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BILL



ANALYSIS

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House Bill 4231 (Substitute H-3 as reported without amendment)

House Bill 5364 (Substitute S-1 as reported)

Sponsor: Representative James L. Koetje (H.. 4231)

Representative Ken Daniels (H.B. 5364)

House Committee: Government Operations (H.B. 4231)

Transportation (H.B. 5364)

Senate Committee: Transportation

Date Completed: 11-3-04

RATIONALE

Under the Michigan Vehicle Code, if a vehicle has remained on public or private property for a period of time so that it appears to a police agency that the vehicle is abandoned, the police must determine if the vehicle has been reported stolen and put a written notice on it. The notice must contain certain information, including the date and time the vehicle may be taken into custody and stored at the owner's expense or scrapped if the vehicle is not removed. If the vehicle is not removed within 48 hours after the date the notice was left on the vehicle, it is considered abandoned and the police agency may have the vehicle taken into custody.

Apparently, there have been problems with abandoned vehicles and the length of time that they are parked beside roads. It has been pointed out that abandoned vehicles left at the roadside can distract drivers, contribute to traffic congestion, potentially cause serious accidents, and have a negative impact on the quality of life in neighborhoods. Also, when a person sells a vehicle, sometimes the buyer never registers the car under his or her name with the Secretary of State (SOS), and the seller does not maintain any record of the transaction. In some cases, the new owner later abandons the vehicle, but there is no record that he or she ever purchased it. The previous owner, therefore, is liable for the towing and storage fees, which can amount to several thousand dollars.

In light of the problems caused by abandoned vehicles, it has been suggested

that abandoning a vehicle should be prohibited; the time a vehicle owner has to remove a vehicle before it is considered abandoned should be shortened; vehicle owners should have to bear some of the costs incurred by the State and local units of government; and the seller of a vehicle should be required to take certain steps so that he or she would not be responsible for the buyer's actions in the future.

CONTENT

House Bill 4231 (H-3) would amend the Michigan Vehicle Code to do the following:

- **Revise the definition of "abandoned vehicle".**
- **Require a police agency that has received a vehicle that has been taken into custody as abandoned to notify the SOS within 24 hours.**
- **Require the SOS, rather than the police agency, to notify the registered owner that the vehicle has been taken into custody.**
- **Require the SOS to maintain an online database of abandoned vehicles.**
- **Create the "Abandoned Vehicle Fund" to reimburse law enforcement agencies for abandoned vehicle recovery efforts, local units of government for nonpayment of vehicle towing and storage costs, and the SOS for administrative costs.**

- **Require the owner of a vehicle that has been taken into custody as abandoned to pay a \$150 fee; and require the fee to be deposited into the Fund.**

House Bill 5364 (S-1) would amend the Michigan Vehicle Code to do the following:

- **Require a person who sold a vehicle either to accompany the purchaser to an SOS branch office to ensure transfer of the title, or to maintain a record of sale for at least three years, in order to avoid liability for any subsequent damages or violation of law resulting from the vehicle's use by the purchaser; and prescribe a civil fine for failure to do so.**
- **Prohibit a person from abandoning a vehicle in this State, and prescribe a civil fine for a violation.**
- **Reduce the time an owner has to remove a vehicle before it is considered abandoned.**
- **Prohibit a vehicle owner from contesting the reasonableness of towing and storage fees for an abandoned or removed vehicle, if the fees were established by contract with the local governmental unit or local law enforcement agency.**
- **Revise procedures for removing a vehicle.**
- **Allow the owner of a vehicle that was to be removed to pay a service fee to disconnect the vehicle from the tow truck and take possession of it.**
- **Require the SOS to include information about the proposed civil fines and sanctions in driver license renewal and registration mailings.**

House Bill 4231 (H-3) would take effect 180 days after it was enacted. House Bill 5364 (S-1) would take effect June 1, 2005. The bills are described below in further detail.

House Bill 4231 (H-3)

Abandoned Vehicle

Currently, the term "abandoned vehicle" means a vehicle that has remained on public or private property for a period of 48 hours after a police agency or other governmental agency designated by the police agency has affixed a written notice to the vehicle indicating that the vehicle is considered

abandoned and stating the time the vehicle may be taken into custody if it is not removed. The bill would delete the reference to private property, as well as the written notice, to provide that a vehicle would be considered abandoned if it remained on public property for a period of 48 hours.

Owner Notification & Website

Under the Code, after a vehicle is taken into custody, the police agency must recheck to determine if the vehicle has been reported stolen; and, within 24 hours, enter the vehicle as abandoned into the Law Enforcement Information Network (LEIN) and notify the registered owner and secured party that the vehicle has been taken into custody. Under the bill, the police agency would have to notify the SOS that the vehicle has been taken into custody as abandoned, and the SOS would have to notify the owner and the secured party.

Additionally, the SOS would have to enter the year, make, and, if available, the vehicle identification number (VIN) on a website maintained by the SOS for public use in locating vehicles that were removed as abandoned.

\$150 Fee

The Code allows a registered owner to contest the fact that the vehicle is considered abandoned, or the reasonableness of the towing and daily storage fees, by requesting a hearing. An owner who requests a hearing may obtain release of the vehicle by posting a towing and storage bond equal to the accrued towing and storage fees, or by paying those fees. An owner who does not request a hearing may obtain release of the vehicle by paying the accrued towing and storage fees to the custodian of the vehicle. Under the bill, the owner also would have to pay a \$150 fee, which the court or custodian, as applicable, would have to forward to the SOS for deposit into the "Abandoned Vehicle Fund", described below.

Removal from Private Property

The bill would repeal a section related to the removal of a vehicle from private property. Instead, if a vehicle had remained on private property without the property owner's consent for a period of time so that it

qualified as abandoned, the property owner could have it taken into custody. Before removing the vehicle, the towing service would have to notify a police agency having jurisdiction over the vehicle that it was being removed. The police agency would have to determine if it had been reported stolen and would have to enter it into the LEIN as an abandoned vehicle.

Within 24 hours of taking the vehicle custody, the police agency would have to notify the SOS of its location, and that it had been taken into custody as abandoned. Within seven days after being notified, the SOS would have to send to the registered owner and secured party, as shown by the SOS's records, by first-class mail or personal service, notice that the vehicle was considered abandoned. The SOS would have to furnish the form for the notice. Each notice form would have to contain the following information:

- The year, make, and, if available, the VIN.
- The location from which the vehicle was taken into custody.
- The date on which the vehicle was taken into custody.
- The name and address of the property owner or towing service that had the vehicle taken into custody.
- The business address of the custodian of the vehicle.
- The procedure to redeem the vehicle.
- The procedure to contest the fact that the vehicle was considered abandoned or the reasonableness of the towing and daily storage fees.
- A form petition that the owner could file in person or by mail with the specified court that requested a hearing on the custodian's action.
- A warning that the failure to redeem the vehicle or to request a hearing within 20 days after the date of the notice could result in the sale of the vehicle and the termination of all rights of the owner and the secured party to the vehicle or the proceeds of the sale.

The SOS also would have to enter the year, make, and VIN on the website.

The registered owner could contest the fact that the vehicle was abandoned or the reasonableness of the towing and storage fees by following the same procedure for an abandoned vehicle removed from public

property. In addition to the towing and storage fees, the owner would have to pay a \$150 fee to obtain release of the vehicle. The SOS would have to deposit the fee in the Fund.

Abandoned Scrap Vehicle

Under the Code, an abandoned scrap vehicle is on public or private property; is at least seven years old; is apparently inoperable or extensively damaged, to the extent that the cost of making the vehicle operational and safe would exceed the vehicle's fair market value; and is not removed within 48 hours after the written notice was affixed. The bill would delete the reference to the 48-hour removal period.

The bill would delete a requirement that the police agency reimburse the owner of a registered abandoned scrap vehicle for accrued towing and storage fees if a court finds that the vehicle was not deemed abandoned properly.

Vehicle Removal in the Public Interest

The Code authorizes a police agency or governmental agency designated by the police agency to provide for the immediate removal of a vehicle from public or private property to a place of safekeeping at the expense of the last titled owner, under any of the following circumstances:

- The vehicle is in such a condition that its continued operation upon the highway would constitute an immediate hazard to the public.
- The vehicle is parked or standing upon the highway in such a manner as to create an immediate public hazard or an obstruction of traffic.
- The vehicle must be seized to preserve evidence of a crime, or there is reasonable cause to believe that the vehicle was used in the commission of a crime.
- Removal is necessary in the interest of public safety because of fire, flood, storm, snow, natural or man-made disaster, or other emergency.
- The vehicle is hampering the use of private property by the owner or person in charge of that property, or is parked in a manner that impedes the movement of another vehicle.

- The vehicle is illegally stopped, standing, or parked in a space designated as parking for persons with disabilities.
- The vehicle is located in a clearly identified access aisle or lane immediately adjacent to a disabled parking space.
- The vehicle is interfering with the use of a ramp or a curb-cut by persons with disabilities.

Currently, a police agency that authorizes the removal of a vehicle for any of these reasons must check to determine if the vehicle has been reported stolen, and, within 24 hours, enter the vehicle into the LEIN if it has not been redeemed. If the vehicle has not been redeemed within 10 days after moving it, the police agency must send a notice that the vehicle has been removed to the registered owner and the secured party. If the police agency notifies the owner within 24 hours after the removal, and if the vehicle is not redeemed within 30 days upon complaint from the towing service, the police agency must send the notice 30 days after the removal. The bill would delete these procedures and instead require the police agency to follow the same procedures as for an abandoned vehicle removed from public property.

Hearing

If an owner requests a hearing to contest the fact that the car was considered abandoned, or removed properly, and the court finds that the police agency complied with the procedures in the Code for the processing of an abandoned or removed vehicle, and the owner does not redeem the vehicle within 20 days, the police agency must dispose of the vehicle. Under the bill, the court also would have to order the owner to pay the \$150 fee to the SOS, which would have to be deposited into the Fund.

If the court finds that the police agency did not comply with the procedures under the Code, the court must issue an order directing that the vehicle be released immediately to the owner, and that the police agency is responsible for the towing and storage charges. Under the bill, the court also would have to order any fee or bond posted by the owner to be returned to the owner.

Abandoned Vehicle Fund

The bill would create the "Abandoned Vehicle Fund" within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund, and would have to direct investment of the Fund. He or she would have to credit to the Fund interest and other earnings from Fund investment. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund. The Department of State could spend the Fund money, upon appropriation, as follows:

- One-third to reimburse local law enforcement agencies for abandoned vehicle recovery efforts.
- One-third to reimburse local units of government for nonpayment of towing and vehicle storage costs associated with abandoned vehicle recovery efforts.
- One-third to the SOS to administer the provisions of the Code related to abandoned vehicles.

House Bill 5364 (S-1)

Exemption from Liability

Under the Code, a motor vehicle owner who has made a bona fide sale by transfer of his or her title or interest and who has delivered possession of the vehicle and the properly endorsed certificate of title to the purchaser or transferee, is not liable for any damage or a violation of law that results subsequently from another person's use or ownership of the vehicle. Under the bill, the owner would not be liable only if he or she either accompanied the purchaser to an SOS branch office to assure that the title of the vehicle was transferred, or maintained a record of sale for at least three years. (The bill would define "record of sale" as either a photocopy of the reassigned title or a form or document that included the name, address, driver license number, and signature of the person to whom the vehicle was sold and the purchase price and date of sale.)

A person who did not accompany the purchaser to an SOS branch office or maintain a record of sale for at least three years would be responsible for a civil infraction and would have to be ordered to pay a civil fine of \$100. He or she also would be presumed to be the last titled

owner and to be liable for towing fees and daily storage fees for an abandoned motor vehicle.

The bill also would replace references to the "registered owner" with the "last titled owner".

Abandoned Vehicle

The bill would prohibit a person from abandoning a vehicle in Michigan. Under the bill, the last titled owner of the vehicle would be presumed to be responsible for abandoning the vehicle unless he or she provided a record of sale. A person who violated this prohibition and failed to redeem the vehicle before its disposition would be responsible for a civil infraction and would have to be ordered to pay a civil fine of \$100.

The Code defines "abandoned vehicle" as a vehicle that has remained on public or private property for a period of 48 hours after a police agency or other governmental agency designated by the police agency has affixed the written notice to the vehicle. The bill would reduce the time period a person would have to remove an abandoned vehicle from 48 to 24 hours after the notice was affixed.

Contesting Towing & Storage Fees

If a vehicle is an abandoned vehicle, a police agency may have it taken into custody. A police agency that has a vehicle taken into custody or is notified of a vehicle that has been removed from private property must recheck to determine if the vehicle has been reported stolen, enter the vehicle as abandoned into the LEIN within 24 hours, and, within seven days, send to the last titled owner and secured party notice that the vehicle is considered abandoned. The notice must include information specified by the Code, including the procedure to contest the reasonableness of the towing fees and daily storage fees. Under the bill, the notice would not have to contain the procedure if the towing and daily storage fees were established by contract with the local governmental unit or local law enforcement agency. In that situation, the owner could not contest the reasonableness of the fees.

(The Code's definition of "secured party" includes a person in whose favor a security

interest is created under a security agreement (e.g., an auto finance loan).)

Abandoned Scrap Vehicle

The bill would reduce the time period an owner has to remove an abandoned scrap vehicle from 48 to 24 hours after a written notice was affixed.

A police agency may have an unregistered scrap vehicle (i.e., a scrap vehicle that currently is not registered in Michigan and does not display current-year registration plates from another state) taken into custody. The bill specifies that the police agency could have the vehicle taken into custody immediately.

The Code allows a police agency to have a registered abandoned scrap vehicle taken into custody. Within seven days, the police agency must send to the last titled owner and secured party a notice that the vehicle has been deemed abandoned. The notice must include the procedure to contest the reasonableness of the towing and daily storage fees. Under the bill, the notice would not have to include the procedure if the towing and storage fees were established by contract with the local governmental unit or local law enforcement agency. In that situation, the last titled owner of a registered abandoned scrap vehicle could not request a hearing to contest the reasonableness of the fees.

Currently, if the owner does not request a hearing, he or she may obtain the release of the vehicle by paying the accrued charges to the custodian of the vehicle. The bill specifies that the owner would have to pay the accrued towing fees and storage fees. Under the Code, if the owner does not redeem the vehicle or request a hearing within 20 days after receiving the notice that it is considered abandoned, the secured party may obtain the vehicle's release by paying the fees to the custodian. The bill specifies that the fees would have to be paid within seven days.

Vehicle Removal from Private Property

Currently, when a vehicle is removed from private property at the direction of a person other than the vehicle's registered owner or a police agency, the custodian of the vehicle immediately must notify the police agency from whose jurisdiction the vehicle was

towed and supply the necessary information for the police agency to enter the vehicle into the LEIN. Under the bill, a vehicle could be removed from private property only at the direction of the last titled owner or a police agency, or upon written instruction of the owner or person in charge of the private property upon which the vehicle was located. The custodian would have to notify the police agency within 60 minutes after completing the towing or removal of the vehicle, rather than immediately.

Under the bill, if the owner or other person who was legally entitled to possess the vehicle arrived at the location of the vehicle before the actual towing or removal, and paid a reasonable service fee, the vehicle would have to be disconnected from the tow truck, and the owner or other person could take possession of the vehicle and remove it without interference. A receipt would have to be provided for payment of the service fee.

Upon receiving notification from the custodian as described above, a police agency immediately must determine if the vehicle has been reported stolen and enter the vehicle into the LEIN. Under the bill, the police agency would have to enter the vehicle into the LEIN within 24 hours after receiving the notification.

Vehicle Removal in the Public Interest

Under the bill, if a police agency had a vehicle taken into custody for public interest reasons (described above under House Bill 4231 (H-3)), the vehicle owner or other legally entitled person could take possession of the vehicle before the actual towing or removal upon payment of a reasonable service fee.

Under the Code, a police agency that authorizes a vehicle's removal must send a notice that the vehicle has been removed to the last titled owner and secured party, if the vehicle has not been redeemed within 10 days. If the police agency notifies the vehicle's owner or operator of the removal and the vehicle's location within 24 hours after the removal, and if the vehicle has not been redeemed within 30 days and upon complaint from the towing service, the police agency must send the notice within 30 days after the vehicle's removal. The notice must contain the procedure to contest the reasonableness of the towing and daily

storage fees. Under the bill, the notice would not have to include the procedure if the fees were established by contract with the local governmental unit or local law enforcement agency. In that situation, the owner could not request a hearing to contest the reasonableness of the fees.

Under the Code, the notice also must include a warning that the failure to redeem the vehicle or to request a hearing within 20 days after the date of the notice may result in the sale of the vehicle and the termination of all of the owner's and the secured party's rights to the vehicle or the proceeds of the sale. If the owner does not redeem the vehicle or request a hearing within 20 days, the secured party may obtain the vehicle's release by paying the accrued charges to the custodian of the vehicle before the date of the sale. The bill specifies that the accrued charges would have to be paid within seven days.

Petition for Hearing

Under the Code, upon the filing of a petition to contest the fact that a vehicle is considered abandoned or the reasonableness of fees, the court must schedule a hearing within 30 days for the purpose of determining whether the police agency acted properly, and notify the owner and the police agency of the time and place of the hearing. Under the bill, the court also would have to notify the towing service and the custodian of the vehicle. The court could not make a finding that the towing and daily storage fees were unreasonable if the fees were established by contract with the local governmental unit or local law enforcement agency.

Public Sale

A public sale for a vehicle that has been deemed abandoned or removed must be under the control of the police agency or its agent. It must be open to the public and consist of open auction bidding or bidding by sealed bids. If sealed bids are received, the person submitting the bid must receive a receipt from the police agency or its agent. Under the bill, the sale would have to be under the control of the police agency or its agent, or the custodian of the vehicle or the custodian's designee.

The Code requires the money received from the sale to be applied in a specified order of

priority. The money first must be applied to towing and storage fees. Under the bill, the actual costs of providing public notice of the sale would be included in the first priority.

If there are no bidders on the vehicle, the police agency may either turn the vehicle over to the towing firm to satisfy charges against the vehicle, or obtain title to the vehicle for the police agency or the unit of government governing the location from which the vehicle was towed. Under the bill, if the police agency turned the vehicle over to the towing firm and the value of the vehicle did not satisfy the towing fees and accrued daily storage fees, the custodian of the vehicle could collect the balance of the unpaid fees from the last titled owner. In an action to collect unpaid charges remaining after the vehicle's disposition, the towing service or custodian, or both, could recover its actual costs associated with towing and storage only from the last titled owner. In no event could a contract between a police agency or its local unit of government and a towing company include any language in contravention of this provision.

Upon disposition of a vehicle, the police agency could issue a citation for abandoning a vehicle to the vehicle's last titled owner.

Exemptions

Under the bill, sections of the Code related to abandoning a vehicle, taking a registered abandoned scrap vehicle into custody, and removing a vehicle from private property, would not apply to a vehicle that was owned by the same person who owned the private real property on which the vehicle was located, and would not prohibit or preempt a local unit of government from regulating the number and placement of vehicles on private property.

Required Notice

Under the bill, before authorizing the towing or removal of a vehicle from private real property without the consent of the owner or other person who legally was entitled to possess the vehicle, an owner or lessor of the property would have to post a notice that met all of the following conditions:

- The notice was prominently displayed at a point of entry for vehicular access to the real property. If the property lacked curbs or access barriers, at least one

notice would have to be posted for each 100 feet of road frontage.

- The notice clearly indicated in letters at least two inches high on a contrasting background that unauthorized vehicles would be towed away at the owner's expense.
- The notice provided the name and telephone number of the towing service responsible for towing or removing vehicles from that property.
- The notice was permanently installed with the bottom of the notice located at least four feet from the ground and was continuously maintained on the property for at least 24 hours before a vehicle was towed or removed.

The notice requirements would not apply to real property that was appurtenant to and obviously part of a single- or dual-family residence; or in an instance when notice personally was given to the owner or other legally entitled person in control of a vehicle that the area where the vehicle was parked was reserved or otherwise unavailable to unauthorized vehicles and that the vehicle was subject to towing or removal from the property without the consent of the owner or other legally entitled person in control of the vehicle.

Secretary of State Mailings

For a period of one year, beginning on the bill's effective date, the SOS would have to insert into all mailings concerning driver license renewal and registration documents, notification of the civil fines and sanctions that could be imposed for violating the requirement to accompany the purchaser of a vehicle to an SOS branch office to ensure transfer of the title, or maintain a record of sale for at least three years; or for abandoning a vehicle.

MCL 257.252a (H.B. 4231)
257.240 et al. (H.B. 5364)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Abandoned cars present numerous quality-of-life problems in communities. Public Act 306 of 2000 was enacted to reduce from 48

hours to 24 hours the time period an owner has to remove a vehicle on a State trunk line highway before it is considered abandoned. Additionally, the Act required the Southeast Michigan Council of Governments (SEMCOG) to conduct a statewide study in cooperation with the Michigan Department of Transportation and the Department of State Police to evaluate the impact of the reduction and consider further reducing the time period. According to the 2001 study, in 1999, nearly 21,000 parked cars were hit on roadways in Michigan. Twelve of the accidents resulted in fatalities; almost 1,400 caused injuries; and 19,500 resulted in property damage. The Federal Highway Administration estimates that cars parked at the side of the road (abandoned or otherwise) can reduce traffic flow by 25% during peak travel times. Abandoned vehicles can provide opportunities for crimes, such as vandalism, arson, and theft. Furthermore, abandoned vehicles contain motor oil and other pollutants.

Statewide, vehicle abandonment and its negative effects are a significant problem. In the City of Detroit alone, approximately 60,000 cars are abandoned over the course of one year. While a person who throws a small amount of litter from a car may be fined up to \$800, there is no penalty for abandoning a car on a Michigan roadway. House Bill 5364 (S-1) would prohibit a person from abandoning a vehicle, and prescribe a civil fine for doing so. House Bill 4231 (H-3) would impose a \$150 fee, which would be used to help cover the SOS's costs of notification and local governments' costs of removing and storing vehicles for which no owner can be located, and free up law enforcement agencies' resources to direct toward other needs.

Response: There are several points on which the bills conflict, such as the \$150 fee, and certain proposed changes to the procedures for taking a vehicle into custody. Among other things, House Bill 4231 (H-3) would repeal the section dealing with vehicles abandoned on private property and enact revised provisions, while House Bill 5364 (S-1) would amend that section. House Bill 4231 (H-3) also would delete procedural requirements concerning vehicles removed for public safety reasons, while House Bill 5364 (S-1) would retain those provisions with several amendments. These differences should be reconciled.

Supporting Argument

The current process that a police agency must go through regarding an abandoned vehicle is time-consuming and cumbersome. House Bill 4231 (H-3) would streamline this process by revising the procedures for taking a vehicle into custody, and requiring the creation of an online database that owners could use to locate vehicles that had been removed as abandoned.

Supporting Argument

Currently, the Code provides that a person who sells a vehicle is not liable for any future damages or violation of law involving the vehicle by the new owner if he or she has made a bona fide sale. The burden of proving that the title was transferred, however, is on the previous owner, and the Code does not specify what constitutes proof of a bona fide sale in court. Although it is prudent for a seller to make and keep a copy of the title, or a record of sale, this is not mandated in the law, and so many people do not. House Bill 5364 (S-1) would require that a seller take certain actions in order to avoid liability.

The towing companies that remove abandoned vehicles perform an important service for the public; they are businesses, however, and should be able to recoup the costs of providing that service and make a profit. They currently must take the last registered owner to court to recover these costs, even if that owner was not the person who abandoned the vehicle. Towing companies are never paid for the vast majority of the abandoned vehicles they remove. By requiring the seller to make sure the vehicle was transferred, or maintain a record of sale to prove that he or she no longer owned the vehicle, the bill would ensure that the appropriate person was held responsible for the significant costs of removal and storage.

Opposing Argument

Under House Bill 5364 (S-1), the burden of proving a bona fide sale still would be on the vehicle's previous owner, rather than the current owner. If the bill were enacted, it is likely that many people would not be aware of the new requirements or would have trouble complying with them. Some people do not have access to a copy machine to make a duplicate of the proof of sale, and it is unlikely that those who do would keep the copy for three years. Furthermore, the bill would remove a person's ability to contest

the reasonableness of towing and storage fees that are set by a contract between a local unit of government and the towing company. The towing company should not make a profit off of someone whose only fault was not maintaining a record of sale or ensuring the title was transferred.

Response: The bill would not place an undue burden on vehicle sellers. First, it would require the SOS to include notification of the bill's requirements in driver license and registration mailings. Furthermore, it is common sense to keep a record of a major transaction. A person who does not have access to a copy machine can go to a store or the local library and make a copy for a few cents. People are expected to keep their tax returns for seven years; thus, they should be able to maintain a record of sale for three years. It can cost several thousand dollars to tow a vehicle, and up to \$25 per day to store it. Towing companies cannot be expected to continue removing abandoned cars if they keep sustaining such large losses. By taking the simple step required under the bill, a vehicle seller could ensure that he or she was not unfairly saddled with an unexpected and sizeable towing and storage bill.

Legislative Analyst: Julie Koval

FISCAL IMPACT

House Bill 4231 (H-3)

Revenue deposited in the Abandoned Vehicle Fund would depend on the number of abandoned vehicles and the owners or secured parties who would pay the proposed \$150 fee. Estimates based on lien searches place the number of vehicles abandoned annually at approximately 52,000. Annual revenue to the Fund could range from \$3.9 million to \$7.8 million, based on a 50% to 100% collection rate. The Department of State's allocation from the Fund would range from \$1.3 million to \$2.6 million.

Costs to the Department of State include creating and maintaining a website, mailing required notices, and performing other administrative functions.

The bill could lower costs for State and local law enforcement agencies as certain requirements under the Vehicle Code regarding abandoned vehicles would be shifted from law enforcement agencies to the SOS. The bill also would provide for

reimbursement from the Abandoned Vehicle Fund to local law enforcement agencies for their abandoned vehicle efforts and to local units of government for towing and storage costs. The potential reimbursement payments for each of these two groups would mirror that estimated for the SOS.

House Bill 5364 (S-1)

Though the bill would amend procedures required for law enforcement agencies' handling of abandoned vehicles, these proposed changes would have a minimal fiscal impact on local and State law enforcement agencies. As of September 25, 2004, 12,936 abandoned vehicles were entered in the State's Law Enforcement Information Network.

The bill would result in additional costs to the Department of State by requiring the SOS to insert information in driver license and registration mailings. In FY 2002-03, there were 6,480,569 passenger vehicle registration transactions (not including commercial, trailer, and motorcycle registrations), and 1,710,479 operator license transactions. In FY 2003-04, the Department of State included inserts on recent fee increases with vehicle registrations, driver licenses, and personal ID cards. The cost related to production of the inserts was \$72,000.

Fiscal Analyst: Bruce Baker
Bill Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.