

Honolulu, Hawaii
Feb 2, 2010

RE: H.B. No. 1978
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred H.B. No. 1978 entitled:

"A BILL FOR AN ACT RELATING TO TOWING,"

begs leave to report as follows:

The purpose of this bill is to improve towing services and protect tow-companies, as well as consumers, by requiring tow-companies to:

- (1) Be in operation 24 hours per day, seven days a week; and
- (2) Maintain, at minimum, liability insurance coverage of \$1,000,000.

The Hawaii State Towing Association and GEICO in Hawaii testified in support of this bill. The Office of Consumer Protection of the Department of Commerce and Consumer Affairs commented on this measure.

Currently, tow-companies are only required to be in operation 24 hours a day, seven days a week if they operate in a county with a population greater than 500,000 persons and want to be entitled to overtime charges. This has created a problem for both consumers and businesses that are often unable to recover their cars from tow-companies because they are closed. Moreover, because consumers and businesses alike are unable to retrieve



their vehicles in a timely manner, they are often faced with increased towing costs due to storage fees.

Tow-companies are also required to maintain insurance coverage sufficient to protect owners of towed vehicles in the event of vehicle loss or damage due to towing. However, according to the Hawaii State Towing Association, some tow-companies only maintain no-fault insurance to satisfy this requirement which in actuality may not be sufficient to cover damages to today's higher end vehicles.

Your Committee finds that this measure addresses both of these issues. However, your Committee also understands that it may not be feasible for smaller towing companies operating in less populous counties to maintain operations for a 24-hour period. Accordingly, your Committee has amended this bill by making the 24-hour operation requirement only applicable to counties with a population greater than 500,000.

Your Committee has further amended this measure by:

- (1) Stipulating that services provided by 24-hour towing companies also include the release of vehicles kept in storage to a registered owner, legal owner, insurer, or a designated representative;
- (2) Amending the insurance requirements for tow-companies to include coverage for bodily injury of not less than \$500,000; coverage for property damage of not less than \$200,000; on-hook coverage of not less than \$175,000; or a combined single limit of liability of not less than \$1,000,000; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1978, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1978, H.D. 1, and be referred to the Committee on Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Transportation,



JOSEPH M. SOUKI, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 26-10

Record of Votes of the Committee on Transportation

Bill/Resolution No.: HB 1978	Committee Referral: TRN, JUD	Date: January 27, 2010		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TRN Members	Ayes	Ayes (WR)	Nays	Excused
1. SOUKI, Joseph M. (C)	/			
2. AWANA, Karen Leinani (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HANOHANO, Faye P.	/			
5. KEITH-AGARAN, Gilbert S.C.	/			
6. LEE, Marilyn B.	/			
7. NAKASHIMA, Mark M.	/			
8. RHOADS, Karl		/		
9. SAIKI, Scott K.		/		
10. TAKUMI, Roy M.	/			
11. YAMASHITA, Kyle T.	/			
12. PINE, Kymberly Marcos				/
TOTAL (12)	9	2	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Karen Awana</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				