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Testimony of the Department of Commerce and Consumer Affairs

Office of Consumer Protection

Before the
Senate Committee on Transportation and Culture and the Arts
Thursday, January 30, 2025
3:00 PM
Via Videoconference
Conference Room 224

On the following measure:
S.B. 215, RELATING TO TOWING COMPANIES

Chair Lee and Members of the Committee:

My name is Melissa Enright, and I am an Enforcement Attorney at the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection (OCP). The Department offers comments on this bill.

Towing companies are regulated by state law, which sets how much they can charge for a regulated tow (§290-11, HRS), subjects them to penalties for violations of consumer protection law (§480-2, HRS), describes how they must handle tows requested by the police for disabled motor vehicles (§291C-165.5, HRS) and requires them to have adequate signage and insurance coverage for their tow trucks (§291C-135, HRS). Under existing state law, OCP is authorized to investigate and bring enforcement actions for violations of consumer protection laws committed by towing companies. In addition, each

county has the power to enact and enforce ordinances regulating towing operations (§46-1.5(27), HRS).

The Department offers comments on the issue of raising the rates that a towing company may collect for tows, tows using a dolly, overtime, storage fees, or tows involving an overturned vehicle. The Department is of the position that more information on the operational costs of towing companies is necessary before determining whether a rate increase is justified and, if so, how much. This issue may benefit from a more in-depth study outside of the legislative session.

The Department supports the regulation of immobilization devices using rate caps and allowing the public to pay using their preferred method and would like to see amendments that further protect the public. As OCP's experience with towing demonstrates, a clear rate ceiling is necessary to combat predatory charges imposed by a towing or parking management company. Capping the fees towing/parking management companies can charge for the use of an immobilization device would protect drivers from exploitation and ensure that costs are reasonable and fair. OCP recommends that a parking management company shall only be permitted to charge a single, statutorily mandated flat fee for the installation/removal of an immobilization device and specify the fees that are allowable, as in HRS § 290-11(b)(1). There should be no basis in law for businesses to argue that the law allows one fee for installation of an immobilization device and another for removal of the immobilization device.

OCP notes that the Legislature previously addressed the use of a vehicle immobilization device in 2013 when Act 285, codified as HRS § 291C-115, became law. HRS § 291C-115 expressly prohibits the application of the wheel boot to vehicles located on any public, private street, road, or highway, or on any public or private property. Violations of this section may result in fines of \$100 per violation.

OCP is willing to work with the introducer and committee members to explore amendments to protect the public in cases when towing or parking management companies use immobilization devices.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF MICHAEL ONOFRIETTI

COMMITTEE ON TRANSPORTATION AND CULTURE AND THE ARTS

Senator Chris Lee, Chair

Senator Lorraine R. Inouye, Vice Chair

Thursday, January 30, 2025

3:00 p.m.

SB 215

Chair Lee, Vice Chair Inouye, and members of the Committee on Transportation and Culture and the Arts, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Chief Actuary & Chief Risk Officer for Island Insurance, Board Chair and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

The Hawaii Insurers Council offers the following **comments** on SB 215.

This bill, which amends section 290-11, contains blank amounts for towing between certain hours and removing immobilization devices. Increased costs will impact not only abandoned vehicles but vehicles that are involved in accidents or otherwise disabled. Accident and disabled vehicle tows are governed by section 291C-165.5, which refers back to section 290-11 for allowable charges.

Please note that the Legislature enacted Act 60 effective July 1, 2024, which increased towing costs. This bill adds even more costs. Increases in towing and related charges, if paid by insurance companies, ultimately will result in increased motor vehicle insurance rates for Hawaii's consumers.

Thank you for the opportunity to testify.

SB-215

Submitted on: 1/28/2025 7:05:11 PM

Testimony for TCA on 1/30/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Joseph La Vine	Individual	Support	Written Testimony Only

Comments:

I am in favor of towing illegally parked vehicles or abandoned vehicles as described by this bill. As a previous Neighborhood Security Watch Coordinator, I have observed many drivers take advantage of on-street parking because they do not have the requisite space to store/park their vehicles on their own property. Despite having many laws on the books, such as commercial and private vehicle limits for on-street parking, illegal parking, expired registrations/safety checks, there is limited enforcement. We all recall the theory of the Broken Window Effect. We need beat cop presence to reduce these infractions and promote safe vehicle operation as well as parking.

Additionally, the city's towing process is cumbersome and inefficient. It needs to be streamlined and responsive to HPD Officer requests for service.