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LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
Senate Committee on Transportation
and
Senate Committee on Commerce, Consumer Protection, and Health**

**Wednesday, March 20, 2019
9:30 a.m.
State Capitol, Conference Room 229**

**On the following measure:
H.B. 65, H.D. 1, RELATING TO UNATTENDED VEHICLES**

Chair Inouye, Chair Baker, and Members of the Committees:

My name is Stephen Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department opposes this bill.

The purpose of this bill is to amend the maximum charges imposed for tow truck services.

The Department does not see any basis for increasing the towing fees at this time. No evidence indicates that existing marketplace conditions support imposing higher towing rates on consumers, and no one has come forward to suggest that current rates have resulted in a decrease in services. Accordingly, before the Legislature authorizes any increase in towing fees, the Department recommends having

a third party conduct an independent study to determine a reasonable fee for unattended vehicle tows.

Thank you for the opportunity to testify on this bill.

Good afternoon Senators and committee members. My name is Roy Guthrie and I am representing Ace Towing Service. I have been in the Towing Industry for 37 years. I support Bill number HB-65.

Here are my thoughts on why I support this Bill. The part of the towing business that pertains to towing of vehicles from City and private properties are regulated by Sec. 290-11 of the HRS. This law is to keep towing companies in check so they don't just tow any vehicle from anywhere and also keeps towing companies from just throwing away customers vehicle's when they don't pick up their vehicles. This law also restricts the amount that towing companies can charge for an illegally parked tow.

Bill HB-65 is trying to raise the amount that towing companies will be allowed to charge. Unfortunately this type of towing businesses can't just charge more for a tow because Sec. 290-11 does not allow it. I can understand the reasoning behind this because there are tow companies that would charge unreasonable rates. But we also need to be reasonable and take a look in another direction. The last price increase happened in 2007, that's almost 12 years ago. A lot has happened in 11 years as to prices of goods and services. Prices have not gone down they have gone up, some more than others. The cost of doing business has substantially gone up. It is very hard to stay in business and keep up with the times when costs are going up and we can't charge more for our services. Just in the past few years our lease has gone up more than \$10,000 a month, that's \$120,000+ a year more. The minimum wage has increased 3 times in the last 3 years. When wages rise that's not the only costs that rise with it. Workman's comp and unemployment insurance cost rise accordingly. There is a lot of other expenses that have gone up over the years, fuel, maintenance etc...

There is also the Serviceman's Relief Act that has become full blown about 5 years ago in Hawaii. This Federal Law prohibits any tow company from disposing a vehicle that belongs to a person who is in active duty in the Armed Forces. This has caused towing companies to secure more storage areas store these vehicles with no end in sight. We have been storing cars at other locations for years now and are still paying to store these vehicles.

Towing companies that do this type towing are essential in Hawaii. We live on Islands where parking spaces on City streets and private properties are very limited. Towing services are needed by the City and County of Honolulu and the private sector. I have spoken to a lot of owners in this industry and they are all having a hard time with keeping up with the costs of operating. Real estate and operating costs with this current 12 year old towing rates needs be adjusted to cover these costs.

I notice that the old prices are left blank. I would like to make some suggestions in filling out these blanks. I would like to see the wording in the Bill to be simplified. In my opinion making these words simpler will be easier for citizens to understand and make the complaints to DCCA easier to handle. It will eliminate the dolly, overtime and the multi-level facility charges. The need to know if the vehicle was dollied, what time was the vehicle towed and was the vehicle in a multi level facility, obsolete. This would also give the increase that we are trying to change. Here is what this would look like.

SECTION 1. Section 290-11, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Towing companies engaged by the owner, occupant, or person in charge of the property shall:

- (1) Charge not more \$130.00 for a tow plus \$8.00 a mile towed, mileage must be calculated using Google Maps pending any road closures and \$50.00 per day or fraction thereof for storage for the first 7 days and \$40.00 per day thereafter. If the vehicle is in the process of being hooked up or is hooked up to the tow truck and the owner appears on the scene, the towing company shall unhook the vehicle and shall not charge any fee to the owner of the vehicle shall be applicable;

This is simple and easy to understand. If this can't be done here is another example.

SECTION 1. Section 290-11, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) Towing companies engaged by the owner, occupant, or person in charge of the property shall:

- (1) Charge not more than [~~\$65~~] \$100.00 for a tow, or [~~\$75~~] \$110.00 for a tow using a dolly, plus a mileage charge of [~~\$7.50~~] \$8.00 per mile towed, mileage must be calculated using Google Maps pending any road closures and [~~\$25~~] \$50.00 per day or fraction thereof for storage for the first seven days and [~~\$20~~] \$40.00 per day thereafter. When the tow occurs between the hours of six o'clock p.m. and six o'clock a.m., from Monday through Thursday [~~and~~], or from six o'clock p.m. Friday to six o'clock a.m. Monday, the towing company shall be entitled to an overtime charge of [~~\$15~~] \$20.00. If the vehicle is in the process of being hooked up or is hooked up to the tow truck and the owner appears on the scene, the towing company shall unhook the vehicle and shall not charge any fee to the owner of the vehicle. In the case of a difficult hookup, meaning an above or below ground hookup in a multilevel facility, a towing surcharge of [~~\$30~~] \$40.00 shall be applicable;

As a guide I used tow charges from the more populated Cities across the Pacific Ocean in the State of California to come up with these charges. These Cities are Los Angeles, San Francisco, San Jose and San Diego. The Average one mile tow from these Cities are \$353.07. The charges we used in the our examples are less than \$200.00 range. This is substantially lower than our counterparts.

LOS ANGELES

TOW \$130.00
 STORAGE \$40.50
 Mileage \$7.50
 LA city
 Release \$115.00
10% Tax \$2.93
 TOTAL \$295.93

SAN FRANCISCO

TOW \$229.00
 STORAGE \$56.00
 DOLLY \$74.50
MILEAGE \$11.00
 TOTAL \$370.50
 \$200.00 ADMIN
 FEE NOT ADDED IN

SAN JOSE

TOW \$215.00
 STORAGE \$87.50
 AFTER
HOURS \$85.00
 TOTAL \$387.50

SANDIEGO

TOW \$178.00
 STORAGE \$38.00
 DOLLY \$47.00
 AFTER HOURS \$47.00
 IMPOUND
RECOVERY FEE \$47.00
 Total \$357.00

I want to thank you for taking the time to read my testimony and letting me speak. I feel that that a price increase has been needed for years now. I also feel that this is fair and makes it easier for everyone involved.

Roy Guthrie
 Ace Towing Service
 1040 Makeopno St.
 Honolulu, HI 96819
 PH: 808-847-7811
 8477811@hawaii.rr.com

HB-65-HD-1

Submitted on: 3/13/2019 9:12:54 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Vickie	Testifying for Ace Towing Services	Support	No

Comments:

I support the bill

HB-65-HD-1

Submitted on: 3/14/2019 1:05:12 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Ramos	Testifying for Gino's Powerlift Towing	Support	No

Comments:

We strongly support this bill.

HB-65-HD-1

Submitted on: 3/13/2019 9:15:19 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chanin Kahale	Testifying for Ace Towing Services	Support	No

Comments:

I support the bill

KUNI'S AUTOMOTIVE & TOWING
1061 Mikole Street
Honolulu, HI 96818
Tel. (808) 944-0009, Fax (808) 949-0333

March 19, 2019

Senate Committee on Transportation and
Senate Committee on Commerce, Consumer Protection and Health
Honolulu, HI 96813

Re: **HB 65, HD 1, Relating to Unattended Vehicles**
Hearing Date: Wednesday, March 20, 2019, 9:30 a.m.
Hearing Place: Conf. Rm. 229, State Capitol, 415 S. Beretania St.

Dear Senator Lorraine R. Inouye, Chair and Senator Breene Harimoto, Vice Chair and Members of the Senate Committee on Transportation and

Senator Rosalyn H. Baker, Chair and Senator Stanley Chang, Vice Chair and Members of the Senate Committee on Commerce, Consumer Protection and Health.

Thank you for allowing Kuni's to present testimony regarding HB 65, HD 1.

My name is Brian Kunishige, and I am the President of Kuni's Enterprises, Inc., (KUNI'S), a full service towing and recovery operation, that provides primarily City Tow Sub-Contract Services. All-Island is the City Tow Contractor for all HPD initiated tows and Kuni's is a main Sub-Contractor providing services across most of Oahu. We are providing testimony in support of this bill. As a Sub Contractor doing HPD initiated tows, we are contracted to operate under requirements of HRS 290-11, which HB 65, HD 1, seeks to amend.

It has been approximately 13 years since the fees and rates under 290-11 have been increased. Hawaii businesses have suffered upturns in employee costs, employee salaries, employee benefits, insurance, taxes and utilities. among other everyday expenses. By far the largest and most costly expense for a business like Kuni's is the cost of real estate. Property values have risen astronomically in the past ten years and so consequently has the cost of rents for those valuable properties.

In order to continue to operate Kuni's respectfully requests a modest increase in the general tow charges from \$65.00 to \$85.00 for a regular tow and from \$75.00 to \$100.00 for a dolly tow. We seek a small increase of the mileage charge from \$7.50 per mile to \$9.00 per mile and a flat storage rate of \$50.00 per day. The overtime charge should likewise be increased to \$25.00.

Senate Committee on Transportation and
Senate Committee on Commerce, Consumer Protection and Health
March 19, 2019
Page -2

Last but not least, Kuni's respectfully requests that this body add to the above statute, the requirement that any business operating under 290-11, be able to charge State of Hawaii, General Excise Tax. These businesses have to pay the 4.712% to the state of Hawaii, but are not allowed to charge it to the customer, like any other business does.

Our preliminary research indicates that Hawaii is in the bottom 5% of the States when it comes to our charges for government initiated tows, for the tow charges, mileage and storage. In a City like San Francisco, where property values, similar to Hawaii are ever increasing, the City Tow fees are based on an hourly rate of \$200.00 per hour and a storage rate of \$80.00 per day. While those rates may seem outrageous, our requests for increases are much more modest herein.

Kuni's supports the intent of HB 65, HD 1, and respectfully requests that this legislation be amended and passed out of committee.

Sincerely,

/S/ BRIAN S. KUNISHIGE

Brian S. Kunishige
President

LATE

HB-65-HD-1

Submitted on: 3/19/2019 6:53:22 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
HONOLULU TOWING INC	Testifying for HONOLULU TOWING INC	Support	No

Comments:

March 18, 2019

Committee of Transportation

Senator Lorraine R. Inouye, Chair

Senator Breene Harimoto, Vice Chair

Committee on Commerce, Consumer Protection and Health

Senator Rosalyn H. Baker, Chair

Senator Stanley Chang, Vice Chair

Re: HB 65 Relating To Unattended Vehicles

Dear Chair Inouye, Chair Baker and Members of the Committees:

My name is Mary Jo Rivera and I represent Hook Up Towing Inc. We are in strong support of House Bill 65.

The towing industry is essential for any Private Property, City and State. We assist in keeping the roadways clear and traffic moving. We assist the Police Department in towing vehicles from tow zones, recovering vehicles that have been in accidents, vehicles that are illegally parked and vehicles that have been abandoned and many times are a danger to the public.

We are requesting a rate increase as we feel we are due one. It has been 12 years since our last increase and at the time we did get an increase we also had to give up our un-hooking fee. The cost of doing business has gone up quite a bit in the last 12 years. I think most are not aware of the cost it takes to run a towing company.

1. Any towing company that engages in non-consensual towing is required by the State to be open 24/7, we are never closed even on major holidays such as Christmas. This is so the vehicle owner may pick up his/her vehicle at their convenience. Keeping a business open 24/7 has a big cost:

- a. You need employees in your office and on the road 24/7. The minimum wage in Hawaii has gone up at least 2 times in the last 12 years.
 - b. Your utility bill is high as the office never closes.
2. Our Insurance limits are regulated by the State of Hawaii. The State requires us to carry limits of:
 - a. Bodily injury of not less than \$500,000.00
 - b. Property damage of not less than \$200,000.00
 - c. On-hook coverage of not less than \$175,000.00. This coverage is very costly and some companies will not insure this high requiring the towing company to get an additional policy to make up the difference.
 - d. Or a combined single limit of liability of not less than \$1,000,000.000

This is just the insurance for the truck and the vehicle you are towing. We also need a garage keepers policy for the vehicles we are storing in our yard and workers compensation for our employees. Our insurance cost has risen over the years.

3. The cost of fuel has gone up in the past 12 years. For our industry if the fuel price increases in just the littlest amount it is costly for us. Our trucks are on the road 24/7 which requires a lot of gas.
4. The cost for our equipment has gone up and being in Hawaii we have to have our equipment and most parts shipped to us. In 2007 the cost to buy a light duty tow truck was approximately \$60k. The cost to buy that same light duty tow truck today is approximately \$90k. Vehicles today are being made much larger than before requiring us to buy bigger tow trucks to perform the job. These bigger tow trucks can cost over \$100,000.00 and that price does not include the shipping of the truck to Hawaii. This is just the base cost of a truck. You will still need to paint the truck and purchase other equipment such as dollies. Maintaining these big tow trucks are also costly. These trucks are being run 24/7 with very little break in between. Changing of tires, brakes and other parts comes more frequently.
5. As you all are aware the real estate in Hawaii has gone up quite a bit since 2007. We used to pay \$.29 a square foot for our yard space 12 years ago and today we pay

around \$1.00 a square foot. Because of SCRA (Service members Civil Relief Act) we are unable to dispose of vehicle belonging to active duty Military which is taking up a lot of space in our yards along with the rising number of abandoned vehicles littering the streets all over the Island. Both of these issues are known problems and has been on the News multiple times in the last year. The towing companies towing for the City is spending anywhere from \$30k - \$50k a month for yard space and they still do not have enough room. If the yard space cost is \$50k a month and the average cost per tow is \$130.00 the towing company needs to tow 385 cars just to cover the cost of their monthly rent. That is a lot of cars. If you are a towing company with this much volume then you also have many employees, tow trucks and this brings your cost up quite a bit which means you need to tow way more than 385 cars a month.

6. Taxes are also a big cost for us as it is for any business. The difference between us and other business is most businesses are allowed to pass the GE Tax on to their consumer we are not. The towing prices are the maximum we are allowed to charge by law and we cannot increase it by adding the GE Tax to the bill. In the last 12 years the GE Tax has also gone up but our prices have remained the same.

This is just a simple break down of the cost it takes for us to do business. Of course, there are other cost that I have not listed but I think with this alone you get the idea of how costly it is for a towing company to operate.

I hope with the information I have provided you are inclined to support this Bill. Thank you for your time and the opportunity to share with the committee my thoughts.

Sincerely,

Mary Jo Rivera

Office Manger

Ph: 808-216-1052

Email: Maryjorivera1@gmail.com

HB-65-HD-1

Submitted on: 3/13/2019 8:54:15 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rochele Guthrie	Individual	Support	No

Comments:

HB-65-HD-1

Submitted on: 3/14/2019 10:16:47 AM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Stephanie Moskwa	Individual	Support	No

Comments:

HB-65-HD-1

Submitted on: 3/13/2019 9:14:29 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Perry T Murata	Individual	Support	No

Comments:

I in support of this bil as it be quit awhile since Towing Businesses has up there rate everything with this type of job rate hikes in gas, oil, labor cost wages and etc. Except for the businesses able to up their rates p look easy support the HB-65 bill and vote yes so that these abandon vehicle will be remove this unsightly object and hazardous vehicle so they dont become a play object for our children.

HB-65-HD-1

Submitted on: 3/14/2019 12:15:31 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kalei Kauai	Individual	Support	No

Comments:

HB-65-HD-1

Submitted on: 3/14/2019 12:19:20 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ZIARIE	Individual	Support	No

Comments:

HB-65-HD-1

Submitted on: 3/14/2019 12:24:55 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ChristyAnn Kauai	Individual	Support	No

Comments:

HB-65-HD-1

Submitted on: 3/14/2019 7:25:16 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Terence K. Tashima	Individual	Support	No

Comments:

HB-65-HD-1

Submitted on: 3/18/2019 6:55:21 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ioret Aguilar	Individual	Support	No

Comments:

HB-65-HD-1

Submitted on: 3/18/2019 10:15:52 PM

Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alana Pagba	Individual	Support	No

Comments:

I strongly support this bill.

LATE

HB-65-HD-1

Submitted on: 3/19/2019 11:27:47 PM
Testimony for TRS on 3/20/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jan Wakayama	Individual	Support	No

Comments: