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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce and Consumer Protection  
Wednesday, February 24, 2021  
9:30 a.m.**

**On the following measure:  
S.B. 650, S.D. 1, RELATING TO TOW TRUCK PRICING**

**WRITTEN TESTIMONY ONLY**

Chair Baker and Members of the Committee:

My name is Stephen H. 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 purposes of this bill are to: (1) adjust towing charges and fees for vehicles left unattended or abandoned; and (2) establish a clean-up charge and documentation fee.

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 towing services.

The Department also opposes imposing new fees on vehicle owners, such as a documentation fee or a clean-up charge. Consumers should not be burdened with paying fees whose only apparent purpose is to award tow companies a windfall for

doing what they are already mandated to do under current law. Similarly, consumers should not have to pay a towing company an additional charge for vehicle storage merely because a tow yard has insufficient space to accommodate towed vehicles.

In view of the foregoing, the Department does not believe that the price increases or additional fees sought by S.B. 650, S.D. 1 are justified.

Thank you for the opportunity to testify on this bill.

## **TESTIMONY OF MICHAEL ONOFRIETTI**

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COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair

Wednesday, February 24, 2021  
9:30 a.m.

### **SB 650, SD1**

Chair Baker, Vice Chair Chang, and members of the Committee on Commerce and Consumer Protection, my name is Michael Onofrietti, ACAS, MAAA, CPCU, Senior Vice President, Actuarial Services, Product Development & Management for Island Insurance and Chairman of the Auto Policy Committee for Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council submits comments on this bill. In 2020, despite the pandemic, the Legislature passed two towing bills to better protect consumers and to contain the cost of towing for vehicles that are involved in an accident or cannot be moved. This bill contains blank amounts for towing and services connected to towing. If the final legislation increases costs, it will impact not only abandoned vehicles, but accident tows and disabled vehicle tows as well. Accident tows and disabled vehicle tows are now in HRS Section 291C-165.5 and this bill reaches also into this section of law (Sec. 290-11) for towing price limits.

Increases in towing costs, if paid for by insurers, will ultimately make their way into motor vehicle insurance rates and appear to be at cross purposes with the two bills that passed in 2020: HB 2162 and SB 2384.

Thank you for the opportunity to testify.

**SB-650-SD-1**

Submitted on: 2/22/2021 5:20:55 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ALISON MEYER	Testifying for D & D Towing, Inc	Support	No

Comments:

February 22, 2021

I am asking for this revised rates for HRS 290-11 "Abandoned Vehicles" because these set prices were made just for that, "Abandoned Vehicles". I've been in business since 1994, incorporated in 1995. When I do a contract for abandoned vehicles it is signed by a managing agent of private property, I've followed and still do follow that HRS 290-11 prices. My drivers aren't put in danger because they are in a parking lot on private property.

A new bill HRS 291C 165.5 which was implemented in the past couple years has attached a 20 year old bill with it's pricing of HRS 290-11 to it for charges of accidents and DUI's. HRS 290-11 as it states "Abandoned Vehicle's" does not include other work that tow operators do:

\*\*\* flatbed tow trucks (vehicles that lose wheels/tires, severely damaged, AWD or 4WD vehicles recommend flatbeds) police usually request for flatbeds.

\*\*\*hooking up to recover (vehicles that roll over and not on all 4 wheels, vehicles off road, or in a ditch, or even over a cliff)

\*\*\*road clean up (with use of absorbent that tow companies purchase)

and other services that we provide. HRS 290-11 also states that tow companies must contact owners within 15 days, that means tow companies need to send documentation to the Dept of Motor Vehicles and wait for their response. Than we need to send out certified letters to registered owners/ lien holders / notice of transfer, if vehicle is left in our possession, we need to run an advertisement in a local newspaper. And if the registered owner does not want their vehicle, the tow companies take a loss on everything they've done PLUS the disposal of the vehicle which also, is not free.

I feel these prices we proposed will allow us to successfully stay in business. The prices we proposed were an average by several tow companies on the island of Maui.

Mainland companies charge upward of \$300 plus dollars for hookup and does not include any other work they do, plus admin fees, storage, and gate fees (which we do not charge).

For these reasons I humbly ask of you all to please support our local tow community. We have never asked for a raise since 1995 but because of this new Bill HRS 291C-165.5 attached HRS 290-11, a raise is very much needed.

Hawaii has one of the highest cost of living by far. We have never had a raise. However, we pay rising cost of insurance every year ( We ourselves pay over \$40k a year) we pay fees to stay in business legally to DCCA to stay compliant and run a legal business entity. Raises in monthly payments for yard space, tow equipment to keep up with the new cars being altered / lifted, lowered / AWD / 4 wheel drive.

I am also really concerned that new tow companies are not aware of these laws and are going rogue and charging \$500 after hours, \$250 hook up / tow truck, \$40 per day storage. I can tell you, I personally do not support that. I will make it a point, if this bill is revised, that police is made aware of these ridiculous charges that some tow companies are charging. It really makes other tow companies look bad.

By doing this, I would be helping insurance companies.

As I've said earlier, I've been in business since 1994 and have never seen a much needed revision to HRS 290-11 prices.

Thank you for your time. Thank

**SB-650-SD-1**

Submitted on: 2/22/2021 6:40:43 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Devin Statts	Testifying for Loyalty Towing Service Inc.	Support	No

Comments:

Thank you in advance for allowing me to provide written testimony in support of SB650 SD1.

I owned my own towing company in Hawaii for 28 years and work for Loyalty Towing Service Inc. as a General Manager for the last 2 years. I have been in the towing industry for over 35 years all in hawaii.

I am in support of raising the towing rates for Police ordered tows and Trespass towing.

We have long been due a pay raise in our rates which are the lowest in the entire United States. The State of Hawaii normally follows California, Washington, Arizona, Texas, and Las Vegas on rules and regulations that get introduced as bills to our legislature.

We in the towing industry are facing crucial times in not being able to afford the raising of the insurance rates and a exhorborant pace nor being able to keep up with the Registration fee's for registering a tow truck here in Hawaii. The pool of insurance companies that will insure a towing company here in Hawaii is dwindling. I used to use National Interstate for my insurance needs but they no longer offer insurance to towing companies. Every year when I was in business and even as the General Manager of Loyalty Towing Service insurance rates are climbing at an exhorborant rate even though we have no claims.

We have a freeway service patrol contract here in Hawaii that no local tower can bid on because of the wording in the contract.

We have towing companies supplementing their income by getting a second job. Why? Owing your own company you should be able to support your family, pay your mortgage on your house, purchase a vehicle, etc... Why is the towing industry being held back?

Everone thinks that when they see a towing bill of \$ 150 to \$200 that we are overcharging or ripping them off. This is so far from the truth. Rent/Lease/Mortgage in

Hawaii is way out of reach for anyone to be able to purchase a property and run a profitable business.

Tow trucks today cost way more than 10, 15, 20 years ago. Let me explain. A base model tow truck like a Ford F450 or Ford F550 with a 60" cab to axle base model is costing close to \$ 100,000 and if you get it fully loaded you are looking at around \$ 120,000.00. A medium tow truck costs on average \$ 200,000 and up. A heavy duty tow truck costs \$ 400,000 and up. A Rotator can cost upwards of \$ 700,000. You then have to pay it off in 5 to 7 years.

Our insurance premium for Loyalty Towing Service is \$ 32,000 per year and we only have 3 tow trucks with none of our drivers having any moving violations? Why? Because we have a small insurance company pool to choose who to carry our insurance from.

How many insurance companies are in Hawaii? At least 50 different companies but only 2 to 3 of them sell insurance to a towing company.

Our equipment like snatch blocks, screw pin shackles, wire rope, round slings, rim slings, nylon recovery straps, etc. all have a life expectancy that really isn't that long but the cost is thru the roof. We have to replace our equipment every 3 years and replace trucks every 7 to 10 years.

Hawaii has been on the bottom of the towing pricing structure for the last 30 years. This is one industry that hasn't kept up with the times. This is the reason why I throw my support behind this bill.

As for the DCCA and the insurance commission saying we are over charging as is let's compare their income to a towing company owner. The pay is very different in that the towing company owner is lucky to be making \$ 30,000 yearly. Yet the people in the DCCA and Insurance Commission make pretty good money.

DCCA and Insurance Commission go home at 4:00 or 5:00 pm and work indoors - Mon - Friday. We work all hours of the night, holidays, weekends, etc. with the traffic wizzing by us at 30 to 50 mph. We work in the rain, hail, sun, down pour, strong winds, etc to keep the roadways open so people can travel safely to their destinations.

If any one has any questions please feel free to call me at 808-864-7626.

**SB-650-SD-1**

Submitted on: 2/22/2021 8:24:21 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
KEVIN VINCENT	Testifying for KAD INC. DBA CARTOW KOHALA	Support	No

Comments:

**TESTIMONY FOR BILL SB650**

**FROM KEVIN VINCENT PRESIDENT OF KAD INC DBA CARTOW KOHALA**

**\*\*\*We are in Support of a rate increase however we think that Lawmakers should seek Independent Professional Consultants in the Towing and Recovery Industry to find out National Average Rates so that they can propose a more realistic rate increase for the State of Hawaii as the proposed rates are better than what they are now but are still extremely low in order to provide Emergency Roadside Services Safely and Legally.\*\*\***

The cost of living in Hawaii is one of the highest in the nation and that goes the same for the cost of doing business. With that in mind, Construction Companies, Hotels, and all businesses that cater to tourism charge some of the highest prices in the nation to offset that extra cost of operating in Hawaii. How is it that these companies that provide noncritical services can charge high prices but us as Tow Operators who provide emergency towing, recovery, roadside services including accident scene cleanups, 24 hours a day, 365 days a year, can only charge what the State H.R.S. says towing companies can charge? For example, the state H.R.S. says towing companies can only charge \$ 65 Hookup / \$ 80 hookup after hours and \$ 7.50 per towed mile. So is it reasonable to say that if we get called for a tow in Kailua-Kona, for example, and the tow is only 2 miles within Kona, we can only charge \$80 during regular hours and \$95 during afterhours and still be able to stay in business, knowing that the cost of equipment, fuel, insurances and employee wages far exceed that amount? Also, the H.R.S. does not regulate recovery and Hazmat cleanups and should **NOT** be allowed to as the costs to provide this service and equipment are extremely high and vary in size, difficulty, along with safety. According to the DCCA website that we cannot charge any tax on these tows. Does that mean that we are tax exempt also? It seems that this law was written for Honolulu where everything is in close proximity and where they tow in volumes. Therefore, I think we on Hawaii Island, especially Police Contract tow Operators, should not be held to this but be able charge according to our Official Tow Contracts that are in place.



Example:

March 21, 2020 at approximately 4:17am we were called by HPD to a fatality in Kailua-Kona on Ali'i Drive. We dispatched five units due to the nature of the accident and concrete barriers having to be moved to be able to gain access for the body removal personnel to recover the body, along with the vehicle's recovery/removal. As our highly trained and qualified response team arrived on scene, they immediately started to clean the debris until body removal showed up. After the body was removed from the vehicle our team recovered the vehicle and continued to clean the entire scene. At that point, the scene was remediated, and we placed the concrete barriers back to its original position as if the area had not been touched. Our units cleared the area so that the road could reopen. We sent two units to the Hawaii County Police Evidence Yard on Hale Makai Place to drop the vehicle for evidence then continued back to Waimea Base Yard. They arrived back at 8:46am. According to H.R.S we would only be allowed to charge \$99.50 for four hours of services we rendered. How is this legal?

The cost of providing good, dependable equipment and Qualified Operators to do the job of 24-Hour Towing and Recovery, etc. are extremely high, therefore we should be allowed to charge a good and reasonable amount in order to keep continuing to provide this much needed and critical service to not only Law enforcement and Fire Departments but also the general public. The Towing Industry in the U.S. is a Nine Billion dollar Industry and for good reason. Modern Tow Trucks and Equipment are very expensive. Some Rotator Wrecker Trucks cost as much as a Million Dollars. With the rising cost of Equipment , Fuel, Insurance , Wages, Workman's Compensation, Health Care Insurance, etc. how can a business be expected to provide these services including cleaning up the roadways when Hazardous Vehicle Fluids are spilt onto our roads and the sides of roadways 24 hours a day.

The United States EPA considers any Vehicle Fluids spill to be Hazardous and a Danger to our environment. Therefore, all accident scenes should be cleaned and remediated properly as well as efficiently so that the roadways can be opened as quickly as possible so that traffic is not hindered. And to clean and remediated accident scenes/ spills properly cost a good deal of money and physical labor.

With this in mind how can Recovery fee's and Cleanup Fee's be regulated as every scene is different. It can range from a simple cleanup to a very difficult and time consuming. As well as having to use a lot of absorbent, cleaning fluids, etc. As we all know , in these times that we live in, we are in a world that needs to put our environment as a priority and start making changes to preserve our delicate nature and surroundings. And this includes containing, cleaning and remediating all accident scenes properly and quickly to provide as little as possible Hazardous vehicle fluids from getting into our environment and damaging the future home of our children.

Note:

From talking to different insurance adjusters, we have learned that when a vehicle strikes/collapses utility poles causing the transformers to blow out spilling hazardous oils utility companies charge these insurance companies over 50 thousand dollars for the proper clean up and replacement of a single pole. Also, when homes get flooded restoration companies charge as much as 30-40 thousand dollars to clean flood damage. How is it that these Industries can charge these extremely high rates, yet the Towing Industry is suppressed in what we can charge? Where is the equality and fairness in this?

When the authorized driver shows up while the vehicle is being hooked up at the picked-up location who pays for the fuel and service time getting to the vehicle that we were called to tow and have to unhook from the vehicle at no charge?

Who pays for absorbents and other materials and equipment along with service time used to clean and remediate accident scene's?

Who pays for vehicles that are towed and stored at tow yards for thirty days then are abandoned and the tow company must pay to dispose of?

Who enforces insurance companies to pay the tow companies for their services rendered to their insured's vehicle that was involved in an accident then is left abandoned at the tow yard for the tow companies to pay to dispose of?

We along with other towing companies lose tens of thousands of dollars per year for abandoned vehicles and that is not including what insurance companies refuse to pay for, who pays for these losses?

On Accidents and impounds more than 50% go unpaid and this equates to hundreds of thousands over time, who pays these losses?

**IMPORTANT NOTE:** There is a State Bill that basically says that Towing Companies should be left with their hands tied behind their backs and even tries to say that "Due to high costs of living in Hawaii" Towing companies can only charge a certain amount. With that being said it is absolutely absurd and ridiculous that our State allows Construction companies to charge Insane amounts of money which is the real reason we have high homelessness, a housing shortage, and our Local people are relocating to other states. Hawaii has the 4th highest Construction cost in the World, the highest median housing cost in the nation, one of the highest average daily hotel rates in the nation, and simply one of the most overall expensive places to live in the nation and yet they want to take it out on the Towing Industry which provides emergency service 24 Hours a day, just like our Government emergency services, but with no Government backed funds.

In final I want to say that we are third generation in the towing industry being in business from 1980. We love helping the community and local authorities in doing our job and helping keep the roads open, clear, and clean and also helping keep our land clean by not letting Vehicle/accident pollutants go into the environment. We do that by providing fast, efficient and professional services which takes expensive equipment and highly trained and certified personnel. We are Hazwoper Certified, National TIM Certified by the US DOT, Wreckmaster certified, OSHA Scene Commander Certified, OSHA First Responder Awareness with Spill Cleanup Certified, and OSHA General Industry Certified. So, with this we make sure that every job is done with Efficiency so the road can be open as quick as possible as to keep commerce and the general public traffic flowing but yet with safety and proper cleanup in mind to keep our environment healthy and clean. All of these services costs money which is why we need to resolve this issue.

**SB-650-SD-1**

Submitted on: 2/22/2021 9:15:11 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Halona Brooks	Testifying for Tip Tows LLC	Support	No

Comments:

I am in favor of adjusting towing company charges and fees for vehicles left unattended or abandoned. Establishes a clean-up charge and documentation fee.

**SB-650-SD-1**

Submitted on: 2/23/2021 12:48:49 AM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lincoln Smith	Testifying for Areo Towing & Recovery	Support	No

Comments:

**Lincoln Smith**/Owner and operator of Areo Towing & Recovery

I strongly support bill SB650 reason is that I been in the towing industry for almost 10 years while operating my company the restrictions on tow pricing has never been in our favor for the towing industry and what most people who are not in the industry doesnt understand is with the current pricing it makes the towing industry difficult for the towing industry. When we have to pay for maintenance for the trucks we are not only paying for engine work, battery change, breaks, tow straps and tow dollie tires that always needs to be replaced, etc. We also have a hydrolic system that constantly needs to be maintained which is very costly in order to provide a safe tow not only for ourselves but for the public also hiring drivers and paying them what they are worth risking their safety helping stranded motorist and for all their hard work .Another issue is our insurance that has just gone up and lastly clean up fee which I clean up at my own expense when needed in an effort to protect the enviroment. Another thing thats also impacting the tow industry is the free drop rate if the authorized vehicle occupant arrives at the scene so just imagine driving to a scene, hooking up the vehicle and the authorized vehicle occupant arrives at the scene causing us to return the vehicle at no charge but we still have to pay for the gas, milage, and drivers if employed. the whole point is that at times the \$65.00 and \$7.50 a mile is hard to cover the overhead when all of the above takes place.

thank you

Lincoln Smith/Areo Towing & Recovery owner and operator

**SB-650-SD-1**

Submitted on: 2/23/2021 10:50:42 AM

Testimony for CPN on 2/24/2021 9:30:00 AM



<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeanette Grace	Testifying for Pinky Tows Pacific Inc.	Support	No

Comments:

Aloha Chair Lee, Vice-Chair Inouye & Senator Fevella,

Thank you for taking the time to hear SB650-Relating to Tow Truck Pricing. Although this subject is not new to the legislature, it is one that should not be ignored and I pray that your committee will be openminded and take this time to understand what it's like being in the towing industry.

For my family, we are talking multi-generation towers. My father-in-law, my husband and now our children are in the industry and I can personally tell you that the tow rates regulated by HRS 290-11 is way overdue for an increase. I do support that tow rates should be regulated to keep tow companies in check as to not price gouge, but at the same time this statute is also due for a price increase. The cost to operate and maintain a tow company is not one that is always affordable. To purchase the right equipment, maintenance, labor & training and the overall cost to run your 24/7 business can be and is very challenging.

The last rate increase was in 2007, nearly 14 years ago. We've had to deal with the prices of fuel on the rise, increased shipping rates (the cost to ship equipment & supplies from the mainland), increasing labor costs, the increased cost to find lease land that will allow this type of industry on the property, etc... are all things that are part of our business that we have to deal with. To request a rate increase is not unreasonable at all, in fact, it is long overdue.

The added on cost of \$75.00 for cleanup at the scene of the tow should also be included. Numerous times at the scene of an accident, we are faced with accident debris, including oil, coolant and fuel that ends up on the road that needs to be cleaned prior to completing the tow. This is all done with added labor, cleaning supplies (absorbents, etc), which is just another added cost to get the job properly done.

The added cost of \$250 to comply with the written notification and, if necessary, advertising, tow liens and title transfer and any other documentation that is needed to complete this part, in addition to the time it takes to get this all done is justifiable and should be added to the HRS 290-11.

In conclusion, I thank you for taking the time to read my testimony of "Support" for SB650. Your support in passing this bill is fair and much needed. Thank you again for your time and consideration.

Mahalo,

Jeanette Grace

**LATE**

**SB-650-SD-1**

Submitted on: 2/23/2021 11:13:04 AM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
George Grace III	Testifying for Pinky Tows	Support	No

Comments:

Aloha Chair Baker & Vice Chair Chang,

Thank you for taking the time to hear SB650, relating to tow truck pricing.

As an owner of a tow company, I can say that I am in full support of this Bill. It's been many years since we've had a rate increase. As we can all say that we have lived through the inflation & price hikes, increased tow rates aren't one of them.

I believe that it is way overdue for an increase. And as the opposition has stated, they don't feel that the consumer should be faced with paying the increased rates, I can agree. But, I believe that it should be the responsibility of the insurance company to pay the tow companies for something that the insured is already paying for in their insurance policy, and not threaten to raise their rates as a result of that.

Business owners are faced with the uprising costs to run their business, keep employees employed, pay rent for the property that the vehicles would be stored on just to name a few. When we have to deal with the rising costs of living, we depend on the income that our business can generate.

We ask that you pass this bill and thank you for your time & consideration.

Mahalo,

George Grace III





- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII  
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COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice-Chair  
Thursday, February 24, 2020

**SB 650 - RELATING TO Tow Truck Pricing**

Chair Baker, Vice-Chair Chang, and Members of the Senate Commerce and Consumer Protection Committee:

My name is Timothy M. Dayton, General Manager of GEICO. GEICO provides motor vehicle insurance for 178,000 Hawaii households, which is more than one out of every three Hawaii households that has auto insurance. GEICO pays for many thousands of tows from Hawaii accident scenes every year. In 2020, the Legislature passed SB 2384 as Act 55, 2020 Session Laws of Hawaii (“SLH”) and HB 2162 as Act 41, 2020 SLH, in order to protect consumers from predatory towing from accident scenes. In that legislation, the category of “accident-scene tows” was made subject to the limitations on tow truck pricing set forth in HRS § 290-11. The original version of SB 650 called for price increases which, if approved, would undercut the intended protections provided by Act 41 and Act 55. In fact, reports of new methods of circumventing the requirements set forth in these recent acts have come to light as well.

GEICO opposes unsupported price increases as reflected in the original version of SB 650. Allowing tow companies to charge the public more based on an unsupported request, *during the pandemic*, would seem to be the wrong action during this period when many members of the public are in economic distress.

For the Committee’s reference, as it relates to the now unspecified price increases, GEICO notes:

- As originally proposed, the base charge would have resulted in an increase of 53% for a regular tow, 66% for a tow using a dolly, and a full 100% for tows involving the use of a flatbed. These requested price increases and any other price increases to be considered are *in addition to* the mileage charge.
- GEICO has the same objections to the proposed increases in the daily storage charge. The original request called for a 40% increase for storage in the first seven days and a 75% increase for storage after the first seven days.

- The original version of SB 650 included a new fee added for required “clean up,” but the definition of when such “clean up” would be required is not addressed in the bill.
- The 2020 Legislature took proactive measures to protect consumers involved in a motor vehicle accident from unreasonable charges. Allowing unsupported price increases would reverse the intent of Acts 41 and 55, 2020 SLH, to protect consumers against predatory towing charges.

Beyond the lack of support for the requested rate increases, GEICO has seen new methods employed by tow companies to circumvent the statutory protections put in place last year:

- We have seen evidence of the imposition of a new fee for “documentation” that appears to be related to an abandoned vehicle. The bill’s language does not clarify that this fee should not apply when the identity of the owner (or the owner’s insurer) is known.
- We have also seen new and unanticipated charges referred to as a “gate fee.” This fee is imposed in addition to “storage” charges. Storage charges as listed should reasonably include the cost of dealing with the vehicle owner, taking payment, and releasing the vehicle. Charging a customer \$50 to get their personal items from a total loss or insurer to inspect the vehicle does not seem right.
- Attached as Exhibit “A” to this testimony is a reprint of a “charge sheet” provided by one of the tow companies doing business on the neighbor islands. Please note that the bottom of the sheet indicates a 4-hour minimum charge, as well as “flat fee” charges (such as the “Fuel Charge” of \$100.00) added to “all motorized equipment.” These charges, in and of themselves appear to violate the statutory limitations set forth in HRS § 290-11(b) to the extent the prices permitted are based on an hourly rate plus specific miles traveled, not on a minimum charge. There may be equipment operated on the tow site that may not reflect usage based on mileage but State law does not appear to allow “flat charge” for fuel associated with to all “motorized equipment.” This is an even clearer violation of the statutory maximums where the 4-hour minimum resulted in charges in excess of the actual “tow” and “mileage” allowed under Section 290-11(b).
- Finally, even after Acts 41 and 55, 2020 SLH, were enacted with the intent to protect consumers against predatory tow charges, tow companies are now challenging the application of these statutes by referring to county ordinances. More statutory amendments may be necessary to eliminate any further dispute over the Legislature’s intent to have HRS § 290-11(b)’s restrictions apply to certain categories of tows.

In larger part, perhaps the Legislature would consider a different method of regulating the amounts and fees that tow companies may charge consumers. In reality, there are other circumstances that may trigger a need for tows that are not addressed by the current Statutes. If the intent of the Legislature, as evidenced in Acts 41 and 55, 2020 SLH, is to eliminate and deter predatory towing practices, it is apparent that a wider examination of HRS Chapters 290 and 291C may be necessary in order to address the problem of predatory towing. Currently, certain other consumer services, rates to be charged, and benefits to be provided to the public are regulated by the Public Utilities Commission. In this manner, the Legislature does not have to amend the Statutes to address every specific type of charge or procedure. **Efficiency, clarity, and fairness to service providers as well as to the consumers in this area of vehicle towing are important considerations, and in this instance, the public and the industry may be better served by a more comprehensive regulatory scheme in the future.**

At this time, GEICO's experience with towing companies in Hawaii shows that the availability of tow services for accident tows is currently more than sufficient to meet the needs of the public. This availability suggests that these tow charge increases are not warranted, especially in light of efforts to circumvent the tow charge limitations already established. Ultimately, such increases add an extra layer of costs to be factored in to the insurance premiums paid by our customers. Worse still, in the event a consumer does not have insurance to cover these charges or even to challenge these charges, they may be paying charges that are not authorized under the law.

Nothing in the original version of SB 650 provided any basis for any increases. Before any price increase is considered, specific evidence supporting the amount of increases should be presented to the Committee. GEICO also respectfully asks the Committee to consider the wider concerns expressed above in addressing the area of tow truck pricing. In light of the absence of any evidence to support the proposed rate increases, we believe the request should be denied.

**GEICO respectfully requests that SB 650 be held.**

Thank you for the opportunity to submit this testimony.

Sincerely,



Timothy M. Dayton, CPCU

Attachment

# Exhibit "A"



## FEES AND CHARGES

- **Administrative Fee-** 10% Administrative Billing Fee Is Added To Total Amount of Invoice
- **Chain Saw-** Use of Chain Saws to Cut Down Trees and Shrubs- \$65.00 per hour (4 hr minimum)
- **Excavator-** Use of Komatsu PC 120 Excavator- \$350.00 per hour (4 hr minimum)
- **Extra Man-** Use of Extra Man for Labor- \$95.00 per hour (4 hr minimum)
- **Emergency Response Vehicle-** Use of Emergency Response Vehicle That Contains Specialized Equipment And Tools Used In Conjunction With Recovery And Scene Remediation, Including HAZMAT And Illicit Discharge Clean-Up- \$250.00-\$850.00 per hour (4 hr minimum)
  - In Addition, There is a \$8.50 per mile Mileage Charge on the Emergency Response Vehicle
- **Fuel Charge-** A flat charge of \$100.00 is Added to All Motorized Equipment
- **Heavy Duty Wrecker-** Use of Heavy-Duty Wrecker- \$950.00 per hour (4 hr minimum)
  - In Addition, There is a \$10.50 per mile Mileage Charge On The Heavy Duty Wrecker
- **Medium Duty Wrecker-** Use of Medium-Duty Wrecker- \$550.00 per hour (4 hr minimum)
  - In Addition, There is a \$8.50 per mile Mileage Charge On The Medium Duty Wrecker
- **Light Duty Wrecker-** Use of Light-Duty Wrecker- \$350.00 per hour (4 hr minimum)
  - In Addition, There is a \$7.50 per mile Mileage Charge On The Light Duty Wrecker
- **Heavy Duty Carrier Truck-** Use of Heavy-Duty Carrier Truck- \$750.00 per hour (4 hr minimum)
  - In Addition, There is a \$10.50 per mile Mileage Charge on Heavy Duty Carrier Truck
- **Rigger Foreman-** Use of Trained and Qualified Person For Rigging and Set Up of All Recovery Equipment, Chains, Cables, etc. - \$150.00 per hour (4 hr minimum)
- **Incident Commander-** Use of Certified Scene Safety Man as Required OSHA- \$150.00 per hour (4 hr minimum)
- **Storage-**
  - Passenger Motor Vehicle- (9 passengers or less)- \$25.00 per day
  - Commercial Passenger Vehicles- (Registered Commercial or Livery)- \$50.00 per day
  - Tractor- \$100.00 per day
  - Trailer- \$100.00 per day
  - Cargo- \$100.00 per day
- **Sublet(s)-** It may be necessary to employ services and equipment from other companies and entities to assist in the Recovery, Towing, Storage and/or Scene Remediation; Such services are subject to a 20% mark-up.
- **Minimum-** There is a 4 hour minimum for all

**LATE**

**SB-650-SD-1**

Submitted on: 2/23/2021 2:51:59 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
KELLY LUM HO	Testifying for STUDEBAKERS HAWAII	Support	No

Comments:

Aloha!

Thank you for your time and receiving this testimony. The SB650 has been well overdue. I commend all who have supported and introduced this bill. Change is awesome when it's for the best and I support and truly believe the changes in the HRS 290.11 tow prices are well overdue for modification.

The small increase is beneficial to the tow companies that are trying to survive in the industry. With the increased prices of insurance, registration, overhead, cost of living, and just operating expenses in general, many tow companies are struggling to stay afloat. But with the help and support of all of you, the local tow companies will be able to continue to do business and employ/support the blue collar, hardworking people of Hawaii that call this industry their career. So many from our keiki's to our kupuna are touched by this simple price change. All the current tow companies are local and in support of this, those who are opposed are from large corporations that know they may have to pay a part of the towing prices. This will not hurt them but will benefit many local businesses.

Thank you again for your time and consideration in passing the Bill.

Kelly LumHo

**SB-650-SD-1**

Submitted on: 2/19/2021 6:13:27 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Russell Kalaola-Wightman	Individual	Support	No

Comments:

Aloha Kakou

I humbly request your support in passing house bill SB650 SD1 for Hawaii's tow industry. Hawaii's tow industry is an integral part of keeping State and Maui County roadways safe and secure. Tow truck operators all across the State risk their lives every day in dangerous conditions and situations. Many think that all they do is pick up and drop off cars, not realizing how dangerous it can be on the side of a highway/roadway while hooking up or changing a tire. I commend the state legislature for passing the move over law which has made it much safer for tow truck operators, police officers and first responders. I know for a fact as a previous business owner that the cost of doing business in the State of Hawaii has gone up over the past 20 years. This has made it difficult for many tow companies to grow their employee base and make ends meet. It is my understanding that the Maui' Tow Industry has not requested or received any type of meaningful rate increases over the past 20 years. In my opinion the requested rate increase is reasonable and fair for all, as it would allow for better paid employees and better equipment for better services for all.

In closing I would like to thank everyone for their support and understanding with hopeful passage of SB650 SD1

Mahalo

Russell Kalaola-WIGHTMAN

**SB-650-SD-1**

Submitted on: 2/20/2021 4:20:30 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sean Marlong	Individual	Support	No

Comments:

As a former tow truck driver, hours were crazy, being on the road at all hours with fast moving traffic... It all made me look for another job.

I've seen what these tow companies do and the crazy hours they work. Tow companies deserve a raise too. They pay for their tow equipment, insurance, rent like everyone else. From what I've read, they haven't had a raise since early 2000's.

We are asking For this revision of HRS 290-11 "Abandoned Vehicles" because somehow, HRS 291C-165.5 (in place in 2020) reverts back to charging HRS 290-11 prices. HRS 291C-165.5 says that any tow call by police can only charge rates set in HRS 290-11.

We are hoping that this revised bill to raise tow prices helps in mandating price gauging for all tow companies. Revising this bill that has not been changed since late 1990's/early 2000's will help the tow community in many ways.

**SB-650-SD-1**

Submitted on: 2/21/2021 8:06:27 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kenneth Tom	Individual	Support	No

Comments:

I support SB650 due to the rising costs of operating a business in Hawaii, especially in regards to property, insurance, and equipment costs. Towing companies are a vital industry and need a rate increase enacted in order to be compensated for the rising costs of doing business.



**SB-650-SD-1**

Submitted on: 2/22/2021 9:35:00 AM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
TRAVIS CORDEN	Individual	Support	No

Comments:

I strongly support SB650. The current prices listed on HRS 290-11 are long over due and needs to be updated asap. The cost of operating a tow company just keeps going up (fuel, rent, vehicle registration, insurance, etc). I hope you can help me and the other tow companies in hawaii by revising the prices so we can continue to operate our businesses in hawaii.

**SB-650-SD-1**

Submitted on: 2/22/2021 11:22:38 AM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melritalina Gragas	Individual	Support	No

Comments:

I have seen what these tow companies do and the hours they work. Tow companies deserve a raise too. They pay for their tow equipment, insurance, rent like everyone else. From what I've read, they haven't had a raise since early 2000's.

Mahalo,

Melritalina Gragas

**SB-650-SD-1**

Submitted on: 2/22/2021 4:19:48 PM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jordan fennelly	Individual	Support	No

Comments:

My name is jordan fennelly and I support SB650 SD1

**SB-650-SD-1**

Submitted on: 2/23/2021 7:30:24 AM

Testimony for CPN on 2/24/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
William Hankins	Individual	Support	No

Comments:

New pricing is warranted for tow companies. Old pricing is out dated and not consistent with current cost factors. Please support this bill to help tow companies who far too often are called upon by law enforcement to remove vehicles for various reasons. The cost increase proposed is realistic and fair.

**LATE**

**SB-650-SD-1**

Submitted on: 2/23/2021 11:09:21 AM

Testimony for CPN on 2/24/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Anuenue Zoller	Individual	Support	No

Comments:

**SB650 – Relating to Tow Truck Pricing**

Aloha Chair Lee, Vice Chair Inouye, and Members of the Committee:

First and foremost, I would like to thank you for taking the time to hear this senate bill and giving your attention to this matter. My name is Anuenue Zoller and I work for Sharks Equity Recovery. I, on behalf of myself and the company I work for, would like to express my **support** for Senate Bill 650. The Hawaii Revised Statutes 290-11 that currently outlines tow pricing was enacted in 1973. In the last 48 years—since HRS §290-11 was first put in place—the cost of operating a tow company have changed drastically, while the price guideline that we must follow have remained arguably the same and disfavor towing companies. Simply put, the current prices outlined in HRS §290-11 are outdated.

Along with being outdated, currently, HRS §290-11 does not allow charging for the use of flatbed trucks or a clean-up fee for accidents.

In order to safely operate, each tow truck follows specific guidelines with certain towing capabilities. Each tow is unique, and some tows require the use of a flatbed. For example, the capabilities of a flatbed allow towing companies to tow heavier vehicles—which can easily be argued to be harder to tow than a tow with a dolly. These tows also require more experienced drivers with expertise in towing. Flatbed trucks are also considered one of the safest ways to transport vehicles, which only justifies allowing companies to charge a specific fee for the use of a flatbed truck.

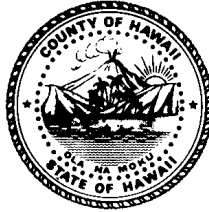
When car accidents occur, it is inevitable to have debris. It is also my understanding that towing companies, when arriving on scene of a car accident, not only assist in clearing the vehicles involved in the accident but also take the responsibility of cleaning up the scene to provide safe roadways for motorists. The proposed clean-up charge of \$75 is extremely reasonable considering the time it takes to clean a scene and the hazardous situation tow truck drivers are put in when cleaning active roadways.

Working for Sharks Equity Recovery allowed me to become familiar with the day-to-day operations of towing companies. Operational costs include but are not limited to: insurance premiums, rent for office/yard space, gas, the maintenance of

trucks/equipment and employee payroll—all of which have seen an increase over the years. These are just some of the reasons I agree with the proposed increase in towing fees as stated in SB650. I firmly believe that with these increases, towing companies will be properly and fairly compensated for the work they provide the public.

Mahalo again for the opportunity to express my beliefs in the matter and for taking the time to hear this bill.

County of Hawai'i  
Council District 9 -  
North and South Kohala



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**Chair:** Committee on Regenerative  
Agriculture, Water, Energy, and  
Environmental Management

**HERBERT M. "TIM" RICHARDS, III**  
HAWAI'I COUNTY COUNCIL  
DISTRICT 9

25 Aupuni Street, Ste. 1402, Hilo, Hawai'i 96720

**LATE**

February 23, 2021

**Committee on Commerce and Consumer Protection**

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
**Submission via online testimony**

RE: Support of SB 650 SD1  
Hearing Date/Time: February 24, 2021 at 9:30 a.m.

Dear Senators:

As the Chair of the Committee on Regenerative Agriculture, Water, Energy, and Environmental Management for the Hawai'i County Council, I thank you for the opportunity to submit **testimony in SUPPORT of SB 650 SD1.**

The fee structure as is currently set may be more workable in an urban setting, but certainly it does not work in the rural setting. Our towing companies sometimes drive over an hour to perform what may be a couple-mile actual tow. Storage of vehicles is also an issue. Though this bill does not solve all the concerns, it is a step in the right direction. I strongly encourage you to pass this bill.

Please feel free to contact me should you need to discuss my position and knowledge of this matter further. Thank you for your attention and consideration.

Sincerely,

HERBERT M. "TIM" RICHARDS, III  
Hawai'i County Council, District 9

**SB-650-SD-1**

Submitted on: 2/24/2021 8:31:14 AM

Testimony for CPN on 2/24/2021 9:30:00 AM

**LATE**

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
DAYNA TAVAKE	Testifying for HONOLULU TOWING INC	Support	No

Comments:

Due to economy consistently increasing throughout the years, I feel this is very necessary to increase our historic tow rates and pricing. Many years of zero increase or revision, tow company's struggle to stay afloat as we continue to work through this pandemic to provide emergency services to community.

I support S.B. 650