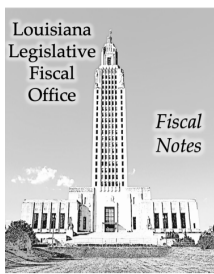


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 595** HLS 23RS 167

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 18, 2023	12:18 PM	Author: GAROFALO
Dept./Agy.: Public Service Commission		Analyst: Garrett Ordner
Subject: Towing Industry		

MTR VEHICLE/TOWING

OR INCREASE SG EX See Note

Page 1 of 2

Provides relative to the towing industry

Proposed law creates the LA Towing and Recovery Board to govern the motor vehicle towing industry and authorizes said board to promulgate rules regarding the towing industry. Proposed law requires the board to set minimum facilities standards for industry operations and authorizes the board to levy fees. Proposed law requires the board to employ investigators to investigate consumer complaints. Proposed law provides for reciprocity with other states. Proposed law provides for penalties related to rule violations, liability for towing costs, and due process for penalties and costs. Proposed law removes Public Service Commission (PSC) oversight of the nonconsensual towing industry.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will result in an indeterminable increase in annual SGR expenses and positions to the newly created board to regulate the towing industry. Proposed law will result in a decrease in annual SGR expenses and three (3) T.O. positions (see table on page two) to the LA Public Service Commission (PSC) because the PSC will no longer regulate the towing industry. This decrease is estimated to be \$239,000 in FY 24 but is indeterminable in future years. The net impact on total costs will depend upon the cost of expanding the scope of the newly created board's regulatory duties to include consent-only towing, which the PSC does not regulate. Note: Proposed law is silent regarding funding for initial startup expenses. To the extent that these expenses exceed revenues in its first year of operation, the board may require some supplemental funding source in FY 24.

Currently, the PSC regulates nonconsensual towing operators through the Motor Carrier Registration Program. In addition to nonconsensual towing, this program regulates common carriers of household goods, waste, and passengers, as well as pipelines. Therefore, the proposed law will not fully eliminate the need for the Motor Carrier Registration Program within the PSC.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law will result in an indeterminable increase in annual SGR revenues to the newly created board from fines and fees associated with regulating the towing industry. Proposed law will result in a decrease in annual SGR revenues to the PSC. This decrease is estimated to be \$239,000 in FY 24 but is indeterminable in future years. The net impact on total revenues will depend upon the number of trucks regulated by the board.

The increase in revenues to the board will likely be larger than the decrease in revenues to the PSC due to (1) the extension of oversight to consensual towing services and (2) the addition of a \$100 safety permit fee. The number of consent-only tow trucks is not tracked by the PSC or the Department of Public Safety (DPS). As a result, the total amount of fees that will be received by the new board is indeterminable.

Note: While the proposed law also allows the board to levy a \$200 licensing fee on towing operators, the LFO assumes that this "license" is equivalent to the common carrier certificate which nonconsensual towing operators currently obtain from the PSC, and which also carries a \$200 fee.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Interim Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:
EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The PSC reports that the following positions and costs would be eliminated as a result of the proposed law:

<u>Position</u>	<u>Amount</u>
Attorney 1	\$84,317
PSC Enforcement Agent 1	\$58,681
PSC Enforcement Agent 1	\$53,657
<u>WAE (Administrative Support)</u>	<u>\$10,873</u>
Personal Services	\$207,528
Operating Expenses	\$4,000
<u>Equipment</u>	<u>\$27,472</u>
Total Expenditures	\$239,000

The number and types of positions that will be added by the newly created board is indeterminable. However, the board will require investigators to investigate complaints, as well as administrative staff to issue permits. In addition to personnel, the board will require office space, furniture, and equipment, which will further increase costs to an indeterminable extent.

For informational purposes, the PSC reports that in 2021, it regulated 1,192 tow trucks across 398 companies. It received 139 complaints and found 93 violations resulting in fines totaling \$36,150.

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