

Testimony
HB1578
Senate Transportation Committee
March 20th 2025
Brian Barrett
ND Towing Association

Chairman Clemens and members of the Senate 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 commercial towing companies do not get paid for 60% of the work they perform, and 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, commercial towing companies respond despite the high probability of not being paid. They perform this service because they know these vehicles are a danger to the public and they take pride in keeping our roads and highways safe.

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 does not come close to reimbursing towing companies for their service. One specific towing company submitted invoices totaling over 1 million dollars and the combined total paid to all towing companies was roughly \$188,000. The average amount paid to each company seemed to be around \$1,200.

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. As you might suspect, very few of these vehicles have the potential for sale because they are in poor condition. Those with selling potential come with a financial risk because of the amount of money to be invested. Obtaining keys for these vehicles is one of the biggest challenges because it requires obtaining a title which requires paying excise tax. Commercial towing companies are unwilling to invest another \$500 to \$1000 into abandoned vehicles to find out it has little or 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. Towing companies should not have to tow a vehicle for free, store it for free and then pay excise tax when there is an opportunity to recover some of their cost(s).

Thank you for your time and consideration of HB1578.

Sincerely,
Brian Barrett, ND Towing Association

