

SUBJECT: Liens relating to automobiles stored at a vehicle storage facility

COMMITTEE: Transportation — favorable, without amendment

VOTE: 8 ayes — Alexander, Bosse, Alonzo, Clemons, Moreno, Price, Siebert
0 nays
1 absent — Edwards

WITNESSES: For — Larry Cernosek, Texas Towing and Storage Association; Jeanette Rash, Zone One Auto Storage; W.P. Caudle, Wrecker and Storage Company
Against — Allen Ray, Texas Independent Automobile Dealers Association

DIGEST: HB 2516 would make a lienholder who repossesses a vehicle or the insurance company that pays a claim for total loss of a vehicle held in a storage facility liable for all unpaid amounts owed the vehicle storage facility operator regardless of whether the amounts accrued before the vehicle was repossessed or the claim by the insurance company was paid.
The bill would take effect September 1, 1995.

SUPPORTERS SAY: Operators of vehicle storage facilities often have a difficult time recovering unpaid amounts owed them for the towing and storage of a vehicle involved in a total loss. When the vehicle is without value, the insurance company or lienholder abandons the vehicle at the storage facility, and the facility owner is left to collect any towing or storage costs incurred. HB 2516 would provide vehicle storage facilities a greater chance to collect the costs incurred for storing and towing the vehicle.

OPPONENTS SAY: This bill would allow unscrupulous vehicle storage facility operators to charge exorbitant towing and storage fees knowing that lienholders and insurance companies would have to pay them to get their cars back. HB 2516 would not require that insurance companies or lienholders be notified that their car was being held and charges were being accrued. Notification

requirements and a cap on the amount that a storage facility operator could charge would improve the bill.