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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, February 8, 2024
3:10 PM
Via Videoconference
Conference Room 224

On the following measure:
S.B. 3287, RELATING TO TOWING COMPANIES

Chair Lee and Members of the Committee:

My name is Mana Moriarty, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection (OCP). The Department offers comments on this bill.

Tow 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 tow

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

In 2020, the Legislature strengthened the protections available to consumers under state law. These amendments were intended, at least in part, to provide more robust private and public enforcement tools to deter unlawful practices by towing companies. However, towing remains an area with a high volume of consumer complaints.

Requiring the Department to issue, and a towing company to maintain, a certificate of good standing to engage in towing would represent a departure from the enforcement approach under existing state law. This bill proposes a certification model. Like a licensure model, a certification model could in theory increase the government's leverage over towing companies, because their certificate of good standing could be subject to revocation for misconduct.

Under the certification model, the Department would have to engage in rulemaking to determine what standards are required to maintain a certificate of good standing. The Department would also have to undertake an initial, statewide issuance of certificates of good standing, which is not expressly authorized by the language of the bill as introduced. That type of initial undertaking would require time and manpower, and would require OCP to shift its resources away from other enforcement priorities.

OCP is willing to work with the introducer and committee members to explore amendments that would incentivize towing companies to come into compliance with existing law. OCP requests, however, that the bill be amended to remove the requirement that the Department issue, and a towing company maintain, a certificate of good standing.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF ALISON UEOKA

COMMITTEE ON TRANSPORTATION AND CULTURE AND THE ARTS

Senator Chris Lee, Chair
Senator Lorraine R. Inouye, Vice Chair

Thursday, February 8, 2024
3:10 p.m.

SB 3287

Chair Lee, Vice Chair Inouye, and members of the Committee on Transportation and Culture and the Arts, my name is Alison Ueoka, President 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.

HIC submits **comments** on this bill. This bill increases towing reimbursement for various tows and also for tows during certain times. This bill impacts not only private property tows but all tows including accident tows.

Any increase in towing costs will work its way into the cost of auto insurance. Auto insurance premiums have been increasing in Hawaii and across the nation. On February 5, 2024, Bankrate reported a high increase in auto insurance premiums with a national average increase of 26 percent from 2023.

These premiums will adversely impact those who can least afford it and is regressive.

Thank you for the opportunity to testify.

SB-3287

Submitted on: 2/7/2024 1:23:16 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Mario Garibaldi	Testifying for Outwest Towing LLC	Support	Written Testimony Only

Comments:

Aloha, I just want to say that rates should increase since our rates have not went up since 2008. Fuel for our trucks, insurance on the company vehicles, and taxes for our businesses have all inflated yet our rates remain the same. Raising our rates would help tow truck companies tremendously. Mahalo!

SB-3287

Submitted on: 2/7/2024 1:22:27 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Kelly LumHo	Testifying for Pinky Tows Pacific	Support	Written Testimony Only

Comments:

Thank you for your time.

Everyone wants an increase when it's beneficial to them. But for this Bill, each tow company will not only benefit from the tow charge changes but will be able to somehow make the ends meet, or struggle less.

People do not realize all the costs that arise for a tow company to survive. Fuel (increased), square footage for rent (increased), minimum wage (increased), insurance (increased), registration (increased). Everything has increased at least once since 2008. Why did the tow rates not?

Please help ALL the tow companies and pass this Bill.

Mahalo!

SB-3287

Submitted on: 2/7/2024 1:43:25 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Jeanette Grace	Testifying for Pinky Tows Pacific	Support	In Person

Comments:

Aloha Senator Lee & Senator Inouye and Committee Members,

I am so happy to see that this senate bill has been introduced and has come before your committee to be heard.

It is long overdue to have these old tow rates from 2008 to be increased. For the past 16 years the consumers have been charged the same rate year after year. We have all faced inflation with the cost of living not going down and everything going up. And yet, there is no tow rate increase to match our economy.

I am 100% in support of SB3287

Mahalo,

Jeanette Grace

SB-3287

Submitted on: 2/7/2024 1:51:13 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
George Grace III	Testifying for Pinky Tows Pacific	Support	In Person

Comments:

Good Afternoon Senator Lee, Senator Inouye and Committee Members,

I am in full support of SB 3287.

This bill is long overdue and needs to move forward to be approved.

With our ever changing economy and our high cost of living in Hawaii, we need our tow rates to increase. Everyday we are faced with new challenges in business. The cost to do business in Hawaii increases and in our industry, we are still having to use rates that was established in 2008. Don't you agree that it is time for an increase? We truly do....

Please help us to make this happen...

Thank you for your attention to this matter.

Mahalo,

George Grace III

SB-3287

Submitted on: 2/7/2024 2:20:43 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Geoffrey Grace	Testifying for Pinky Tows	Support	Written Testimony Only

Comments:

I am in full support of Senate Bill 3287.

The current tow rates are too old in comparison to the cost to do business in Hawaii.

The rising cost of fuel, labor, daily expenses is always rising and yet the tow rates are the same.

Please help support our efforts to get the towing rates increased.

Mahalo,

Geoffrey Grace

LATE

SB-3287

Submitted on: 2/7/2024 3:17:53 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Kainoa Ah Sing	Testifying for Finest Towing	Support	Written Testimony Only

Comments:

I support this 100%!!

LATE

SB-3287

Submitted on: 2/7/2024 4:22:08 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
March Cabos	Testifying for Quick Tow LLC	Support	Written Testimony Only

Comments:

I am in support of SB3287 relating to towing companies.

Previous law was passed back in the 1980's and does not match up to today's living standards or wages. Due to inflation and the constant rising costs, this bill should be supported to allow Towing Companies to increase the charges as towing companies have been highly disregarded until they are needed. Everyone doesn't care about the towing companies until they break down and need the help. As a towing company, we are asking to pass this bill to help towing companies survive today's market, to help bring their income to current market standards as each towing company is struggling to make ends meet one way or another.

SB-3287

Submitted on: 2/7/2024 2:08:36 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
George Grace IV	Individual	Support	Written Testimony Only

Comments:

I would like to testify that I am in support SB3287, because the high cost of living in Hawaii and the cost of goods, the current tow rates do not sustain expenses. How can a tow operator support his business and feed his family charging outdated rates. Mahalo

SB-3287

Submitted on: 2/7/2024 2:15:59 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Giordan K. Grace	Individual	Support	Written Testimony Only

Comments:

I am in support because the current tow rates are outdated and do not match up with the economy today. With the rising cost of living the tow rates need to be adjusted accordingly so that the businesses that are affected can thrive. Thank you.

SB-3287

Submitted on: 2/7/2024 2:29:48 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Grace	Individual	Support	Written Testimony Only

Comments:

Tow truck operators are in the same category as first responders. They voluntarily put themselves in harms way every time they do a service call. Imagine this, being on the H1 freeway 5 am when its still dark and all the commuters are driving to work all sleepy eyed, some of them even speeding because they are running late. Can you see yourself standing in the middle of trying to hook up to a car that broke down and trying not to get run over. I support this bill because it raises the outdated tow rates that these tow operators may charge.

SB-3287

Submitted on: 2/7/2024 2:41:33 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Hiilani Grace	Individual	Support	Written Testimony Only

Comments:

Aloha Senators,

I am in support of SB3287. In recent years the prices for essentials and necessities have been rising consistently and it doesn't look like its going to be getting better anytime soon. The current tow rates were negotiated during a time when the cost of living wasn't as high so its time to raise the tow rates so that the tow companies can stay in business and service the community. Mahalo

LATE

SB-3287

Submitted on: 2/7/2024 3:03:47 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
JACKIE DELENIA	Individual	Support	Written Testimony Only

Comments:

Rate has not been increased, \$65 per tow is too low,

LATE

SB-3287

Submitted on: 2/7/2024 3:07:33 PM

Testimony for TCA on 2/8/2024 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
REX DELENIA	Individual	Support	Written Testimony Only

Comments:

Time to be increased.