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**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Friday, February 5, 2021
2:00 p.m.
Via Videoconference**

**On the following measure:
H.B. 261, RELATING TO TOW TRUCK PRICING**

Chair Johanson and Members of the Committee:

My name is Stephen H. Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department opposes this bill.

The purposes of this bill are to: (1) adjust towing charges and fees for vehicles left unattended or abandoned; and (2) establish a clean-up charge and documentation fee.

The Department does not see any basis for increasing the towing fees at this time. No evidence indicates that existing marketplace conditions support imposing higher towing rates on consumers, and no one has come forward to suggest that current rates have resulted in a decrease in towing services.

The Department also opposes imposing new fees on vehicle owners, such as a documentation fee of \$250 or a clean-up charge of \$75. Consumers should not be burdened with paying fees whose only apparent purpose is to award tow companies a windfall for doing what they are already mandated to do under current law. Similarly,

Testimony of DCCA

H.B. 261

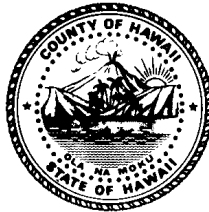
Page 2 of 2

consumers should not have to pay a towing company an additional charge for vehicle storage merely because a tow yard has insufficient space to accommodate towed vehicles.

In view of the foregoing, the Department does not believe that the price increases or additional fees sought by H.B. 261 are justified.

Thank you for the opportunity to testify on this bill.

County of Hawai'i
Council District 9 -
North and South Kohala



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Chair: Committee on Regenerative
Agriculture, Water, Energy, and
Environmental Management

HERBERT M. "TIM" RICHARDS, III
HAWAII COUNTY COUNCIL
DISTRICT 9

25 Aupuni Street, Ste. 1402, Hilo, Hawai'i 96720

February 4, 2021

House Committee on Consumer Protection & Commerce
Honorable Representative Aaron Ling Johanson, Chair
Honorable Representative. Lisa Kitagawa, Vice Chair
Submission via online testimony

RE: **Support of HB 261**
Hearing Date/Time: February 5, 2021

Dear House Representatives:

Thank you for the opportunity to testify on HB 261. I am in **STRONG SUPPORT** of this bill.

The fee structure as is currently set may be more workable in an urban setting, but certainly in the rural setting does not work. Our towing companies sometimes drive over an hour to perform what may be a couple-mile actual tow. Storage of vehicles is also an issue. Though this bill does not solve all the concerns, it is a step in the right direction. I strongly encourage you to pass this bill.

Please feel free to contact me should you need to discuss my position and knowledge of this matter further.

Sincerely,

TIM RICHARDS
Hawai'i County Council, District 9

HB-261

Submitted on: 2/3/2021 1:49:33 PM

Testimony for CPC on 2/5/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Blake Hornbacher	Diamond Auto Workz	Comments	No

Comments:

We are glad to see the new steps that are being taken towards the new breakdown of everything. One thing that did stick out that is still in question would be the no charge for the vehicle owner after vehicle has already been loaded by the driver. Only because the work had already been performed.

TESTIMONY OF ALISON UEOKA

COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Representative Aaron Ling Johanson, Chair
Representative Lisa Kitagawa, Vice Chair

Friday, February 5, 2021
2:00 p.m.

HB 261

Chair Johanson, Vice Chair Kitagawa, and members of the Committee on Consumer Protection & Commerce, my name is Alison Ueoka, President of the 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.

Hawaii Insurers Council submits comments on this bill. In 2020, despite the pandemic, the Legislature passed two towing bills to better protect consumers and to contain the cost of towing for vehicles that are involved in an accident or cannot be moved. This bill increases the cost of towing not only for abandoned vehicles, but for accident tows as well because this section of law is referenced in the Motor vehicle towing and storage; settlement; disabled vehicles Section 291C-165.5.

Increases in towing costs if paid for by insurers, will ultimately make its way into motor vehicle insurance rates and appears to be at cross purposes with the two bills that passed in 2020: HB 2162 and SB 2384.

Thank you for the opportunity to testify.

HB-261

Submitted on: 2/3/2021 7:48:07 PM

Testimony for CPC on 2/5/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
NICOLE VINCENT	KAD INC. DBA CARTOW KOHALA	Support	No

Comments:

The cost of living in Hawaii is one of the highest in the nation and that goes the same for the cost of doing business. With that in mind ,Construction Companies, Hotels, and all businesses that cater to tourism charge some of the highest prices in the nation to offset that extra cost of operating in Hawaii. How is it that these companies that provide non critical services can charge high prices but us as Tow Operators who provide emergency towing , recovery , roadside services including accident scene cleanups , 24 hours a day , 365 days a year, can only charge what the State H.R.S. says towing companies can charge? For example, the state H.R.S. says towing companies can only charge \$ 65 Hookup / \$ 80 Hookup after hours and \$ 7.50 per towed mile. So is it reasonable to say that if we get called for a tow in Kailua-Kona, for example, and the tow is only 2 miles within Kona, we can only charge \$80 during regular hours and \$95 during after hours and still be able to stay in business , knowing that the cost of equipment, fuel, insurances and employee wages far exceed that amount. Also the H.R.S. does not regulate recovery and Hazmat cleanups and should not be allowed to as the costs to provide this service and equipment are very high and vary in size, difficulty, along with safety. According to the DCCA website that we cannot charge any tax on these tows. Does that mean that we are tax exempt also? It seems that this law was written for Honolulu where everything is in close proximity and where they tow in volumes. Therefore, I think we on Hawaii Island, especially Police Contract tow Operators, should not be held to this but be able charge according to our Official Tow Contracts that are in place.

The cost of providing good, dependable equipment and good Operators to do the job of 24 Hour Towing and Recovery, etc. are very high , therefore we have to be allowed to charge a good and reasonable amount in order to keep continuing to provide this much needed and critical service to not only Law enforcement and Fire Departments but also the general public.

Example:

March 21, 2020 at approximately 4:17am we were called by HPD to a fatality in Kailua-Kona on Ali'i Drive. We dispatched five units due to the nature of the accident and

concrete barriers having to be moved to be able to gain access for the body removal personnel to recover the body, along with the vehicle's recovery/removal. As our highly trained and qualified response team arrived on scene they immediately started to clean the debris until body removal showed up. After the body was removed from the vehicle our team recovered the vehicle and continued to clean the entire scene. At that point the scene was remediated and we placed the concrete barriers back to its original position as if the area had not been touched. Our units cleared the area so that the road could reopen. We sent two units to the Hawaii County Police Evidence Yard on Hale Makai Place to drop the vehicle for evidence then continued back to Waimea Base Yard. They arrived back at 8:46am. According to H.R.S we would only be allowed to charge \$99.50 for four hours of services we rendered. How is this legal?

When the authorized driver shows up while the vehicle is being hooked up at the picked up location who pays for the fuel and service time getting to the vehicle that we were called to tow and have to unhook from the vehicle at no charge ?

Who pays for absorbents and other materials and equipment along with service time used to clean and remediate accident scene's ?

Who pays for vehicles that are towed and stored at tow yards for thirty days then are abandoned and the tow company has to pay to dispose of ?

Who enforces insurance companies to pay the tow companies for their services rendered to their insured's vehicle that was involved in an accident then is left abandoned at the tow yard for the tow companies to pay to dispose of ?

We along with other towing companies lose tens of thousands of dollars per year for abandoned vehicles and that is not including what insurance companies refuse to pay for, who pays for these losses ?

On Accidents and impounds more then 50% go unpaid and this equates to hundreds of thousands over time, who pays these losses ?

IMPORTANT NOTE: There is a State Bill that basically says that Towing Companies should be left with their hands tied behind their backs and even tries to say that " Due to high costs of living in Hawaii " Towing companies can only charge a certain amount. That being said it is absolutely absurd and ridiculous that our State allows Construction companies to charge Insane amounts of money which is the real reason we have high homelessness, a housing shortage, and our Local people are relocating to other states . Hawaii has the 4th highest Construction cost in the World, the highest median housing cost in the nation, one of the highest average daily hotel rates in the nation, and simply one of the most overall expensive places to live in the nation and yet they want to take it

out on the Towing Industry which actually provides emergency service 24 Hours a day, just like our Government emergency services, but with no Government backed funds.

In final I want to say that we are third generation in the towing industry being in business from 1980. We love helping the community and local authorities in doing our job and helping keep the roads open, clear and clean and also helping keep our land clean by not letting Vehicle/accident pollutants go into the environment. We do that by providing fast, efficient and professional services which takes expensive equipment and highly trained and certified personnel. We are Hazwoper Certified, National TIM Certified by the US DOT, Wreckmaster certified, OSHA Scene Commander Certified, OSHA First Responder Awareness with Spill Cleanup Certified, and OSHA General Industry Certified. So with this we make sure that every job is done with Efficiency so the road can be open as quick as possible as to keep commerce and the general public traffic flowing but yet with safety and proper cleanup in mind to keep our environment healthy and clean. And all of these services costs money which is why we need to resolve this issue.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

LATE

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII
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HOUSE COMMITTEE ON CONSUMER PROTECTION

Representative Aaron Ling Johanson, Chair

Representative Lisa Kitagawa, Vice-Chair

Thursday February 5, 2020

HB261 - RELATING TO Tow Truck Pricing

Chair Lee, Vice Chair Inouye and Members of the Senate Transportation Committee:

My name is Timothy M. Dayton, General Manager of GEICO. GEICO provides motor vehicle insurance for 178,000 Hawaii households which is more than one out of every three Hawaii households that has auto insurance. GEICO pays for many thousands of tows from Hawaii accident scenes every year. In 2020, the Legislature enacted SB2384 in order to protect consumers from predatory towing from accident scenes. As a result, accident scene tows are now included in the limitations on tow truck pricing in HRS §290-11. GEICO opposes HB261. There was no testimony submitted in any of the 2020 committee hearings related to SB2384 that claimed that the fees in HRS §290-11 were inadequate.

GEICO has the following specific concerns with the proposal:

- The base charge increases by 53% for a regular tow, 66% for using a dolly and doubles for use of flatbed. These charges are in addition to the mileage charge which remains unchanged.

- The daily storage charge increases by 40% for the first seven days and by 75% for storage after the first seven.
- The additional fee for tows between 6 pm and 6 am increases by 233%.
- There is a new fee added for required clean up but the definition of when such is required is not spelled out and can easily lead to an unsupported charge on every tow. In addition, the proposed language fails to clarify that this fee is the maximum allowed.
- There is a new fee for documentation that appears to be related to an abandoned vehicle. This fee seems excessive and the language does not clarify that this fee does not apply when the identity of the owner (or the owner's insurer) is known.
- The 2020 Legislature took proactive action to protect consumers involved in a motor vehicle accident from unreasonable charges; HB261 seeks to reverse this consumer protection.

GEICO's extensive experience with towing in Hawaii clearly shows that the availability of tow companies to meet the needs of the public for accident tows is currently more than sufficient. This availability suggests that these massive increases are not warranted. Ultimately such increases would add an extra layer of costs to be factored into the insurance premiums paid by our customers. Nothing in the proposed legislation provides any basis that supports the need for these huge increases.

GEICO respectfully requests that HB261 be held.

Thank you for the opportunity to submit this testimony.

Sincerely,



Timothy M. Dayton, CPCU

HB-261

Submitted on: 2/3/2021 7:36:15 PM

Testimony for CPC on 2/5/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sandie Wong	Individual	Support	No

Comments:

I support HB261.