



Department of the Secretary of State Bureau of Motor Vehicles

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JOINT STANDING COMMITTEE ON TRANSPORTATION

L.D. 1377 “Resolve, to Convene a Working Group to Evaluate Potential Regulation of the Vehicle Towing Industry and the Impact on State Agencies and Industries”

Testimony of Shenna Bellows, Secretary of State and
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Senator Nangle, Representative Crafts, Members of the Transportation Committee. I am speaking in support of L.D. 1377, “Resolve, to Convene a Working Group to Evaluate Potential Regulation of the Vehicle Towing Industry and the Impact on State Agencies and Industries”.

This bill's aim could ultimately positively impact both the Bureau's general operations and the citizens of our great state. Across the nation, we're experiencing a troubling trend related to towing fraud. This includes predatory towing schemes in which towing companies actively search for illegally parked vehicles, towing them and charging exorbitant fees for their return. Unfortunately, this often involves holding personal property hostage to compel payment of towing and storage fees.

Our Department has received numerous complaints from Maine citizens regarding extremely high towing fees and complications in regaining ownership of vehicles through the abandoned vehicle process. For instance, they have recently encountered cases from our Title Services Division concerning a towing company that attempted to apply for abandoned vehicle titles on two separate motor vehicles. They were attempting to charge the vehicle owners over \$8,000 each in towing and storage fees. In another case, a grieving father sought to reclaim his deceased son's truck from a different towing company, yet the associated fees exceeded \$20,000, and the company lacked the proper records to justify this charge.

Additionally, our Hearings Division has noted a significant increase in cases related to towed and abandoned vehicle titles. In 2021, there were approximately 9 hearings concerning towing matters, but by 2024, that number had risen by over 150% to 23 cases. It should also be noted that it is not only the increase in the number of these types of hearings that is an issue, but also the complexity of them. Each one requires significantly more time and resources to make a fair decision. Many of the cases are being appealed to the Maine Superior Court, further burdening our already overloaded court system.

The trends we are witnessing regarding abandoned title applications from towing companies, investigative complaints, and legal services hearings align with the national averages of towing fraud reported by the National Insurance Crime Bureau (NICB). The NICB indicated that between 2021 and 2022, potential towing fraud cases increased by roughly 103%.

Forgery is also becoming a concerning issue within the towing industry. We have investigated instances where towing companies filed abandoned vehicle applications with the Title Services Division with forged signatures of police officers on some of the documentation.

There are significant differences between types of towing practices. Consensual towing occurs when a consumer actively seeks out a towing business and selects one to provide a service; even in this case, associated fees should be transparently disclosed. In contrast, non-consensual towing involves a vehicle being towed due to parking violations or police orders in various situations. Regardless of the case, consumers must be entitled to transparency and fair treatment while also supporting the towing industry.

Regulation should not be viewed as a nuisance that deters businesses; rather, it should serve as a guideline for professionalism that fosters trust within the industry and protects it from those who seek to exploit the citizens they serve.

Currently, the towing industry lacks any formal oversight or regulatory framework to safeguard our citizens from unscrupulous business practices. In contrast, the automobile dealer industry, along with various other types of businesses in Maine, is subject to licensing requirements and established rules and laws that promote fairness and justice.

We would also like to offer friendly amendments to L.D. 1377. First, we would suggest adding a representative of a statewide organization that deals with commercial trucking, for example, the Maine Motor Transport Association. The challenges and frustrations faced by the commercial trucking industry with regard to the towing industry are not necessarily the same as those faced by non-commercial drivers, and we believe their voice would be a valuable addition to the working group.

Second, and this stems from an issue brought to light to us following the introduction of a bill from Sen. Marianne Moore, L.D. 831, "An Act Regarding Abandoned Vehicles Due to Involuntary Psychiatric Hospitalization," we suggest adding an additional duty of the working group to:

"Do a specific examination of the issue regarding the disposition of a vehicle when the owner is involuntary hospitalized, paying particular attention to length of holding before a vehicle is considered 'abandoned' and the amount of money charged to hold a vehicle."

And finally, we suggest adding "including legislation" to the duty to make recommendations based on the findings of the working group.

In conclusion, we believe there should be more oversight of this industry. Therefore, we support our department leading a study to consider how this could be accomplished.

I would like to thank you for your time and if the committee has any questions, I would be more than happy to address them. I will also be available for the work session, if needed.