

Legislative Analysis



PROHIBIT PAYMENT IN EXCHANGE FOR TOWING SERVICE BUSINESS OR CONTRACTS

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Senate Bill 173 as referred to second House committee
Sponsor: Sen. Jim Stamas
1st House Committee: Local Government and Municipal Finance
2nd House Committee: Ways and Means
Senate Committee: Local Government
Complete to 10-8-19

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 (“service”) in exchange for securing business for that service. In addition, a 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 service.

The Code currently prohibits a local unit of government from contractually requiring a 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.

POSITIONS:

Representatives of the Michigan Towing Association testified in support of the bill. (9-4-19)

The following entities indicated support for the bill (9-4-19):

- National Federation of Independent Business
- Michigan Municipal League

The Michigan Department of Transportation indicated a neutral position on the bill. (9-4-19)

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