

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2402 - SB 2334

February 25, 2016

SUMMARY OF BILL: Reduces, from 60 to 21 days, the time period for which any person engaged in the business of motor vehicle towing or storage may charge the owner or lienholder of a motor vehicle a storage fee without consent of the owner or lienholder and without the owner or lienholder being notified, by registered mail return receipt requested, that the business owner intends to charge additional fees for any additional days.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Currently, a towing or storage business can charge a storage fee for 60 days prior to notifying the owner or lienholder of a motor vehicle that additional storage fees will be imposed. Such notification is currently required to be sent 14 days prior to imposing additional storage fees.
- This legislation affects the relationship between two private parties, primarily the owner of a motor vehicle and a storage business.
- Local governments do not meet the definition of “person” as defined in Tenn. Code Ann. § 55-23-102; therefore, this legislation would not apply to storage or impound lots operated by local governments.
- According to the Department of Safety and Homeland Security (DOSHS), the Tennessee Highway Patrol (THP) would need to provide information regarding this law to troopers through a legislative update or during regularly-scheduled annual in-service training.
- Also, THP District Wrecker Lieutenants would need to ensure that towing companies operating in the THP rotating schedule are aware of this law. All of these duties can be accomplished within the existing resources of the Department utilizing existing staff.

IMPACT TO COMMERCE:

Decrease Business Revenue - Exceeds \$5,000

Assumption:

- Currently, a towing or storage business can charge a storage fee for 60 days without consent of and prior to notifying the owner or lienholder of a motor vehicle that

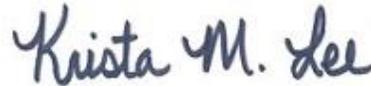
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additional storage fees will be imposed. Such notification is currently required to be sent 14 days prior to imposing additional storage fees.

- It is likely that this legislation will result in a decrease in business revenue due to an inability for businesses performing motor vehicle towing and storage in this state to charge storage fees for an additional 39 days without the consent of the owner or lienholder (60 - 21).
- No data exists detailing the number of motor vehicles which currently stay impounded past the 21st day of impoundment.
- It is unknown how this will affect the habits of motor vehicle owners and lienholders in collecting their vehicles from an impound lot.
- It is assumed that this legislation will result in a recurring decrease in business revenue to Tennessee-domiciled motor vehicle towing and storage businesses exceeding \$5,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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