

Legislative Analysis



PROHIBIT OFFER OR ACCEPTANCE OF PAYMENT FOR TOWING SERVICE BUSINESS OR CONTRACT

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Senate Bill 173 as reported from House committee

Analysis available at
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Sponsor: Sen. Jim Stamas

1st House Committee: Local Government and Municipal Finance

2nd House Committee: Ways and Means

Senate Committee: Local Government

(Enacted as Public Act 141 of 2020)

Complete to 6-6-20

SUMMARY:

Senate Bill 173 would amend section 676d of 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 Vehicle 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.

Under section 901 of the Vehicle Code, a violation of section 676d is a misdemeanor punishable by imprisonment for up to 90 days or a fine of up to \$100, or both. These penalties would also apply to a violation of the bill.

The bill would take effect 90 days after its enactment.

MCL 257.676d

BACKGROUND:

2014 PA 303 amended the Vehicle Code to prohibit a local unit of government from charging a fee to a towing company for contractually providing towing services. According to House committee testimony, SB 173 would close a loophole left open by 2014 PA 303 by also prohibiting a towing business from voluntarily offering payment under those circumstances (and prohibiting a local unit from accepting any such payment offered). According to testimony before the House Committee on Ways and Means, at least one towing service was known to be offering such “gifts” in exchange for business.

HOUSE COMMITTEE ACTION:

The House Committee on Local Government and Municipal Finance referred, and the House Committee on Ways and Means reported, the Senate-passed version of the bill without amendment.

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:

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

The following entities indicated support for the bill:

- National Federation of Independent Business (9-18-19)
- Michigan Municipal League (9-4-19)

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

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