

STORAGE NAME: h0527s1.tr
DATE: March 27, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
TRANSPORTATION
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 527
RELATING TO: Wrecker Motor Vehicles
SPONSOR(S): Committee on Transportation and Rep. Stabins
STATUTE(S) AFFECTED: ss. 206.877, 316.515, and chapter 320
COMPANION BILL(S): CS/S 1328 (i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) TRANSPORTATION YEAS 8 NAYS 0
- (2)
- (3)
- (4)
- (5)

I. SUMMARY:

Since 1933, Florida law has required that motor vehicles registered as wreckers must be "owned and operated by a garage in connection with its regular business." Currently a large percentage of wreckers in Florida are not connected with a garage, but are being registered as wreckers. The Department of Highway Safety and Motor Vehicles (DHS&MV) has notified the wrecker industry of the agency's intent to enforce the "garage connection requirement."

The DHS&MV's more stringent enforcement of the garage connection requirement will cause businesses that currently register motor vehicles as wreckers, but are not connected to a garage, to pay higher registration fees. These wreckers will also lose height, width, length, and weight exemptions provided to wreckers under current law.

The bill conforms wrecker registration requirements to current practice by removing provisions that wreckers must be owned and operated in connection with garage business operations.

The bill also distinguishes between wreckers that tow disabled or replacement motor vehicles and wreckers that tow *any* motor vehicle, regardless of whether the vehicle is disabled. Wrecker registration fees are unchanged and are based on types of vehicles that a wrecker tows. Wreckers towing only disabled or replacement vehicles are required to pay a registration fee of \$30. Wreckers that are authorized to tow any vehicle, including nondisabled vehicles, are required to pay registration fees based on gross vehicle weight.

The bill also provides that those wreckers operating with a weight in excess of 80,000 pounds (combined weight of the wrecker and the towed vehicle) will be required to have a special permit issued by the Department of Transportation.

The bill is estimated to increase recurring revenue to the State Transportation Trust Fund by approximately \$.3 million. The General Revenue Fund and the Highway Safety Operating Trust Fund will have minimal fiscal impacts.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Since 1933, Florida law has required that motor vehicles registered as wreckers must be "owned and operated by a garage in connection with its regular business." Currently a large percentage of wreckers in Florida are not connected with a garage, but are being registered as wreckers. DHS&MV has notified the wrecker industry of the agency's intent to enforce the "garage connection requirement."

The DHS&MV's more stringent enforcement of the garage connection requirement will cause businesses that currently register motor vehicles as wreckers, but are not connected to a garage, to pay higher registration fees. These wreckers will lose height, width, length, and weight exemptions provided to wreckers under current law.

Section 320.08, F.S., provides license taxes for motor vehicles. Subsection (5)(d) provides that the registration fee for a motor vehicle operated solely as a wrecker, owned and operated by a garage in connection with its regular business is \$30. Wreckers not owned and operated by a garage are registered under s. 320.08(4), F.S., as heavy trucks with registration fees paid by gross vehicle weight. Gross vehicle weight fees range from \$45 for a vehicle weighing 5,001 pounds to 6,000 pounds, to \$979 for a vehicle weighing 72,000 pounds or more.

There are specific advantages to being registered as a wrecker. Current law (s. 316.515, F.S.) allows for height, width, length, and weight exemptions for wreckers when towing *disabled* motor vehicles. Subsection (8) provides that the maximum width, height, length, and weight restrictions of the section do not apply to wreckers if the *disabled* motor vehicle, trailer, semi-trailer, or tractor-trailer combination being towed complies with legal requirements and is being towed by the wrecker to a nearby repair facility.

Wreckers not connected with a garage and registered by gross vehicle weight are not allowed the width, height, length, and weight exemptions which are provided to wreckers connected with a garage. However, a wrecker registered by gross vehicle weight as a heavy truck may transport nondisabled motor vehicles.

B. EFFECT OF PROPOSED CHANGES:

The bill deletes the requirement that a wrecker must be owned and operated in connection with a garage. Deleting this provision will conform wrecker registration requirements to current practice. This will allow wreckers to continue providing their services even though they are not connected with a garage. In addition, wrecker businesses that are not connected with a garage would *not* be placed in a position of having to register according to gross vehicle weight, pay a significantly higher registration fee, and lose their height, width, length, and weight exemptions currently allowed.

The bill distinguishes between wreckers that tow disabled or replacement motor vehicles and wreckers that are authorized to tow *any* motor vehicle, including nondisabled motor vehicles. Wrecker registration fees are unchanged and are based on types of vehicles that a wrecker tows. Wreckers towing only disabled or replacement vehicles are required to pay a registration fee of \$30. Wreckers that may tow *any* vehicle, including

nondisabled motor vehicles, are required to pay registration fees based on gross vehicle weight.

The bill also provides that those wreckers operating with a weight in excess of 80,000 pounds (combined weight of the wrecker and the towed vehicle) will be required to have a special permit issued by the Department of Transportation. In addition, the bill authorizes wreckers to tow special permit vehicles if the combined weight of the towed vehicle and the wrecker do not exceed the permitted weight of the towed vehicle's special permit.

Finally, the bill provides for the issuance of license plates imprinted with the word "Wrecker" at the bottom. License plates for wreckers registered by gross vehicle weight are required to be a distinctive color. This should allow law enforcement officers to distinguish between the two types of wreckers.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No, the bill does not appear to create, increase or reduce, either directly or indirectly any authority to make rules or adjudicate disputes.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes, wreckers operating with a weight in excess of 80,000 pounds (combined weight of the wrecker and the towed vehicle) will be required to obtain a special permit issued by the Department of Transportation.

(3) any entitlement to a government service or benefit?

This bill does not appear to increase or decrease any entitlement to a government service or benefit.

b. If an agency or program is eliminated or reduced:

This bill does not appear to eliminate or reduce an agency or program.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

NA

(2) what is the cost of such responsibility at the new level/agency?

NA

(3) how is the new agency accountable to the people governed?

NA

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

This bill does not appear to directly increase anyone's taxes.

b. Does the bill require or authorize an increase in any fees?

No, however, it expands the application of a current fee. Wreckers operating with a weight in excess of 80,000 pounds (combined weight of the wrecker and the towed vehicle) will be required to obtain a special permit issued by the Department of Transportation.

c. Does the bill reduce total taxes, both rates and revenues?

No, the bill does not appear to reduce total taxes, both rates and revenues.

d. Does the bill reduce total fees, both rates and revenues?

Yes, if the bill does not become law, registered wreckers not connected with a garage will have to pay higher registration fees.

e. Does the bill authorize any fee or tax increase by any local government?

No, the bill does not appear to authorize any fee or tax increase by any local government.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No, this bill does not appear to reduce or eliminate an entitlement to government services or subsidy.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Yes, wreckers who wish to tow vehicles where the combined weight of the wrecker and the vehicle being towed exceeds 80,000 pounds must purchase a

wrecker special permit from the Department of Transportation. This fee is calculated to pay for damage done to the roads by overweight loads. The fiscal impact of this is unknown, however the permitting process will ensure that wreckers will be paying for damage done to roads caused when the combined weight of the wrecker and the towed vehicle exceed allowable weights.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes, wreckers registered according to gross vehicle weight may tow any motor vehicle, regardless of whether or not such motor vehicle is disabled. In addition, all wreckers may tow replacement motor vehicles

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

Yes, wreckers who wish to tow vehicles where the combined weight of the wrecker and the vehicle being towed exceed 80,000 pounds must purchase a special wrecker permit.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

This bill does not appear to purport to provide services to families or children.

- (1) Who evaluates the family's needs?

NA

- (2) Who makes the decisions?

NA

- (3) Are private alternatives permitted?

NA

- (4) Are families required to participate in a program?

NA

- (5) Are families penalized for not participating in a program?

NA

- b. Does the bill directly affect the legal rights and obligations between family members?

This bill does not appear to directly affect the legal rights and obligations between family members.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

This bill does not appear to create or change a program providing services to families or children.

- (1) parents and guardians?

NA

- (2) service providers?

NA

- (3) government employees/agencies?

NA

D. SECTION-BY-SECTION RESEARCH:

Section 1: Amends s. 316.515, F.S., to authorize all wreckers, including wreckers licensed under the International Registration Plan, to tow disabled vehicles and replacement vehicles. The bill provides that wreckers are exempt from motor vehicle height, width, and length limitations when: towing a replacement motor vehicle to the site of a disabled motor vehicle; towing a disabled tractor-trailer combination; or towing disabled tractor-trailer combinations under a special use permit.

Further, the section is amended to provide that a wrecker may only tow a nondisabled tractor-trailer combination in an emergency situation as directed by a law enforcement officer.

Section 2: Amends s. 316.550, F.S., to require a wrecker special blanket permit be issued by the Department of Transportation for wreckers operating with the combined weight of the wrecker and the towed vehicle in excess of 80,000 pounds.

Section 3: Amends s. 320.01, F.S., to define: disabled motor vehicle; replacement motor vehicle; wrecker; and tow.

Section 4: Amends s. 320.06, F.S., to require license plates issued for vehicles taxed as wreckers to be imprinted with the word "Wrecker" at the bottom.

Section 5: Amends s. 320.08, F.S., to distinguish between wreckers that tow disabled or replacement motor vehicles and wreckers that tow *any* motor vehicle, regardless of

whether the vehicle is disabled. Wrecker registration fees are unchanged and are based on the types of vehicles that a wrecker tows. Wreckers towing only disabled or replacement vehicles are required to pay a registration fee of \$30. Wreckers that tow any vehicle, including nondisabled vehicles, are required to pay registration fees based on gross vehicle weight.

The section is further amended to delete the requirement that a wrecker must be owned and operated in connection with a garage.

Section 6: Creates s. 320.0821, F.S., to provide for the issuance of license plates imprinted with the word "Wrecker" at the bottom. License plates for wreckers registered by gross vehicle weight must be a distinctive color. The section further provides that any wrecker, when the combined gross vehicle weight of the wrecker and any towed vehicle is 55,000 pounds or more, at the time of registration, must present proof of filing of the federal heavy vehicle use tax in accordance with 320.02(7), F.S.

Section 7: Amends s. 206.877, F.S., to provide a conforming cross reference.

Section 8: Provides that the bill is effective October 1, 1997.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

<u>EXPENDITURES</u>	<u>1997-98</u>	<u>1998-99</u>
Highway Safety Operating Trust Fund	<u>\$32,760</u>	<u>-0-</u>

DHS&MV estimates that 1,050 hours of computer programming at \$31.20 per hour is required to implement the provisions of this bill.

2. Recurring Effects:

<u>REVENUES</u>	<u>1997-98</u>	<u>1998-99</u>
State Transportation Trust Fund	\$333,754	\$333,754
General Revenue Fund	<u>25,121</u>	<u>25,121</u>
Total	<u>\$358,875</u>	<u>\$358,875</u>

This assumes that 75 percent will pay registration fees based on the lowest rate category for gross vehicle weight (4,125 at \$87 per registration).

<u>EXPENDITURES</u>	<u>1997-98</u>	<u>1998-99</u>
Highway Safety Operating Trust Fund	\$13,200	\$2,640

In FY 1995-96, approximately 5,500 wreckers were operating in Florida. Ten thousand "wrecker" license plates at a cost of \$1.32 would be produced the first year to issue new license plates to all wreckers and provide for inventory requirements. Subsequent years would require 2,000 license plates to be produced annually to cover tax collector inventory requirements statewide.

3. Long Run Effects Other Than Normal Growth:

None

4. Total Revenues and Expenditures:

<u>REVENUES</u>	<u>1997-98</u>	<u>1998-99</u>
State Transportation Trust Fund	\$333,754	\$333,754
General Revenue Fund	\$25,121	\$25,121
<u>EXPENDITURES</u>	<u>1997-98</u>	<u>1998-99</u>
Highway Safety Operating Trust Fund	\$45,960	\$2,640

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None

2. Recurring Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

The amount of the registration fees paid will depend on the intended use and the gross vehicle weight of the wrecker. Wreckers who wish to tow vehicles where the combined weight of the wrecker and the vehicle being towed exceeds 80,000 pounds may need to purchase a special wrecker blanket permit. The cost of such permit will range from \$240 to \$360 per year.

2. Direct Private Sector Benefits:

Some wrecker businesses will be able to continue to operate without having to be affiliated with a garage.

Wreckers will be authorized to tow disabled and nondisabled vehicles, and be allowed the height, width, and length exemptions.

3. Effects on Competition, Private Enterprise and Employment Markets:

Indeterminate. The wrecker industry may become more competitive through clarification of wrecker registration requirements.

D. FISCAL COMMENTS:

None

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 26, 1997, the House Transportation Committee adopted one amendment to HB 527. The amendment had the effect of:

- Keeping the current wrecker registration fee at \$30 for wreckers that tow disabled and replacement vehicles.
- Requiring wreckers operating with a weight in excess of 80,000 pounds (combined weight of the wrecker and the towed vehicle) to have a special permit issued by DOT.
- Removing a requirement that disabled tractor-trailer combinations be moved or towed to nearest repair service within 150 miles.

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VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

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