

Testimony
HB1578
House Transportation Committee
February 7th 2025
Brian Barrett
ND Towing Association

Chairman Ruby and members of the House Transportation Committee my name is Brian Barrett and I represent the ND Towing Association. I'm here today in support of HB1578 because it makes it easier for towing companies to recover costs associated with Abandoned motor vehicles.

To start, it's important to know that towing companies do not get paid for 60% of the work they perform (this number is even higher for abandoned motor vehicles).

When called upon by the city or highway patrol to remove an abandoned vehicle from the side of the road, the towing companies respond because the vehicle is a danger to the public. This service is frequently unpaid because the vehicle's registration expired, and the current owner cannot be identified.

To compensate for the removal of these vehicles, the Abandoned Motor Vehicle fund was established many years ago. Today, this fund prioritizes "units of government" (i.e., townships, cities, counties, state) for the dispose of scrap iron throughout the state. After the "units of government receive compensation, the remaining balance is distributed to towing companies for the removal of abandoned motor vehicles. This fund is generated from a \$1.50 tax on the initial titling of a vehicle. In addition, it is typically "capped" at \$250,000 but was increased to \$350,000 for the previous biennium only. Unfortunately, this "fund" is spread thin and falls short of reimbursing towing companies for their service. One specific towing company submitted invoices totaling over 1 million dollars and the total paid to all towing companies was roughly \$188,000.

Several years ago (2017?), legislation was passed which created a process for the towers to take ownership of the abandoned vehicles (23.1-15-07.) and sell them to help recover costs. Unfortunately, very few of these vehicles have the potential for sale. The typical condition of most abandoned vehicles is very poor. When a vehicle has selling potential, it come with a financial risk because it requires an investment of \$500 to \$1000 +. Key manufacturers will not produce a key unless the vehicle is titled which requires towing companies to pay an excise tax. Towing companies cannot afford to invest hundreds of dollars in a vehicle to find out it has little to no selling potential.

HB1578 can help Towing companies recover some of the costs associated with abandoned motor vehicles by not having them pay motor vehicle excise tax. These companies should not have to tow a vehicle for free, store it for free and then pay excise tax when there is a rare opportunity to recover some of the cost.

Thank you for your time and consideration of HB1578.

Sincerely,
Brian Barrett, ND Towing Association