
THIRD READING

Bill No: AB 987
Author: Sharp-Collins (D), et al.
Amended: 7/2/25 in Senate
Vote: 21

SENATE TRANSPORTATION COMMITTEE: 14-0, 6/24/25
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Cervantes, Dahle,
Gonzalez, Grayson, Limón, Menjivar, Richardson, Seyarto, Umberg
NO VOTE RECORDED: Valladares

SENATE JUDICIARY COMMITTEE: 13-0, 7/8/25
AYES: Umberg, Niello, Allen, Arreguín, Ashby, Caballero, Durazo, Laird, Stern,
Valladares, Wahab, Weber Pierson, Wiener

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 75-0, 5/19/25 - See last page for vote

SUBJECT: Vehicles: storage and towing

SOURCE: Author

DIGEST: This bill expands the types of towing and storage fees that are considered unreasonable.

ANALYSIS:

Existing law:

- 1) Requires all storage and towing fees charged to a legal owner of a motor vehicle to be reasonable, as specified. Requires all towing and storage fees charged when those services are performed as a result of an accident or recovery of a stolen vehicle to be reasonable. Deems a towing and storage charge to be reasonable if it does not exceed those rates and fees charged for

similar services provided in response to requests initiated by a public agency, including but not limited to, the California Highway Patrol (CHP) or local police department. Deems a storage rate and fee to be reasonable if it is comparable to storage-related rates and fees charged by other facilities in the same locale, but does not preclude a rate or fee that is higher or lower if it is otherwise reasonable. (Vehicle Code (VEH) 106252.5 and 22524.5)

- 2) Specifies that the following rates and fees are presumptively unreasonable: administrative or filing fees, except those incurred related to documentation from the Department of Motor Vehicles (DMV) and those related to the lien sale of a vehicle; security fees; dolly fees; load and unload fees; pull-out fees; and, gate fees, except when the owner or insurer of the vehicle requests that the vehicle be released outside of regular business hours. (VEH 22524.5).
- 3) Clarifies that the above mentioned prohibitions do not limit any fees authorized in an agreement between a law enforcement agency and a towing company, if the tow was initiated by the law enforcement agency. (VEH 22524.5)
- 4) Authorizes a vehicle owner, his or her agent, or a reposessor prior to paying any towing, recovery, or storage related fees to inspect the vehicle without paying a fee or have an insurer inspect the vehicle at the storage facility at no charge during normal business hours; however, the storage facility may limit the inspection to increments of 45 consecutive minutes in order to provide service to customers, as specified. (VEH 22651.07)
- 5) Requires a towing or storage facility to accept an insurer's check as a form of payment. (VEH 22651.07)
- 6) Requires a storage facility to be open and accessible during normal business hours and outside of normal business hours, the facility must provide a telephone number that permits the caller to leave a message and calls must be returned no later than six business hours after a message has been left. (VEH 22651.07)
- 7) Adds information to the towing and storage fees and access notice related to vehicle inspections and releases by insurance carriers. Defines, for purposes of this bill, "insurer" to mean either a first-party insurer or third-party insurer. (VEH 22651.07)

This bill:

- 1) Expands the scope of existing towing and storage fees that are considered unreasonable for any tow, including tows covered by insurance, to include:
 - a) Additional towing fees that exceed 10% of the normal towing rate due to the call originating after normal business hours when gate fees are reasonably assessed;
 - b) Storage fees charged for state holidays that exceed the posted standard daily storage rate;
 - c) Towing fees when the owner is directed by a law enforcement officer to remove their vehicle to the nearest shoulder or to level ground adjacent to the roadway for the sole purpose of clearing a roadway to facilitate access by an emergency vehicle at the scene of a state or local emergency. An owner or operator of a tow truck that removes a vehicle under the circumstances described in this paragraph shall be relieved of all liability for any damage to personal property that results from the removal of the vehicle. However, this limitation in liability does not apply to an act or omission by an owner or operator of a tow truck that constitutes gross negligence or willful or wanton misconduct;
 - d) Following a request from the vehicle owner to release their vehicle, and upon payment of all fees then due, storage fees for any day that a storage facility fails to release the vehicle; and,
 - e) Storage fees in excess of 50% of the daily storage rate when a vehicle is recovered within the first 4 hours of storage.
- 2) Clarifies that the following fees are unreasonable for all tows, which are already considered unreasonable for tows that are covered by insurance:
 - a) Administrative filing fees, except those incurred related to documentation from DMV and those related to the lien sale of a vehicle;
 - b) Security fees;
 - c) Dolly fees;
 - d) Load and unload fees;
 - e) Pull-out fees; and,
 - f) Gate fees, except when the owner or insurer of the vehicle requests that the vehicle be released outside of normal business hours.

- 3) Defines “normal business hours” as Monday through Friday from 8:00 a.m. to 5:00 p.m., except for state holidays.

Comments

- 1) *Purpose of this bill.* According to the author, “Unreasonable tow and storage fees can place a severe financial burden on working-class individuals, especially when their vehicles are towed unexpectedly or through no fault of their own. Current law only limits fees in certain situations, allowing towing companies to impose excessive charges—such as holiday fees, after-hours releases, or unnecessary administrative costs—in most other cases. These practices exploit people in vulnerable moments, often forcing them to choose between paying exorbitant fees or losing access to vital transportation. This bill expands the definition of “unreasonable” fees to provide clear consumer protections and prevent predatory pricing. By targeting specific fee categories, such as those charged during emergencies, natural disasters, or when storage facilities are closed, this bill ensures fairness and transparency in towing practices. It prioritizes public interest over profit, helping to safeguard Californians from financial exploitation during times of stress and uncertainty.”
- 2) *Burden of tow and storage fees.* According to the 2019 report *Towed into Debt: How Towing Practices in California Punish Poor People*, “For many Californians, a vehicle tow means the permanent loss of their car and, along with it, the loss of employment, access to education and medical care, and, for some, their only shelter. Nonetheless, local governments throughout California regularly tow vehicles for relatively minor offenses: outstanding parking tickets, lapsed vehicle registration, and remaining parked in one place for more than 72 hours.” The report goes on to find, “[g]etting a car back after a tow is expensive. As a result of all the add-on and administrative fees, the average price people must pay after a debt-collection tow is over \$1,100. Tow fees are often unfair. Daily storage rates at California tow lots are at least twice as expensive as the daily rate at parking garages in the same part of town, and in some cases, up to twelve times higher than market rates.” The report highlights that many Californians cannot afford the fees associated with a single tow and impound, resulting in their car being sold at a lien sale, often for a fraction of its value.
- 3) *Current protections.* California has existing protections against unreasonable towing fees. Current law requires towing companies to release a vehicle at no charge if the owner arrives before the tow truck departs with the vehicle. If the vehicle has been hooked up but not yet removed, the company may charge no

more than half the regular towing fee. Additionally, storage fees are limited to one day's charge if the vehicle is reclaimed within 24 hours. These provisions aim to prevent excessive charges for prompt retrieval of vehicles. Towing companies must provide consumers a "Towing Fees and Access Notice" and an itemized invoice of all towing and storage fees. These companies are also required to accept credit cards, debit cards, and insurance checks. A number of towing and storage fees are deemed presumptively unreasonable, including certain administrative fees, security fees, dolly fees, load and unload fees, pull-out fees, and gate fees during normal business hours.

AB 2392 (Santiago, Chapter 432, Statutes of 2018) strengthened protections against unreasonable towing fees by clarifying what towing fees were considered unreasonable, with the general rule creating a presumption that fees that were higher than the prevailing rate in the area or higher than the negotiated cost made with local law enforcement or the CHP were unreasonable if the insurer was responsible for covering the cost of the tow. CHP currently has towing service agreements with towing companies, drafted with the assistance and cooperation of the towing industry and the general public. CHP negotiates the price of the tow for consumers to ensure the public receives ethical and fair business practices on the part of private towing companies utilized by the CHP. Rates higher than the rate for the standard towing agreement or agreements with local law enforcement are presumed unreasonable under the law even if the towing company does not have an agreement for CHP. CHP will suspend a towing company from its preferential towing list if consumers bring repeated complaints against the company.

- 4) *Fees limited by this bill.* AB 987 expands and clarifies the list of unreasonable tow and storage fees in a number of ways. This bill strengthens gate fee restrictions—these are fees typically imposed for the tow yard's effort to open the gate after hours—by clarifying that when gate fees are reasonably assessed, any additional towing fees that exceed 10% of the normal towing rate due to the call originating after normal business hours are unreasonable. This bill also seeks to limit the charging of "holiday rates," which are higher rates for storing a vehicle over a holiday. Instead, any storage fees charged for state holidays that exceed the posted standard daily storage rate would be presumptively unreasonable.

Additionally, this bill would prohibit fees charged to a vehicle's owner if the owner requests the car be released and pays all necessary fees, but the storage facility fails to release the vehicle. In this scenario, the storage company would

not be able to continue charging the owner for the days the company either refused or was unable to return the fully-paid vehicle. Another issue this bill aims to address are fees charged when the vehicle was only at the storage yard for a brief period of time. Currently, storage fees are limited to one day's charge if the vehicle is reclaimed within 24 hours. This bill would expand this consumer protection to limit storage fees to 50% of the daily storage rate when a vehicle is recovered within the first 4 hours of storage. For example, if a vehicle was towed at 11pm and the owner retrieved the vehicle at 2am, the tow yard would only be able to charge 50% of the daily rate.

- 5) *Local emergency necessitated tows.* This bill also seeks to establish protections for vehicle owners who had their legally-parked car towed during a local emergency. Specifically, AB 987 would prohibit towing fees when a law enforcement officer requests the removal of a vehicle to a nearby area for the sole purpose of clearing a roadway to facilitate access by an emergency. In order to address industry concerns that tow trucks may be discouraged from moving these vehicles, this bill relieves tow trucks in these situations of liability for any damage to personal property that results from the removal of the vehicle. However, this limitation in liability does not apply to an act or omission by an owner or operator of a tow truck that constitutes gross negligence or willful or wanton misconduct.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 8/18/25)

Calpirg (California Public Interest Research Group)
Consumers for Auto Reliability & Safety

OPPOSITION: (Verified 8/18/25)

None received

ARGUMENTS IN SUPPORT: Consumers for Auto Reliability and Safety write the following in support of the bill, “Unfortunately, some unscrupulous tow companies impose unjustified and unreasonable charges upon vehicle owners as a condition of returning their vehicles, causing significant financial strain, particularly for moderate and low-income individuals and families. Many vehicle owners are forced to pay exorbitant fees to retrieve their vehicles, often resulting in unexpected financial hardship. For many, this burden can lead to a cascade of problems, such as missed work, difficulty accessing healthcare, and challenges in providing for their families.

“While current law offers some protection against unreasonable tow fees, loopholes and gaps remain, allowing towing companies to exploit vehicle owners through excessive and unjustified charges. AB 987 takes an important step toward expanding the definition of "unreasonable" tow fees, offering greater consumer protections and reducing the risk of predatory pricing. These provisions are crucial for helping ensure that vehicle owners are not unfairly burdened by arbitrary and exorbitant fees, or unjustly deprived of their only means of transportation.”

ASSEMBLY FLOOR: 75-0, 5/19/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Dixon, Flora, Jeff Gonzalez, Papan

Prepared by: Isabelle LaSalle / TRANS. / (916) 651-4121
8/25/25 16:22:20

**** END ****