

State Board of Towing

1905 Lana Ave, NE Salem, OR 97314

Email: <u>info@towboard.oregon.gov</u> www.oregon.gov/sbot

MEMORANDUM

Dt: **August 12, 2025**

To: Oregon State Board of Towing Board Members and Partners

Fm: **Torey McCullough**

Re: Policy Analysis: Business License vs. Vehicle-Based Certificate for Towing Industry

Defined Issue:

Oregon currently uses the tow business certificate, issued by DMV and specific to the registered vehicle, to regulate and provide oversight to Oregon's towing industry.

Objective:

To evaluate the operational, regulatory, and public service benefits of implementing a **Tow Business License/Registration** system issued to the **company**, rather than continuing to rely solely on the tow business certificate tied to **individual tow vehicles**.

Key Benefits of a Tow Business License Model

1. Company-Based Accountability & Enforcement

- **Issue**: Current enforcement structures based on individual vehicles make it difficult to hold a company accountable for systemic violations.
- Benefit: A business license creates clear accountability for ownership and management, allowing the Board to take action against company owners and operators with persistent noncompliance.
- **Impact**: Prevents owners from hiding behind separate vehicle registrations or using technical gaps to avoid scrutiny.

Example: If a company, or companies, are using tow vehicles in violation of laws and regulations, the Board can address the root issue (e.g., business practices or deceptive practices), not just penalize isolated trucks.

2. Clarifies Legitimacy of Business Operations

• **Issue**: Confusion exists around

- Whether a Tow Business Certificate (vehicle-based) implies full compliance and validity of the business.
- o Registration and use of a tow business certificate.
- **Benefit**: A **Tow Business License** would explicitly signal that a company is authorized to operate **as a towing business**, not just ownership of a tow truck.
- **Impact**: Reduces ambiguity for the public, regulators, law enforcement, government agencies, the towing industry and its business partners.

Key Clarification: Vehicle compliance is necessary, but **not sufficient** to authorize that a tow company and its business operations/practices are in compliance with towing laws and regulations.

3. More Thorough, Centralized Application Process

- Benefit: A Tow Business License application submitted to the Board would include:
 - Vetting of company owner(s)/manager(s) and compliance with laws and rules relating to a towing business and operation.
 - Identification of organizational structure
 - Identification of tow yards, storage yards, and principle place(s) of business and compliance with local and state regulations
 - Compliance with Oregon laws (e.g., safety regulations, yard conditions)
 - o Verification of compliance with employment laws and standards
- **Impact**: Ensures only **qualified tow businesses and operations** enter the industry, raising the overall standard.

4. Statewide Consistency in Regulation

- **Issue**: Tow practices and expectations can vary between jurisdictions.
- **Benefit**: A Board-issued license would **standardize the criteria** and enforcement for tow companies across all counties and cities.
- **Impact**: A more predictable regulatory environment for businesses, law enforcement, the towing industry, and the public.

5. Public Transparency & Verification

- Benefit: A centralized license database maintained by the Board would allow:
 - Law enforcement, insurers, motor clubs, partners, and the public verify legitimacy of a tow company.
 - o Public confidence in compliant, licensed operators.

 Impact: Reduces the need for public records requests or dependence on DMV staff time.

Example: A motorist or law enforcement agency could instantly confirm whether a company is properly licensed using an online directory.

6. Clear Division of Regulatory Roles

- Benefit:
 - o DMV would continue to **register tow vehicles**.
 - o The **Board** would regulate **the business entity**.
- Impact: Enhances focus, clarity, and responsiveness in enforcement and oversight.

7. Faster & Targeted Enforcement of Noncompliance

- **Benefit**: The Board can respond to noncompliant behavior (e.g., illegal tows, lien violations, predatory practices) without waiting for vehicle-specific complaints.
- **Impact**: Promotes **industry-wide compliance** and quicker correction of systemic issues.

Includes enforcement of:

- Tow yard operations
- Possessory lien practices
- Federal/local laws and requirements
- Customer rights protections

8. Increased Transparency & Accountability

- **Benefit**: Licensing creates a clear record of:
 - Business ownership
 - History of compliance/violations
 - License status (active, suspended, revoked)
- **Impact**: Enhances trust and oversight by the public, insurance companies, police, and courts.

9. Public Rulemaking for License Requirements

- **Benefit**: The Board would set and adjust licensing requirements through a **transparent public process** (e.g., safety standards, insurance levels, training, lien compliance).
- **Impact**: Ensures evolving public needs are reflected in regulatory expectations.

10. Simplification of Administrative Processes

Benefit:

- Tow vehicle registration and possessory lien filings would be submitted using the active business license, not per vehicle.
- Single point of verification (company license number) for all company-related transactions.
- **Impact**: Reduces administrative burdens and inconsistencies across platforms.

Streamlined Use Cases:

- Law enforcement checking compliance during a tow
- Insurance companies validating partners
- Public complaints routed by license number

11. Prevents Evasion Through Rebranding or Multiple Companies

- **Issue**: Currently, companies can shut down and re-open under a new name to escape past enforcement or reputation damage.
- Benefit: A licensing system tracks business ownership and responsible parties, preventing re-entry through corporate manipulation.
- Impact: Maintains integrity of enforcement and deters bad actors.

XX Summary Table: Business License vs. Per-Vehicle Tow Business Certificate

Indicator	Business License Model	Tow Certificate Model
Enforcement Focus	Company-level	Individual trucks
Transparency	Public directory of licensees	Limited public access
Application Thoroughness	Full vetting of business operations	Minimal, vehicle-based
Regulatory Oversight	Board-managed	DMV-managed
Public & Partner Verification	Easily verifiable license	Requires records request
Response to Noncompliance	Faster and broader	Slower, vehicle-specific
Prevents Shell Re-entry	Yes	No
Process Simplification	Yes (centralized & integrated)	No (fragmented by truck)
Consistency Across State	High	Variable

® Recommendation:

Implement a centralized, state-issued Tow Business License/Registration system, regulated by the Board, as the **primary authorization for operating a towing business in Oregon**. Vehicle registrations should remain with DMV, but operate only under an active, Boardapproved license.

This model:

- Elevates industry standards and perception of professionalism
- Increases public confidence
- Simplifies administration
- Provides a stronger toolset for compliance

Implementation:

Change to Oregon statutes by the legislature is required for implementation. The tow business license legislative concept will require a work group with representation (in either a membership or advisory position) consisting of members of the Board, the Oregon Tow Truck Association, ODOT, DMV, DEQ, the Dept. of Justice, law enforcement, local jurisdictions, the public and members of the towing industry.

The Board's case management system is structured to include an application and industry license process.

- Costs of software changes to include an online application and structure licensure-specific processes would be minimal (approximately \$5000).
- Data entry of the existing tow companies would cost approximately \$3000 \$5000.
- A second license for the software would cost approximately \$4000 per year.
- Additional staff, dedicated to processing and issuing licenses, is necessary; classification and salary dependent on the application and licensing fee.

Resources and models:

The tow business license requirements would be based on Federal and Oregon laws and requirements. The Board may review tow business license requirements in other states to ensure best practices and consistency in the regulation of Oregon's towing industry. **Current Models of Tow Business Licensing that may be reviewed:**

 Arkansas: Arkansas Towing & Recovery Board business license and a permit for each tow vehicle.

- **Connecticut**: DMV business license required to legally operate towing services, and tow vehicles must be registered specifically as wreckers, inspected, and have filed rate schedules with the DMV.
- **Florida**: Tow truck operators must be licensed by the Florida Department of Highway Safety and Motor Vehicles (FLHSMV).
- **Baltimore**, **MD**: Has a **Board of Licensing for Towing Services** that regulates private property towing and licenses related businesses.
- Chicago, IL: Requires tow truck owners to hold a city license, including fingerprinting, fees (\$250 per truck and company fee every two years), and display a green sticker on licensed trucks.
- New York City, NY: A Tow Truck Company License is required at the city level.
 Requirements include business certificates, vehicle rosters, proof of insurance, surety bond or trust fund, and fingerprinting.
- **Portland, OR**: Has a Tow Advisory Committee; a city-issued permit is required for private-property impounds, renewed annually.
- Seattle, Washington: Towing companies must obtain a Seattle business license tax certificate and a city regulatory tow license, submit documentation about their trucks, storage facilities, and impound rates.



Objectives

- Introduction
- Overview of Oregon's current towing regulatory system
- Benefits of a business license vs. vehicle permits
- Models of other state towing business license programs
- Recommend a new Tow Business Licensing framework for Oregon





Creation of the Oregon State Board of Towing

Established in the 2021 Oregon legislative session under Senate Bill 300

Purpose: Address rising complaints about tow industry practices

Reflects: growing industry, public, and government concerns concerning:

- Consumer protection
- Unauthorized tows
- Illegal tow operations
- Lack of business regulation and oversight
- Rates and Fees

Role & Authority of the Towing Board

Independent 9-member regulatory board

Appointed by the Governor

Board Administrator

Hired by, and reports to, the Board

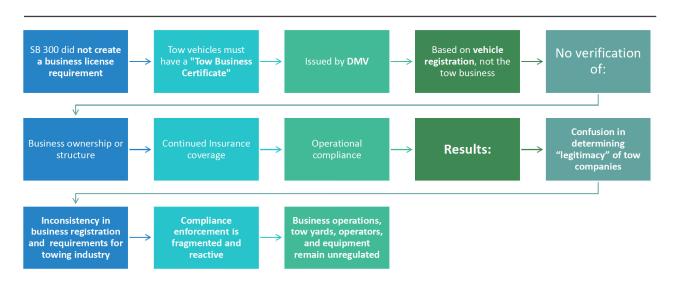
Current Authority Under

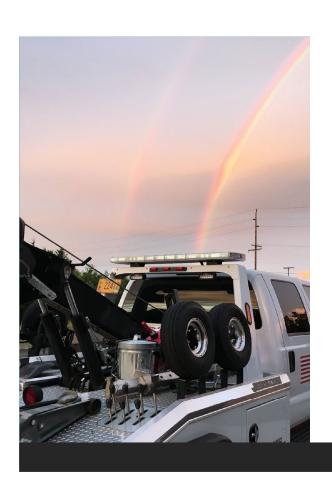
- ORS 822.250 822.290
- ORS 822.995

Responsibilities include:

- Adopting administrative rules
- Administering towing-related laws assigned to the Board to administer
- Education and Outreach
- Conducting investigations
- Issuing disciplinary actions for violations

Current Enforcement Limitation No Business License





The Current Landscape in Oregon

- No centralized licensing or accountability mechanism
- Illegal tow operations
- Tow trucks may be in compliance, but businesses may not be
- Registered tow trucks operating outside of legal compliance with tow business certificates
- Difficult for public or partners to verify legitimacy of operators
- No official state registry or directory of legal tow businesses



Implement a Tow Business License, issued by the Board

Benefits:

- Company-level accountability
- Clear authority to operate
- Unified, statewide enforcement
- Publicly verifiable license status
- Streamline processes for tow companies

ODOT and DMV would continue to be responsible for

- Issuing tow vehicle registrations and TW plates
- Possessory Lien Processes
- 3. Operator licensure requirements
- 4. Equipment requirements

Jurisdiction	Requirements	
Arkansas	Business license from State Towing & Recovery Board + permit for each tow vehicle. Insurance & inspection required.	
Florida	State license + local business tax receipt.	
Connecticut	DMV license + vehicle registered as wrecker, inspection, rate schedule filing.	
New York City, NY	Tow Truck Company License, insurance, bonding, fingerprinting, vehicle rosters, etc.	
Seattle, WA	City business license + regulatory tow license, \$525/year, rate filing, storage review.	
Chicago, IL	City license, fingerprinting, \$250/truck, biannual renewal, green sticker required.	
Baltimore, MD	Licensing for private-property towing.	
Portland, OR	City permit required for private-property towing; annual renewal.	

Business License Models: Requirements in Other States

Benefits of a Board Business License

Accountability: Ties compliance to company/owner, not vehicles

Transparency: Public and law enforcement

can verify legitimacy

Simplicity: Reduces duplicate processes for

liens, registration, and complaints

Fairness: Levels the playing field across the

industry





Public Verification & Transparency

- State Board maintains a public license directory
- Law enforcement, insurance, motor clubs, and the public can verify license status instantly
- Reduces need for public records requests through DMV lookups
- Disciplinary actions publicly posted by the Board

Clear Roles: Board vs. DMV

- Board: Regulates businesses, ensures legal operations, compliance enforcement of federal, state, and local regulations, sets standards
- **DMV**: Registers individual tow vehicles
- Separation improves efficiency, clarity, and responsiveness



Stronger, Faster, and Consistent Enforcement



Address

• Noncompliance at the business level

Prevent

• Repeated violations across renamed entities

Ensure

 Tow yards, employment practices, and federal/state requirements are met

Improve

 Coordination for joint operations and consistency in legal compliance enforcement across the state

Simplifying the System

Reduces redundancy

Possessory liens and registration submitted under the business license

Applicants for nonpreference and rotational tow programs may rely on the State issued business license

License searchable by:

- Public
- Law enforcement and state agencies
- Motor clubs
- Insurance companies
- Other companies engaged in business with the towing industry

Preventing Rebranding Loopholes

Ownership

 Company ownership and management tied to the license

Protection

 Stops suspended or disciplined companies from reapplying under new names

Accountability

• Builds long-term accountability

Locations

 Verifies locations of tow yards, storage lots, and office locations in the state.



Stakeholder Benefits

Stakeholder	Benefit	
Public	 Protection from illegal towing Increase consumer safety Consistent industry practices and regulation 	
Law Enforcement and Government Agencies	Real-time verificationReduces fraudIncreased enforcement	
DMV	Lessens administrative burdenIncreased requirement enforcement and integrity of licensing	
Insurance/Motor Clubs/Roadside Asst.	Trustworthy vendor network	
Towing Companies	 Fair playing field Streamlined process Increase professionalism of the industry Alignment with Oregon's other trades and services companies 	



Board Recommendation

Establish a **State Tow Business License**, issued and implemented by the Board

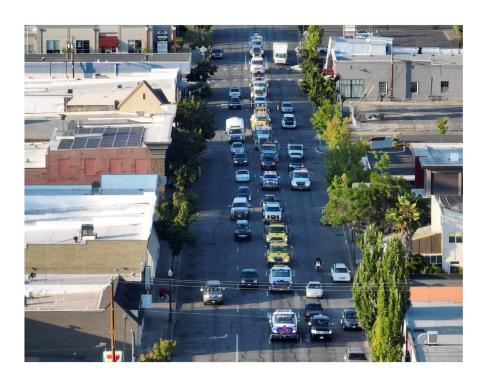
- ✓ Central oversight
- ✓ Standardized enforcement
- Increased transparency
- ✓ Stronger compliance framework

Projected Implementation Cost:

- 1. \$5,000: Program Fees. Add licensure option, form and process to current Board database and website
- 2. \$5,000: Data Entry. Add current tow business companies into the database
- 3. \$4,000 License. Annual software license for additional staff.
- 4. \$ TBD Staff. Additional staff to process applications and issue licenses, financed by business license fee.

Next Steps

- Draft legislative framework
- ☐ Board review & stakeholder workshops
- ☐ Develop public license directory system
- Define application, renewal, and enforcement standards



Questions?

Torey McCullough info@towboard.oregon.gov

www.oregon.gov/sbot

(503) 871-5481