be charged for this type of towing service, nor by what means of payment the public may use to pay the towing company.

Below is the proposed ordinance language that would add a maximum fee to Class A Motor Vehicle Service (towing) and would add a requirement that the Class A Motor Vehicle Service Licensee accept any forms of payment currently accepted by the impound lot. Methods of payment now accepted at the Minneapolis Impound lot are cash, check, Visa, Master, and American Express cards.

The proposed language is as follows:

349.270. Service fee – Class A Motor Vehicle Service. The maximum service fee for class A motor vehicle service shall not exceed one-hundred percent (100%) of the fee charged for a tow by the City of Minneapolis impound facility. The maximum storage fee for storage of a vehicle removed by a class A motor vehicle service licensee shall not exceed one-hundred percent (100%) of the fee charged for storage by the City of Minneapolis impound facility. Class A motor vehicle service licensees shall honor all forms of payment currently accepted by the City of Minneapolis impound facility.

The language for the proposed ordinance is nearly identical to Minneapolis Ordinance 320.70, which sets forth the maximum service fee for motor vehicle immobilizing (booting).

On August 11th, 2006 the Department of Licenses and Consumer Services Division hosted a meeting with the Minneapolis Class A towing industry. All three of the currently licensed companies attended the meeting. The attendees received a copy of the proposed ordinance amendment, the notice of the public hearing and copies of the research material thus far collected with regard to the survey of other cities and local towing rate comparison.

One item of contention at this meeting was whether or not cities have the right to regulate towing rates. The City Attorneys Office has now reviewed this situation and has confirmed that Cities may regulate the rates for non-consensual towing only. A copy of the specific federal code is attached below:

United States Code: 49 U.S.C. § 14501.

(c) Motor Carriers of Property.—

(1) General rule.— Except as provided in paragraphs (2) and (3), a State, political subdivision of a State, or political authority of 2 or more States may not enact or enforce a law, regulation, or other provision having the force and effect of law related to a price, route, or service of any motor carrier (other than a carrier affiliated with a direct air carrier covered by section 41713 (b)(4)) or any motor private carrier, broker, or freight forwarder with respect to the transportation of property.

United States Code: 49 U.S.C. § 14501.

(C) does not apply to the authority of a State or a political subdivision of a State to enact or enforce a law, regulation, or other provision relating to the price of for-hire motor vehicle transportation by a tow truck, if such transportation is performed without the prior consent or authorization of the owner or operator of the motor vehicle.

According to a recent Supreme Court case, City of Columbus v. Ours Garage and Wrecker Service, 200 U.S. 321, 327 (2001), the court found that any regulation outside of towing without prior consent would be unenforceable unless it has a safety implication. The Court does take in account the intent of the rule making body to assess their intentions to make sure there is an adequate safety concern.

For the purpose of the proposed ordinance, the fee has been set at one-hundred percent of the fee charged by the impound facility for non-consensual tows from public property. Since the City Council may consider options to permit a higher maximum fee than what the impound lot charges, the chart below indicates what the rate would be at higher percentages.

(Assuming 1 Day of Storage)

A 100 percent maximum would set the fee at $\$138 + 18 = \156

A 125 percent maximum fee would set the fee at $\$172.50 + 22.50 = \195

A 150 percent maximum fee would set the fee at $\$207.00 + 27 = \234

Below is a chart that indicates the towing rates that are charged by the three towing companies now licensed to provide Class A motor vehicle service.

Towing Rates					
	<u>Towing Companies</u>	Wrecker Services	Gopher Towing	Cedar Towing	City of Mpls. Impound
<u>Type of Fees</u>					
Tow Fee (Private Property)		\$ 245.00 (Plus tax)	\$245.00* (plus tax)	\$ 238.00 (plus tax)	\$ 138.00
Heavy duty					\$175.00
Storage per Day		\$ 25.00 (at midnight day of) \$ 50.00 after 10 days	\$ 25.00 (first 24 hours)*	\$ 35.00 (first 24 hours)	\$ 18.00 (at midnight day of)
Administrative Fee		\$ 50.00			
Drop Fee		\$ 25.00	\$ 50.00*	\$ 50.00	
Dolly Fee		\$ 50.00	\$ 35.00*		
High Risk Fee			\$ 25.00*		
Regular Service Tow		\$ 70.00	\$ 70.00*	\$ 50.00	

- (\$ 5 fee added when check or credit card are used)

A review of other cities that are similar in size to Minneapolis found that three other cities regulate the maximum towing rates for non-consensual towing from private property. The full results of this review follows:

Tow Fee Schedule by Comparable Cities				
Cities	Require License For Towing	Is there a Cap	What is the cap	How it is Broken Down
Minneapolis, MN	Yes	No	None	None
Cincinnati, OH	Yes	No	None	None
Kansas City, MO	Yes	No	None	None
Omaha, NE	Yes	No	None	None
Pittsburgh, PA	Yes	Yes	\$ 110 Passenger Up to \$ 220 for Large Vehicles	Type of Vehicle, Class, Gross Weight
Saint Louis, MO	Yes	No	None	None
Saint Paul, MN	Yes	No	None	None
Toledo, OH	Yes	Yes	\$ 70 Under 15,000 pounds \$ 8 Storage per/24hrs \$ 100 Over 15,000 pounds \$ 12 Storage per/24hrs	By Weight
Tulsa, OK	NA			
Buffalo, NY	Yes	Yes	All two axels \$ 90 After first 24 hrs. \$ 25 Tractor Truck \$ 136 \$ 14 A Day	Type of Vehicle