

March 2, 2021
Ohio House Civil Justice Committee
PROPONENT TESTIMONY – HB 132
Brad McIntosh, Sandy's Towing & Recovery

Good afternoon Chairman Hillyer, Vice Chair Grendell, Ranking Member Galonski and members of the House Civil Justice Committee. Thank you for the opportunity to address the committee as a proponent of HB 132.

My name is Brad McIntosh from Sandy's Towing in Dayton, OH. Sandy's Towing has been in business in Ohio since 1953. We serve all of Southwest Ohio and our family of companies is proud to support over 130 Ohio residents and their families. We pride ourselves on our high level of service and professionalism to the motoring public of Ohio. We are proud to serve multiple County Sheriffs and Ohio State Highway Patrol posts, and nearly 30 police Departments.

I am advocating for HB 132 because of the adverse financial impact caused to small businesses, Ohio towing and recovery companies, due to our inability to dispose of abandoned vehicles that result from law enforcement ordering them into storage. Towing companies operate on a very low profit margin. The national average is between 5-8%. This low margin is only realized, however, when everything functions perfectly and we are compensated for our services. An abandoned vehicle that cannot be disposed of properly always results in a loss to our company. It is also an ongoing expense that cannot be recovered and that does not end.

Towing and storing vehicles for law enforcement presents a specific economic challenge. Towing companies do not make the decision to tow and store these vehicles; we execute the decision of the police, sheriff or the Ohio State Highway Patrol. All costs associated with providing this public service are incurred upfront. We must pay the costs of driver wages, fuel and vehicle costs, dispatch labor, release office labor, impound lot property rent/maintenance and operations, and all of the costs associated with storing vehicles until they are retrieved by the owner or lienholder. These costs are incurred when we pick up the vehicle the day we respond to law enforcement, and are much higher than most people would realize. Towing companies must also pay business and truck insurance, uniform costs, training for employees, taxes, and all additional expenses necessary to operate a small business.

When a vehicle is abandoned by order of law enforcement and not processed, we have no choice but to store the vehicle in our lots indefinitely and continue to incur the costs associated with never ending storage. As these vehicles continue to pile up in lots across Ohio, the financial impact and cost of doing business also increases exponentially. Keep in mind that Ohio towing companies working for law enforcement are required to provide services 24 hours a day, 7 days a week, and 365 days of the year.

Towing companies are not paid by law enforcement to provide these services. We will only be paid if the owner or lienholder actually retrieves the vehicle and pays for the tow and storage. Once ordered into storage, a towing company is responsible for the safekeeping of that vehicle and vehicle owners have the right to remove their personal property free of charge. As an example of the problem, our company has over 2,500 vehicles that must continue to be stored without end and with no recourse for being compensated for their services. While a certain amount of loss is expected and planned for in

every business, this particular type of loss compounds, grows, and does not end. I have included photos of these vehicles for your review.

The process created for disposal in HB 132 will by no means create a huge financial windfall for our companies. The only opportunity we will have to acquire the vehicle title for disposal will be after the vehicle owner, lienholder, insurance company and the law enforcement entity that ordered the vehicle into impound have all decided they do not want the vehicle. That should tell you everything you need to know about the value of the vehicles in question. The expense for our services, additional towing, and repair of the vehicle compared to the no cost and no consequence solution of abandoning the vehicle clearly exceeds the value of the vehicle. It makes sense to walk away.

The towing company will remain the last in line to acquire the title, but will finally have a means to properly dispose of these vehicles. Even with the solution in HB 132, we must perform additional services like notifying vehicle owners/lienholders, work with law enforcement entities to ensure the process is carried out in compliance, process paperwork through the clerks of court to acquire the titles, and perform additional towing services to ultimately scrap the vehicles. The financial return at the end of the process will be the scrap value of the vehicles. Right now that amounts to less than \$200 per vehicle – a major loss compared to our costs, but a small improvement to our operational cash flow to offset the loss incurred.

To eliminate confusion, we do not want these vehicles. We want to tow them, store them briefly, and for the owner or lienholder to retrieve them in a timely manner so we can collect payment for our services. We also want to play by the rules and do everything by the book – and we are asking for the ability to have some control in helping our businesses survive.

Thank you for your attention to this matter and I would be happy to answer any questions from the committee.