

# Legislative Analysis



## **PROHIBIT PAYMENT IN EXCHANGE FOR TOWING SERVICE BUSINESS OR CONTRACTS**

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**Senate Bill 173 as passed by the Senate**  
**Sponsor: Sen. Jim Stamas**  
**House Committee: Local Government and Municipal Finance**  
**Senate Committee: Local Government**  
**Complete to 9-3-19**

Analysis available at  
<http://www.legislature.mi.gov>

### **SUMMARY:**

Senate Bill 173 would amend the Michigan Vehicle Code to prohibit a local unit of government from accepting a payment, commission, or portion of service fees from a wrecker, recovery, or towing service in exchange for securing business for that wrecker, recovery, or towing service. In addition, a wrecker, recovery, or towing service could not offer a local unit a payment, fee, or commission to induce the local unit to enter into a contract with, or secure business for, the wrecker, recovery, or towing service.

The Vehicle Code currently prohibits a local unit of government from contractually requiring a wrecker, recovery, or towing service to pay a fee to that local unit for providing services at the scene of an impound, accident, or disabled or abandoned vehicle. The bill would retain this prohibition.

The bill would take effect 90 days after its enactment.

MCL 257.676d

### **FISCAL IMPACT:**

To the extent that local units of government were accepting service fees in exchange for securing business for a wrecker, recovery, or towing service or were accepting payments, fees, or commissions in exchange for a contract with a wrecker, recovery, or towing service company, the bill would reduce local revenues by prohibiting this activity. It is unknown which, if any, local units of government were engaging in this activity.

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