

Assembly Bill No. 281

Passed the Assembly September 11, 2015

Chief Clerk of the Assembly

Passed the Senate September 10, 2015

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2015, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 7500.1, 7500.3, 7506.9, 7507.5, 7507.9, 7507.115, 7507.13, and 7508.7 of, and to add Sections 7509, 7509.1, 7509.2, and 7509.3 to, the Business and Professions Code, and to amend Sections 28, 14602.6, 14602.9, 22651.07, and 22850.5 of the Vehicle Code, relating to collateral recovery.

LEGISLATIVE COUNSEL’S DIGEST

AB 281, Gallagher. Collateral recovery.

(1) Existing law, the Collateral Recovery Act, provides for the licensure and regulation of repossession agencies by the Bureau of Security and Investigative Services under the supervision and control of the Director of Consumer Affairs. The chief of the bureau serves under the direction and supervision of the director. Existing law makes a violation of the act a crime.

Existing law also provides for the denial of a license for specified acts, and authorizes the director to assess administrative fines.

This bill would establish, beginning July 1, 2017, a Collateral Recovery Disciplinary Review Committee, to consist of 5 members to be appointed by, and to serve at the pleasure of, the Governor, for purposes of reviewing the request of a licensee, certificate holder, or registrant to contest the assessment of an administrative fine or to appeal a denial, revocation, or suspension, except as specified. The bill would set forth the duties of the Collateral Recovery Disciplinary Review Committee in that regard, and would authorize the members of the committee to be paid per diem and reimbursed for actual travel expenses.

(2) Existing law prohibits a person from performing the duties of a registrant for a licensed repossession agency unless the person has in his or her possession a valid repossession registration card or evidence of a valid temporary registration or registration renewal. Existing law authorizes a person to perform the duties of a registrant for a licensee pending receipt of a registration card if the person has been approved by the bureau and carries on his or her person a hardcopy printout of the bureau’s approval from the bureau’s Internet Web site.

This bill would exempt from that prohibition a person who has in his or her possession a hardcopy printout or electronic copy of the bureau's approval from the bureau's Internet Web site. The bill would also specify for the above-described purposes that an electronic copy of the bureau's approval may include an easily legible electronic screenshot display of that information.

(3) The Collateral Recovery Act authorizes licensed repossessioners to perform repair work upon vehicles and charge owners if expressly authorized to do so.

This bill would prohibit licensed repossessioners from performing, or charging for, repair work, cleaning, or detailing.

(4) The Collateral Recovery Act requires licensees to remove personal effects from collateral, make a complete and accurate inventory of the personal effects, and provide the inventory to a debtor not later than 48 hours after the recovery of the collateral, with certain exceptions, as specified. The act requires licensees to label and store the personal effects, except for the personal effects removed by or in the presence of the debtor or the party in possession at the time of the repossession, in a secure manner for a minimum of 60 days, and authorizes licensees to dispose of the personal effects after the expiration of that period, as specified. The act authorizes a licensee, if personal effects or other personal property not covered by a security agreement are to be released to someone other than the debtor, to request written authorization to do so from the debtor.

This bill would instead require a licensee to request that authorization. The bill would require the inventory to be provided to a debtor no later than 96 hours after the recovery of the collateral if a licensee is unable to open a locked compartment that is part of the collateral, with specified exceptions. The bill would prohibit a licensee from selling personal effects and remitting money from the sale to a third party.

(5) The Collateral Recovery Act prohibits a repossession agency, except as otherwise provided by law, from disclosing the personal information of persons employed by the agency.

This bill would exclude disclosure to an individual to whom the information pertains from these prohibitions, and would allow a repossession agency to disclose the name, driver's license number, and date of birth of a person employed by the agency to an

insurance company for the purpose of verifying information for the issuance or renewal of a policy of insurance.

(6) The Collateral Recovery Act, among other things, prohibits a licensed repossession agency or its registrants from making demand for payment in lieu of repossession, selling recovered collateral, or appraising or determining the value of any collateral, and provides that licensed repossession agencies are not liable for the acts or omissions of legal owners and that legal owners are not liable for acts or omissions of licensed repossession agencies, as specified.

This bill would require a licensed repossession agency, at least annually, to provide a legal owner with a copy of those prohibitions and provisions.

This bill would define the terms “registered owner” and “repossession” for the purposes of the act. The bill would also make technical and conforming changes.

(7) Existing law requires a person who takes possession of a vehicle by or on behalf of the vehicle’s legal owner to notify the law enforcement department with applicable jurisdiction of the repossession within one hour of the repossession, as specified, and to forward a written notice to the city police or sheriff’s department within one business day. Under existing law, a person who fails to provide this notification is guilty of an infraction and subject to a \$300 to \$500 fine.

This bill would delete the requirement to forward that written notice within one business day.

Under existing law, whenever a peace officer determines, among other things, that a person was driving without a license or while his or her driving privilege was suspended or revoked, the peace officer is authorized to remove and seize that vehicle. Existing law requires the law enforcement agency and the impounding agency, including any storage facility acting on behalf of the law enforcement agency or impounding agency, to comply with specified provisions and precludes liability to the registered owner for the improper release of the vehicle to the legal owner or the legal owner’s agent if the release complies with certain requirements.

Existing law requires the legal owner to indemnify and hold harmless a storage facility from any claims arising out of the release of the vehicle to the legal owner or the legal owner’s agent

and from any damage to the vehicle after its release, including the reasonable costs associated with defending any such claims.

This bill would instead require the legal owner of collateral, by operation of law and without requiring further action, to indemnify and hold harmless the state, a law enforcement agency, city, county, city and county, a tow yard, storage facility, or an impounding yard from a claim arising out of the release of the collateral to a licensed reposessor or licensed repossession agency, and from any damage to the collateral after its release, including reasonable attorney's fees and costs associated with defending a claim, if the collateral was released in compliance, as specified.

Existing law requires any person, defined as a natural person or specified business entity, that charges for towing or storage, or both, except for storage unrelated to a tow, to, among other things, provide, upon request, a copy of the Towing Fees and Access Notice to any owner or operator of a towed or stored vehicle.

This bill would define a person to include the state, a city, county, city and county, law enforcement agency, a tow yard, storage facility, or an impounding yard that imposes such charges. By expanding this requirement to local agencies, the bill would create a state-mandated local program.

(8) This bill would incorporate additional changes in Section 14602.9 of the Vehicle Code proposed by SB 541 that would become operative only if SB 541 and this bill are both chaptered and become effective on or before January 1, 2016, and this bill is chaptered last.

(9) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The people of the State of California do enact as follows:

SECTION 1. Section 7500.1 of the Business and Professions Code is amended to read:

7500.1. The following terms as used in this chapter have the meaning expressed in this section:

(a) “Advertisement” means any written or printed communication, including a directory listing, except a free telephone directory listing that does not allow space for a license number.

(b) “Assignment” means any written authorization by the legal owner, lienholder, lessor, lessee, registered owner, or the agent of any of them, to repossess any collateral, including, but not limited to, collateral registered under the Vehicle Code that is subject to a security agreement that contains a repossession clause. “Assignment” also means any written authorization by an employer to recover any collateral entrusted to an employee or former employee in possession of the collateral. A photocopy of an assignment, facsimile copy of an assignment, or electronic format of an assignment shall have the same force and effect as an original written assignment.

(c) “Bureau” means the Bureau of Security and Investigative Services.

(d) “Chief” means the Chief of the Bureau of Security and Investigative Services.

(e) “Collateral” means any specific vehicle, trailer, boat, recreational vehicle, motor home, appliance, or other property that is subject to a security agreement.

(f) “Combustibles” means any substances or articles that are capable of undergoing combustion or catching fire, or that are flammable, if retained.

(g) “Dangerous drugs” means any controlled substances as defined in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code.

(h) “Deadly weapon” means and includes any instrument or weapon of the kind commonly known as a blackjack, slungshot, billy, sandclub, sandbag, metal knuckles, dirk, dagger, pistol, or revolver, or any other firearm, any knife having a blade longer than five inches, any razor with an unguarded blade, and any metal pipe or bar used or intended to be used as a club.

(i) “Debtor” means any person obligated under a security agreement.

(j) “Department” means the Department of Consumer Affairs.

(k) “Director” means the Director of Consumer Affairs.

(l) “Electronic format” includes, but is not limited to, a text message, email, or Internet posting.

(m) “Health hazard” means any personal effects that if retained would produce an unsanitary or unhealthful condition, or which might damage other personal effects.

(n) “Legal owner” means a person holding a security interest in any collateral that is subject to a security agreement, a lien against any collateral, or an interest in any collateral that is subject to a lease agreement.

(o) “Licensee” means an individual, partnership, limited liability company, or corporation licensed under this chapter as a repossession agency.

(p) “Multiple licensee” means a repossession agency holding more than one repossession license under this chapter, with one fictitious trade style and ownership, conducting repossession business from additional licensed locations other than the location shown on the original license.

(q) “Person” includes any individual, partnership, limited liability company, or corporation.

(r) “Personal effects” means any property that is not the property of the legal owner.

(s) “Private building” means and includes any dwelling, outbuilding, or other enclosed structure.

(t) “Qualified certificate holder” or “qualified manager” is a person who possesses a valid qualification certificate in accordance with the provisions of Article 5 (commencing with Section 7504) and is in active control or management of, and who is a director of, the licensee’s place of business.

(u) “Registered owner” means the individual listed in the records of the Department of Motor Vehicles, or on a conditional sales contract, or on a repossession assignment, as the registered owner.

(v) “Registrant” means a person registered under this chapter.

(w) “Repossession” means the locating or recovering of collateral by means of an assignment.

(x) “Secured area” means and includes any fenced and locked area.

(y) “Security agreement” means an obligation, pledge, mortgage, chattel mortgage, lease agreement, deposit, or lien, given by a debtor as security for payment or performance of his or her debt, by furnishing the creditor with a recourse to be used in case of failure in the principal obligation. “Security agreement” also includes a bailment where an employer-employee relationship exists or existed between the bailor and the bailee.

(z) “Services” means any duty or labor to be rendered by one person for another.

(aa) “Violent act” means any act that results in bodily harm or injury to any party involved.

(bb) The amendments made to this section by Chapter 418 of the Statutes of 2006 shall not be deemed to exempt any person from the provisions of this chapter.

SEC. 2. Section 7500.3 of the Business and Professions Code, as amended by Section 1 of Chapter 476 of the Statutes of 2012, is amended to read:

7500.3. (a) A repossession agency shall not include any of the following:

(1) Any bank subject to the jurisdiction of the Commissioner of Financial Institutions of the State of California under Division 1 (commencing with Section 99) of the Financial Code or the Comptroller of the Currency of the United States.

(2) Any person organized, chartered, or holding a license or authorization certificate to make loans pursuant to the laws of this state or the United States who is subject to supervision by any official or agency of this state or the United States.

(3) An attorney at law in performing his or her duties as an attorney at law.

(4) The legal owner of collateral that is subject to a security agreement; or a bona fide employee employed exclusively and regularly by the legal owner of collateral that is subject to a security agreement. With regard to collateral subject to registration under the Vehicle Code, the legal owner shall be the legal owner listed on the records of the Department of Motor Vehicles or the seller or lessor named on a valid conditional sales contract or rental or lease agreement if the seller or lessor is a licensed vehicle dealer as defined in Section 285 of the Vehicle Code.

(5) An officer or employee of the United States of America, or of this state or a political subdivision thereof, while the officer or

employee is engaged in the performance of his or her official duties.

(6) A qualified certificate holder or a registrant when performing services for, or on behalf of, a licensee.

(7) A dealer, including its bona fide employees, regularly engaged in the sale of collateral designed primarily for agricultural use, as defined in subdivision (b) of Section 51201 of the Government Code, for use in the care of lawns and gardens, or for use as special construction equipment, as defined in subdivision (b) of Section 565 of the Vehicle Code, or for use in the production, generation, storage, or transmission of mechanical or electric energy, that is subject to a security agreement of the manufacturer or an affiliate of that manufacturer, provided the following requirements are met:

(A) The dealer or the secured party maintains adequate records of all repossessions.

(B) The dealer or the secured party completes a collateral condition report.

(C) The dealer or the secured party records any odometer or hour meter readings.

(D) The dealer or the secured party creates records of all transactions pertaining to the sale of the collateral, including, but not limited to, bids solicited and received, cash received, remittances to the seller, and allocation of any moneys not so remitted to appropriate ledger accounts.

(E) The dealer removes and stores any personal effects that were taken with the collateral for a minimum of 60 days in a secure manner, completes an inventory of the personal effects, and notes the date that inventory is taken.

(F) If personal effects that were taken with the collateral are to be released to someone other than the debtor, the dealer shall request written authorization to do so from the debtor. The dealer may dispose of personal effects after storing them for at least 60 days pursuant to subparagraph (E).

(b) Entities described in paragraph (7) of subdivision (a), or a debtor, lienholder, lessor or, lessee, registered owner, or an agent thereof shall not by any means, directly or indirectly, expressed or implied, instruct, coerce, or attempt to coerce another person to violate any law, regulation, or rule regarding the recovery of

collateral, including, but not limited to, the provisions of this chapter or Section 9609 of the Commercial Code.

(c) This section shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.

SEC. 3. Section 7506.9 of the Business and Professions Code is amended to read:

7506.9. (a) Upon the issuance of the initial registration, reregistration, or renewal, the chief shall issue to the registrant a suitable pocket identification card. At the request of the registrant, the identification card may include a photograph of the registrant. The photograph shall be of a size prescribed by the bureau. The card shall contain the name of the licensee with whom the registrant is registered. The applicant may request to be issued an enhanced pocket card that shall be composed of durable material and may incorporate technologically advanced security features. The bureau may charge a fee sufficient to reimburse the department for costs for furnishing the enhanced pocket card. The fee charged may not exceed the actual cost for system development, maintenance, and processing necessary to provide the service, and may not exceed six dollars (\$6). If the applicant does not request an enhanced card, the department shall issue a standard card at no cost to the applicant.

(b) Until the registration certificate is issued or denied, a person may be assigned to work with a temporary registration on a secure form prescribed by the chief, and issued by the qualified certificate holder, for a period not to exceed 120 days from the date the employment or contract commenced, provided the person signs a declaration under penalty of perjury that he or she has not been convicted of a felony or committed any other act constituting grounds for denial of a registration pursuant to Section 7506.8 (unless he or she declares that the conviction of a felony or the commission of a specified act or acts occurred prior to the issuance of a registration by the chief and the conduct was not the cause of any subsequent suspension or termination of a registration), and that he or she has read and understands the provisions of this chapter.

(c) The chief shall issue an additional temporary registration for not less than 60 days nor more than 120 days, if the chief

determines that the investigation of the applicant will take longer to complete than the initial temporary registration time period.

(d) No person shall perform the duties of a registrant for a licensee unless the person has in his or her possession a valid reposessor registration card, a hardcopy printout or electronic copy of the bureau's approval from the bureau's Internet Web site, which may include an easily legible electronic screenshot of that information, or evidence of a valid temporary registration or registration renewal as described in subdivision (b) or (e) of this section or subdivision (f) of Section 7506.10. Every person, while engaged in any activity for which licensure is required, shall display his or her valid pocket card, as provided by regulation.

(e) A person may work as a registrant pending receipt of the registration card if he or she has been approved by the bureau and carries on his or her person a hardcopy printout or electronic copy of the bureau's approval from the bureau's Internet Web site, which may include an easily legible electronic screenshot of that information, and a valid picture identification.

SEC. 4. Section 7507.5 of the Business and Professions Code is amended to read:

7507.5. No charge shall be made for services incurred in connection with the recovery, transportation, and storage of collateral except under terms agreed to by the legal owner at the time of the repossession authorization or specifically agreed upon at a subsequent time. Repair work, cleaning, or detailing shall not be performed and shall not be charged to the legal owner.

SEC. 5. Section 7507.9 of the Business and Professions Code is amended to read:

7507.9. Personal effects shall be removed from the collateral, including any personal effect that is mounted but detachable from the collateral by a release mechanism. A complete and accurate inventory of the personal effects shall be made, and the personal effects shall be labeled and stored by the licensee for a minimum of 60 days in a secure manner, except those personal effects removed by or in the presence of the debtor or the party in possession of the collateral at the time of the repossession. If the licensee or the licensee's agent cannot determine whether the property attached to the collateral is a personal effect or a part of the collateral, then that fact shall be noted on the inventory and the licensee or agent shall not be obligated to remove the item

from the collateral, unless the item can be removed without the use of tools, in which case it shall be removed and inventoried. The licensee or the licensee's agent shall notify the debtor that if the debtor takes the position that an item is a personal effect, then the debtor shall contact the legal owner to resolve the issue.

(a) The date and time the inventory is made shall be indicated. The permanent records of the licensee shall indicate the name of the employee or registrant who performed the inventory.

(b) The following items of personal effects are items determined to present a danger or health hazard when recovered by the licensee and shall be disposed of in the following manner:

(1) Deadly weapons and dangerous drugs shall be turned over to any law enforcement agency for retention. These items shall be entered on the inventory and a notation shall be made as to the date, time, and place the deadly weapon or dangerous drug was turned over to the law enforcement agency, and a receipt from the law enforcement agency shall be maintained in the records of the repossession agency.

(2) Combustibles shall be inventoried and noted as "disposed of, dangerous combustible," and the item shall be disposed of in a reasonable and safe manner.

(3) Food and other health hazard items shall be inventoried and noted as "disposed of, health hazard," and disposed of in a reasonable and safe manner.

(c) Personal effects may be disposed of after being held for at least 60 days. The inventory, and adequate information as to how, when, and to whom the personal effects were disposed of, shall be filed in the permanent records of the licensee and retained for four years.

(d) The inventory shall include the name, address, business hours, and telephone number of the repossession agency to contact for recovering the personal effects and an itemization of all personal effects removal and storage charges that will be made by the repossession agency. The inventory shall also include the following statement: "Please be advised that the property listed on this inventory will be disposed of by the repossession agency after being held for 60 days from the date of this notice IF UNCLAIMED."

(e) The inventory shall be provided to a debtor not later than 48 hours after the recovery of the collateral, except that if:

(1) The 48-hour period encompasses a Saturday, Sunday, or postal holiday, the inventory shall be provided no later than 72 hours after the recovery of the collateral.

(2) The 48-hour period encompasses a Saturday or Sunday and a postal holiday, the inventory shall be provided no later than 96 hours after the recovery of the collateral.

(3) Inventory resulting from repossession of a yacht, motor home, or travel trailer is such that it shall take at least four hours to inventory, then the inventory shall be provided no later than 96 hours after the recovery of the collateral. When the 96-hour period encompasses a Saturday, Sunday, or postal holiday, the inventory shall be provided no later than 120 hours after the recovery of the collateral.

(4) The licensee is unable to open a locked compartment that is part of the collateral, the available inventory shall be provided no later than 96 hours after the recovery of the collateral. When the 96-hour period encompasses a Saturday, Sunday, or postal holiday, the inventory shall be provided no later than 120 hours after the recovery of the collateral.

(f) Environmental, Olympic, special interest, or other license plates issued pursuant to Article 8 (commencing with Section 5000), Article 8.4 (commencing with Section 5060), or Article 8.5 (commencing with Section 5100) of Chapter 1 of Division 3 of the Vehicle Code that remain the personal effects of the debtor shall be removed from the collateral and inventoried pursuant to this section. If the plates are not claimed by the debtor within 60 days, they shall either (1) be effectively destroyed and the licensee shall, within 30 days thereafter, notify the Department of Motor Vehicles of their effective destruction on a form promulgated by the chief that has been approved as to form by the Director of the Department of Motor Vehicles; or (2) be retained by the licensee indefinitely to be returned to the debtor upon request, in which case the licensee shall not charge more than 60 days' storage on the plates.

(g) The notice may be given by regular mail addressed to the last known address of the debtor or by personal service at the option of the repossession agency.

(h) With the consent of the licensee, the debtor waives the preparation and presentation of an inventory if the debtor redeems the personal effects or other personal property not covered by a

security interest within the time period for the notices required by this section and signs a statement that he or she has received all the property.

(i) If personal effects or other personal property not covered by a security agreement are to be released to someone other than the debtor, the repossession agency shall request written authorization to do so from the debtor.

(j) A licensee shall not sell personal effects or other personal property not covered by a security agreement and remit money from the sale to a third party, including, but not limited to, any lending institution.

(k) The inventory shall be a confidential document. A licensee shall only disclose the contents of the inventory under the following circumstances:

(1) In response to the order of a court having jurisdiction to issue the order.

(2) In compliance with a lawful subpoena issued by a court of competent jurisdiction.

(3) When the debtor has consented in writing to the release and the written consent is signed and dated by the debtor subsequent to the repossession and states the entity or entities to whom the contents of the inventory may be disclosed.

(4) To the debtor.

SEC. 6. Section 7507.115 of the Business and Professions Code is amended to read:

7507.115. (a) A licensee shall not appraise or determine the value of any collateral, whether damaged or not.

(b) (1) Notwithstanding subdivision (a), a licensee may complete a condition report that makes a general assessment of the collateral.

(2) A condition report does not include all damage or missing parts.

(3) A condition report shall include the following statement: “In accordance with Section 7507.115 of the Business and Professions Code, this condition report is a general assessment of the collateral and does not include all damage or missing parts.”

SEC. 7. Section 7507.13 of the Business and Professions Code is amended to read:

7507.13. (a) A licensed repossession agency is not liable for the act or omission of a legal owner, debtor, lienholder, lessor,

lessee, registered owner, or an agent of any of them, in making an assignment to it or for accepting an assignment from any legal owner, debtor, lienholder, lessor, lessee, registered owner, or an agent of any of them, and is entitled to indemnity from the legal owner, debtor, lienholder, lessor, lessee, or registered owner for any loss, damage, cost, or expense, including court costs and attorney's fees, that it may reasonably incur as a result thereof. Nothing in this subdivision limits the liability of any person for his or her tortious conduct.

(b) The legal owner, debtor, lienholder, lessor, lessee, registered owner, or the agent of any of them, is not liable for any act or omission by a licensed repossession agency, or its agent, in carrying out an assignment and is entitled to indemnity from the repossession agency for any loss, damage, cost, or expense, including court costs and attorney's fees, that the legal owner, debtor, lienholder, lessor, lessee, registered owner, or the agent of any of them, may reasonably incur as a result thereof. Nothing in this subdivision limits the liability of any person for his or her tortious conduct.

(c) The legal owner, debtor, lienholder, lessor, lessee, registered owner, or the agent of any of them, is not guilty of a violation of Section 7502.1 or 7502.2 if, at the time of the assignment, the party making the assignment has in its possession a copy of the reposessor's current, unexpired repossession agency license, and a copy of the current, unexpired repossession agency's qualified manager's certificate, and does not have actual knowledge of any order of suspension or revocation of the license or certificate.

(d) Neither a licensed repossession agency nor a legal owner, debtor, lienholder, lessor, lessee, registered owner, or an agent of any of them may, by any means, direct or indirect, express or implied, instruct or attempt to coerce the other to violate any law, regulation, or rule regarding the recovery of any collateral, including, but not limited to, the provisions of this chapter or Section 9609 of the Commercial Code.

(e) A licensed repossession agency, at least annually, on or before January 31 of each year, shall provide a legal owner from which the agency accepts an assignment with a copy of this section, Sections 7500.2, 7507.4, 7507.115, 7507.12, and 7507.125 of this code, and Section 28 of the Vehicle Code.

SEC. 8. Section 7508.7 of the Business and Professions Code is amended to read:

7508.7. (a) Except as otherwise provided by law, a repossession agency shall not disclose to the public, any person other than the individual to whom the information pertains, or any nongovernmental entity, without a court order, the residence address, residence telephone number, cellular telephone number, driver's license number, work schedule, past, present, or future location, or any other personal information of any licensee, registrant, qualified certificate holder, qualified manager, employee, or independent contractor the agency employs.

(b) For the purpose of verifying information for the issuance or renewal of a policy of insurance, a repossession agency may provide to an insurance company the name, driver's license number, and date of birth of a licensee, registrant, qualified certificate holder, qualified manager, employee, or independent contractor the agency employs.

SEC. 9. Section 7509 is added to the Business and Professions Code, to read:

7509. (a) (1) A licensee, certificate holder, or registrant under this chapter may request a review by the Collateral Recovery Disciplinary Review Committee, as established in Section 7509.1, to contest the assessment of an administrative fine or to appeal a denial, revocation, or suspension, unless the denial, revocation, or suspension is ordered by the director in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(2) A request for a review shall be by written notice to the disciplinary review committee within 30 days of the issuance of the citation and assessment or denial, revocation, or suspension.

(3) Following a review by the disciplinary review committee, the appellant shall be notified within 30 days, in writing, by regular mail, of the committee's decision.

(4) If the appellant disagrees with the decision made by the disciplinary review committee, he or she may request a hearing in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. A request for a hearing following a decision by the disciplinary review committee shall be by written notice to the bureau within 30 days of the committee's decision.

(5) If the appellant does not request a hearing within 30 days, the disciplinary review committee's decision shall become final.

(b) (1) A licensee, certificate holder, or registrant may request a hearing in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code if he or she contests the assessment of an administrative fine, or to appeal a denial, revocation, or suspension. A hearing may also be requested if the appellant disagrees with the decision made by the disciplinary review committee.

(2) A request for a hearing shall be by written notice to the bureau within 30 days of the issuance of the decision by the disciplinary review committee. A hearing pursuant to this subdivision shall be available only after a review by the disciplinary review committee.

(c) This section shall become operative on July 1, 2017.

SEC. 10. Section 7509.1 is added to the Business and Professions Code, to read:

7509.1. (a) On or before July 1, 2017, the Governor shall appoint a Collateral Recovery Disciplinary Review Committee, and may remove any member of the committee for misconduct, incompetency, or neglect of duty. The committee shall consist of five members. Of the five members, three members shall be actively engaged in business as a licensed repossession agency and two members shall be public members. None of the public members shall be licensees, certificate holders, or registrants, or engaged in any business or profession in which any part of the fees, compensation, or revenue thereof is derived from any licensee.

(b) The disciplinary review committee shall meet every 60 days or more or less frequently as may be required. The members shall be paid per diem pursuant to Section 103 and shall be reimbursed for actual travel expenses. The members shall be appointed for a term of four years.

(c) This section shall become operative on July 1, 2017.

SEC. 11. Section 7509.2 is added to the Business and Professions Code, to read:

7509.2. (a) The Collateral Recovery Disciplinary Review Committee shall perform the following functions:

(1) Affirm, rescind, or modify all decisions concerning administrative fines assessed by the director or bureau against

repossession agencies or their employees, that are appealed to the committee.

(2) Affirm, rescind, or modify all decisions concerning denial of licenses issued by the director or bureau, except denials or suspensions ordered by the director in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, that are appealed to the committee.

(b) The Collateral Recovery Disciplinary Review Committee may grant a probationary license, certificate, registration, or permit with respect to the appealed decisions described in subdivision (a).

(c) This section shall become operative on July 1, 2017.

SEC. 12. Section 7509.3 is added to the Business and Professions Code, to read:

7509.3. (a) The bureau shall provide the Collateral Recovery Disciplinary Review Committee all evidence used by the bureau in reaching its decision prior to any review or appeal of that decision by the committee.

(b) This section shall become operative on July 1, 2017.

SEC. 13. Section 28 of the Vehicle Code is amended to read:

28. (a) Whenever possession is taken of any vehicle by or on behalf of its legal owner under the terms of a security agreement or lease agreement, the person taking possession shall contact, for the purpose of providing the information required pursuant to subdivision (d), within one hour after taking possession of the vehicle, by the most expeditious means available, the city police department where the taking of possession occurred, if within an incorporated city, or the sheriff's department of the county where the taking of possession occurred, if outside an incorporated city, or the police department of a campus of the University of California or the California State University, if the taking of possession occurred on that campus. If, after an attempt to notify, law enforcement is unable to receive and record the notification required pursuant to subdivision (d), the person taking possession of the vehicle shall continue to attempt notification until the information required pursuant to subdivision (d) is provided.

(b) If possession is taken of more than one vehicle, the possession of each vehicle shall be considered and reported as a separate event.

(c) Any person failing to notify the city police department, sheriff's department, or campus police department as required by this section is guilty of an infraction, and shall be fined a minimum of three hundred dollars (\$300), and up to five hundred dollars (\$500). The district attorney, city attorney, or city prosecutor shall promptly notify the Bureau of Security and Investigative Services of any conviction resulting from a violation of this section.

(d) For the notification required by this section, the person shall report only the following information and in the following order:

- (1) The approximate location of the repossession.
- (2) The date and approximate time of the repossession.
- (3) The vehicle year, make, and model.
- (4) The last six digits of the vehicle identification number.
- (5) The registered owner as provided on the repossession assignment.
- (6) The legal owner requesting the repossession as provided on the repossession assignment.
- (7) The name of the repossession agency.
- (8) The telephone number of the repossession agency.

SEC. 14. Section 14602.6 of the Vehicle Code is amended to read:

14602.6. (a) (1) Whenever a peace officer determines that a person was driving a vehicle while his or her driving privilege was suspended or revoked, driving a vehicle while his or her driving privilege is restricted pursuant to Section 13352 or 23575 and the vehicle is not equipped with a functioning, certified interlock device, or driving a vehicle without ever having been issued a driver's license, the peace officer may either immediately arrest that person and cause the removal and seizure of that vehicle or, if the vehicle is involved in a traffic collision, cause the removal and seizure of the vehicle without the necessity of arresting the person in accordance with Chapter 10 (commencing with Section 22650) of Division 11. A vehicle so impounded shall be impounded for 30 days.

(2) The impounding agency, within two working days of impoundment, shall send a notice by certified mail, return receipt requested, to the legal owner of the vehicle, at the address obtained from the department, informing the owner that the vehicle has been impounded. Failure to notify the legal owner within two working days shall prohibit the impounding agency from charging

for more than 15 days' impoundment when the legal owner redeems the impounded vehicle. The impounding agency shall maintain a published telephone number that provides information 24 hours a day regarding the impoundment of vehicles and the rights of a registered owner to request a hearing. The law enforcement agency shall be open to issue a release to the registered owner or legal owner, or the agent of either, whenever the agency is open to serve the public for nonemergency business.

(b) The registered and legal owner of a vehicle that is removed and seized under subdivision (a) or their agents shall be provided the opportunity for a storage hearing to determine the validity of, or consider any mitigating circumstances attendant to, the storage, in accordance with Section 22852.

(c) Any period in which a vehicle is subjected to storage under this section shall be included as part of the period of impoundment ordered by the court under subdivision (a) of Section 14602.5.

(d) (1) An impounding agency shall release a vehicle to the registered owner or his or her agent prior to the end of 30 days' impoundment under any of the following circumstances:

(A) When the vehicle is a stolen vehicle.

(B) When the vehicle is subject to bailment and is driven by an unlicensed employee of a business establishment, including a parking service or repair garage.

(C) When the license of the driver was suspended or revoked for an offense other than those included in Article 2 (commencing with Section 13200) of Chapter 2 of Division 6 or Article 3 (commencing with Section 13350) of Chapter 2 of Division 6.

(D) When the vehicle was seized under this section for an offense that does not authorize the seizure of the vehicle.

(E) When the driver reinstates his or her driver's license or acquires a driver's license and proper insurance.

(2) No vehicle shall be released pursuant to this subdivision without presentation of the registered owner's or agent's currently valid driver's license to operate the vehicle and proof of current vehicle registration, or upon order of a court.

(e) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(f) A vehicle removed and seized under subdivision (a) shall be released to the legal owner of the vehicle or the legal owner's agent

prior to the end of 30 days' impoundment if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state or is another person, not the registered owner, holding a security interest in the vehicle.

(2) (A) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. No lien sale processing fees shall be charged to the legal owner who redeems the vehicle prior to the 15th day of impoundment. Neither the impounding authority nor any person having possession of the vehicle shall collect from the legal owner of the type specified in paragraph (1), or the legal owner's agent any administrative charges imposed pursuant to Section 22850.5 unless the legal owner voluntarily requested a poststorage hearing.

(B) A person operating or in charge of a storage facility where vehicles are stored pursuant to this section shall accept a valid bank credit card or cash for payment of towing, storage, and related fees by a legal or registered owner or the owner's agent claiming the vehicle. A credit card shall be in the name of the person presenting the card. "Credit card" means "credit card" as defined in subdivision (a) of Section 1747.02 of the Civil Code, except, for the purposes of this section, credit card does not include a credit card issued by a retail seller.

(C) A person operating or in charge of a storage facility described in subparagraph (B) who violates subparagraph (B) shall be civilly liable to the owner of the vehicle or to the person who tendered the fees for four times the amount of the towing, storage, and related fees, but not to exceed five hundred dollars (\$500).

(D) A person operating or in charge of a storage facility described in subparagraph (B) shall have sufficient funds on the premises of the primary storage facility during normal business hours to accommodate, and make change in, a reasonable monetary transaction.

(E) Credit charges for towing and storage services shall comply with Section 1748.1 of the Civil Code. Law enforcement agencies may include the costs of providing for payment by credit when making agreements with towing companies on rates.

(3) The legal owner or the legal owner's agent presents a copy of the assignment, as defined in subdivision (b) of Section 7500.1

of the Business and Professions Code; a release from the one responsible governmental agency, only if required by the agency; a government-issued photographic identification card; and any one of the following, as determined by the legal owner or the legal owner's agent: a certificate of repossession for the vehicle, a security agreement for the vehicle, or title, whether paper or electronic, showing proof of legal ownership for the vehicle. Any documents presented may be originals, photocopies, or facsimile copies, or may be transmitted electronically. The law enforcement agency, impounding agency, or any other governmental agency, or any person acting on behalf of those agencies, shall not require any documents to be notarized. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies may require the agent of the legal owner to produce a photocopy or facsimile copy of its repossession agency license or registration issued pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, or to demonstrate, to the satisfaction of the law enforcement agency, impounding agency, or any person acting on behalf of those agencies, that the agent is exempt from licensure pursuant to Section 7500.2 or 7500.3 of the Business and Professions Code.

No administrative costs authorized under subdivision (a) of Section 22850.5 shall be charged to the legal owner of the type specified in paragraph (1), who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. No city, county, city and county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The law enforcement agency, impounding agency, or other governmental agency, or any person acting on behalf of those agencies, shall not require any documents other than those specified in this paragraph. The law enforcement agency, impounding agency, or other governmental agency, or any person acting on behalf of those agencies, shall not require any documents to be notarized. The legal owner or the legal owner's agent shall be given a copy of any documents he or she is required to sign, except for a vehicle evidentiary hold logbook. The law enforcement agency, impounding agency, or any person acting on behalf of those agencies, or any person in possession of the vehicle, may

photocopy and retain the copies of any documents presented by the legal owner or legal owner's agent.

(4) A failure by a storage facility to comply with any applicable conditions set forth in this subdivision shall not affect the right of the legal owner or the legal owner's agent to retrieve the vehicle, provided all conditions required of the legal owner or legal owner's agent under this subdivision are satisfied.

(g) (1) A legal owner or the legal owner's agent that obtains release of the vehicle pursuant to subdivision (f) shall not release the vehicle to the registered owner of the vehicle, or the person who was listed as the registered owner when the vehicle was impounded, or any agents of the registered owner, unless the registered owner is a rental car agency, until after the termination of the 30-day impoundment period.

(2) The legal owner or the legal owner's agent shall not relinquish the vehicle to the registered owner or the person who was listed as the registered owner when the vehicle was impounded until the registered owner or that owner's agent presents his or her valid driver's license or valid temporary driver's license to the legal owner or the legal owner's agent. The legal owner or the legal owner's agent or the person in possession of the vehicle shall make every reasonable effort to ensure that the license presented is valid and possession of the vehicle will not be given to the driver who was involved in the original impoundment proceeding until the expiration of the impoundment period.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining custody of the vehicle.

(4) Any legal owner who knowingly releases or causes the release of a vehicle to a registered owner or the person in possession of the vehicle at the time of the impoundment or any agent of the registered owner in violation of this subdivision shall be guilty of a misdemeanor and subject to a fine in the amount of two thousand dollars (\$2,000) in addition to any other penalties established by law.

(5) The legal owner, registered owner, or person in possession of the vehicle shall not change or attempt to change the name of

the legal owner or the registered owner on the records of the department until the vehicle is released from the impoundment.

(h) (1) A vehicle removed and seized under subdivision (a) shall be released to a rental car agency prior to the end of 30 days' impoundment if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental car agency may not rent another vehicle to the driver of the vehicle that was seized until 30 days after the date that the vehicle was seized.

(3) The rental car agency may require the person to whom the vehicle was rented to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental car agency in connection with obtaining custody of the vehicle.

(i) Notwithstanding any other provision of this section, the registered owner and not the legal owner shall remain responsible for any towing and storage charges related to the impoundment, any administrative charges authorized under Section 22850.5, and any parking fines, penalties, and administrative fees incurred by the registered owner.

(j) (1) The law enforcement agency and the impounding agency, including any storage facility acting on behalf of the law enforcement agency or impounding agency, shall comply with this section and shall not be liable to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent provided the release complies with the provisions of this section. A law enforcement agency shall not refuse to issue a release to a legal owner or the agent of a legal owner on the grounds that it previously issued a release.

(2) (A) The legal owner of collateral shall, by operation of law and without requiring further action, indemnify and hold harmless a law enforcement agency, city, county, city and county, the state, a tow yard, storage facility, or an impounding yard from a claim arising out of the release of the collateral to a licensed reposessor or licensed repossession agency, and from any damage to the collateral after its release, including reasonable attorney's fees and

costs associated with defending a claim, if the collateral was released in compliance with this section.

(B) This subdivision shall apply only when collateral is released to a licensed reposessor, licensed repossession agency, or its officers or employees pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code.

SEC. 15. Section 14602.9 of the Vehicle Code is amended to read:

14602.9. (a) An officer of the Department of the California Highway Patrol may impound a bus of a charter-party carrier for 30 days if the officer determines that any of the following violations occurred while the bus driver was operating the bus of a charter-party carrier:

(1) The driver was operating the bus of a charter-party carrier when the charter-party carrier did not have a permit or certificate issued by the Public Utilities Commission, pursuant to Section 5375 of the Public Utilities Code.

(2) The driver was operating the bus of a charter-party carrier when the charter-party carrier was operating the bus with a suspended permit or certificate from the Public Utilities Commission.

(3) The driver was operating the bus of a charter-party carrier without having a current and valid driver's license of the proper class, a passenger vehicle endorsement, or the required certificate.

(b) Within two working days after impoundment, the impounding agency shall send a notice by certified mail, return receipt requested, to the legal owner of the vehicle, at the address obtained from the department, informing the owner that the vehicle has been impounded. Failure to notify the legal owner within two working days shall prohibit the impounding agency from charging for more than 15 day's impoundment when the legal owner redeems the impounded vehicle. The impounding agency shall maintain a published telephone number that provides information 24 hours a day regarding the impoundment of vehicles and the rights of a registered owner to request a hearing.

(c) The registered and legal owner of a vehicle that is removed and seized under subdivision (a) or his or her agent shall be provided the opportunity for a storage hearing to determine the validity of, or consider any mitigating circumstances attendant to, the storage, in accordance with Section 22852.

(d) (1) The impounding agency shall release the vehicle to the registered owner or his or her agent prior to the end of the impoundment period under any of the following circumstances:

(A) When the vehicle is a stolen vehicle.

(B) When the vehicle is subject to bailment and is driven by an unlicensed employee of a business establishment, including a parking service or repair garage.

(C) When the driver of the vehicle is not the sole registered owner of the vehicle and the vehicle is being released to another registered owner of the vehicle who agrees not to allow the driver to use the vehicle until after the end of the impoundment period and the charter-party carrier has been issued a valid permit from the Public Utilities Commission, pursuant to Section 5375 of the Public Utilities Code.

(2) A vehicle shall not be released pursuant to this subdivision without presentation of the registered owner's or agent's currently valid driver's license to operate the vehicle and proof of current vehicle registration, or upon order of a court.

(e) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(f) A vehicle removed and seized under subdivision (a) shall be released to the legal owner of the vehicle or the legal owner's agent prior to the end of the impoundment period if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state, or is another person who is not the registered owner and holds a security interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. A lien sale processing fee shall not be charged to the legal owner who redeems the vehicle prior to the 10th day of impoundment. The impounding authority or any person having possession of the vehicle shall not collect from the legal owner of the type specified in paragraph (1), or the legal owner's agent, any administrative charges imposed pursuant to Section 22850.5 unless the legal owner voluntarily requested a poststorage hearing.

(3) (A) The legal owner or the legal owner's agent presents either lawful foreclosure documents or an affidavit of repossession

for the vehicle, and a security agreement or title showing proof of legal ownership for the vehicle. All presented documents may be originals, photocopies, or facsimile copies, or may be transmitted electronically. The impounding agency shall not require a document to be notarized. The impounding agency may require the agent of the legal owner to produce a photocopy or facsimile copy of its repossession agency license or registration issued pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, or to demonstrate, to the satisfaction of the impounding agency, that the agent is exempt from licensure pursuant to Section 7500.2 or 7500.3 of the Business and Professions Code.

(B) Administrative costs authorized under subdivision (a) of Section 22850.5 shall not be charged to the legal owner of the type specified in paragraph (1), who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. A city, county, or state agency shall not require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The impounding agency shall not require any documents other than those specified in this paragraph. The impounding agency shall not require any documents to be notarized.

(C) As used in this paragraph, "foreclosure documents" means an "assignment" as that term is defined in subdivision (b) of Section 7500.1 of the Business and Professions Code.

(g) (1) A legal owner or the legal owner's agent who obtains release of the vehicle pursuant to subdivision (f) may not release the vehicle to the registered owner of the vehicle or any agents of the registered owner, unless the registered owner is a rental car agency, until after the termination of the impoundment period.

(2) The legal owner or the legal owner's agent shall not relinquish the vehicle to the registered owner until the registered owner or that owner's agent presents his or her valid driver's license or valid temporary driver's license to the legal owner or the legal owner's agent. The legal owner or the legal owner's agent shall make every reasonable effort to ensure that the license presented is valid.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and any administrative charges

authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining custody of the vehicle.

(h) (1) A vehicle removed and seized under subdivision (a) shall be released to a rental agency prior to the end of the impoundment period if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental agency shall not rent another vehicle to the driver of the vehicle that was seized until the impoundment period has expired.

(3) The rental agency may require the person to whom the vehicle was rented to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental agency in connection with obtaining custody of the vehicle.

(i) Notwithstanding any other provision of this section, the registered owner, and not the legal owner, shall remain responsible for any towing and storage charges related to the impoundment, any administrative charges authorized under Section 22850.5, and any parking fines, penalties, and administrative fees incurred by the registered owner.

(j) The impounding agency is not liable to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent provided the release complies with this section.

(k) For the purposes of this section, a "bus" means a bus as defined by Section 233 or a tour bus as defined by Section 612.

(l) For the purposes of this section, a "charter-party carrier" means a charter-party carrier as defined by Section 5360 of the Public Utilities Code.

SEC. 15.5. Section 14602.9 of the Vehicle Code is amended to read:

14602.9. (a) For purposes of this section, "peace officer" means a person designated as a peace officer pursuant to Chapter 4.5 (commencing with Section 830) of Title 3 of Part 2 of the Penal Code.

(b) A peace officer may impound a bus or limousine of a charter-party carrier for 30 days if the officer determines that any

of the following violations occurred while the driver was operating the bus or limousine of the charter-party carrier:

(1) The driver was operating the bus or limousine of a charter-party carrier when the charter-party carrier did not have a permit or certificate issued by the Public Utilities Commission, pursuant to Section 5375 of the Public Utilities Code.

(2) The driver was operating the bus or limousine of a charter-party carrier when the charter-party carrier was operating with a suspended permit or certificate from the Public Utilities Commission.

(3) The driver was operating the bus or limousine of a charter-party carrier without having a current and valid driver's license of the proper class, a passenger vehicle endorsement, or the required certificate.

(c) A peace officer may impound a bus or limousine belonging to a passenger stage corporation for 30 days if the officer determines any of the following violations occurred while the driver was operating the bus or limousine:

(1) The driver was operating the bus or limousine when the passenger stage corporation did not have a certificate of public convenience and necessity issued by the Public Utilities Commission as required pursuant to Article 2 (commencing with Section 1031) of Chapter 5 of Part 1 of Division 1 of the Public Utilities Code.

(2) The driver was operating the bus or limousine when the operating rights or certificate of public convenience and necessity of a passenger stage corporation was suspended, canceled, or revoked pursuant to Section 1033.5, 1033.7, or 1045 of the Public Utilities Code.

(3) The driver was operating the bus or limousine without having a current and valid driver's license of the proper class.

(d) Within two working days after impoundment, the impounding agency shall send a notice by certified mail, return receipt requested, to the legal owner of the vehicle, at the address obtained from the department, informing the owner that the vehicle has been impounded. Failure to notify the legal owner within two working days shall prohibit the impounding agency from charging for more than 15 day's impoundment when the legal owner redeems the impounded vehicle. The impounding agency shall maintain a published telephone number that provides information

24 hours a day regarding the impoundment of vehicles and the rights of a registered owner to request a hearing.

(e) The registered and legal owner of a vehicle that is removed and seized under subdivision (b) or (c) or his or her agent shall be provided the opportunity for a storage hearing to determine the validity of, or consider any mitigating circumstances attendant to, the storage, in accordance with Section 22852.

(f) (1) The impounding agency shall release the vehicle to the registered owner or his or her agent prior to the end of the impoundment period under any of the following circumstances:

(A) When the vehicle is a stolen vehicle.

(B) When the vehicle is subject to bailment and is driven by an unlicensed employee of a business establishment, including a parking service or repair garage.

(C) When, for a charter-party carrier of passengers, the driver of the vehicle is not the sole registered owner of the vehicle and the vehicle is being released to another registered owner of the vehicle who agrees not to allow the driver to use the vehicle until after the end of the impoundment period and the charter-party carrier has been issued a valid permit from the Public Utilities Commission, pursuant to Section 5375 of the Public Utilities Code.

(D) When, for a passenger stage corporation, the driver of the vehicle is not the sole registered owner of the vehicle and the vehicle is being released to another registered owner of the vehicle who agrees not to allow the driver to use the vehicle until after the end of the impoundment period and the passenger stage corporation has been issued a valid certificate of public convenience and necessity by the Public Utilities Commission, pursuant to Article 2 (commencing with Section 1031) of Chapter 5 of Part 1 of Division 1 of the Public Utilities Code.

(2) A vehicle shall not be released pursuant to this subdivision without presentation of the registered owner's or agent's currently valid driver's license to operate the vehicle and proof of current vehicle registration, or upon order of a court.

(g) The registered owner or his or her agent is responsible for all towing and storage charges related to the impoundment, and any administrative charges authorized under Section 22850.5.

(h) A vehicle removed and seized under subdivision (b) or (c) shall be released to the legal owner of the vehicle or the legal

owner's agent prior to the end of the impoundment period if all of the following conditions are met:

(1) The legal owner is a motor vehicle dealer, bank, credit union, acceptance corporation, or other licensed financial institution legally operating in this state, or is another person who is not the registered owner and holds a security interest in the vehicle.

(2) The legal owner or the legal owner's agent pays all towing and storage fees related to the seizure of the vehicle. A lien sale processing fee shall not be charged to the legal owner who redeems the vehicle prior to the 10th day of impoundment. The impounding authority or any person having possession of the vehicle shall not collect from the legal owner of the type specified in paragraph (1), or the legal owner's agent, any administrative charges imposed pursuant to Section 22850.5 unless the legal owner voluntarily requested a poststorage hearing.

(3) (A) The legal owner or the legal owner's agent presents either lawful foreclosure documents or an affidavit of repossession for the vehicle, and a security agreement or title showing proof of legal ownership for the vehicle. All presented documents may be originals, photocopies, or facsimile copies, or may be transmitted electronically. The impounding agency shall not require a document to be notarized. The impounding agency may require the agent of the legal owner to produce a photocopy or facsimile copy of its repossession agency license or registration issued pursuant to Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code, or to demonstrate, to the satisfaction of the impounding agency, that the agent is exempt from licensure pursuant to Section 7500.2 or 7500.3 of the Business and Professions Code.

(B) Administrative costs authorized under subdivision (a) of Section 22850.5 shall not be charged to the legal owner of the type specified in paragraph (1), who redeems the vehicle unless the legal owner voluntarily requests a poststorage hearing. A city, county, or state agency shall not require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The impounding agency shall not require any documents other than those specified in this paragraph. The impounding agency shall not require any documents to be notarized.

(C) As used in this paragraph, “foreclosure documents” means an “assignment” as that term is defined in subdivision (b) of Section 7500.1 of the Business and Professions Code.

(i) (1) A legal owner or the legal owner’s agent who obtains release of the vehicle pursuant to subdivision (h) may not release the vehicle to the registered owner of the vehicle or any agents of the registered owner, unless the registered owner is a rental car agency, until after the termination of the impoundment period.

(2) The legal owner or the legal owner’s agent shall not relinquish the vehicle to the registered owner until the registered owner or that owner’s agent presents his or her valid driver’s license or valid temporary driver’s license to the legal owner or the legal owner’s agent. The legal owner or the legal owner’s agent shall make every reasonable effort to ensure that the license presented is valid.

(3) Prior to relinquishing the vehicle, the legal owner may require the registered owner to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the legal owner in connection with obtaining custody of the vehicle.

(j) (1) A vehicle removed and seized under subdivision (b) or (c) shall be released to a rental agency prior to the end of the impoundment period if the agency is either the legal owner or registered owner of the vehicle and the agency pays all towing and storage fees related to the seizure of the vehicle.

(2) The owner of a rental vehicle that was seized under this section may continue to rent the vehicle upon recovery of the vehicle. However, the rental agency shall not rent another vehicle to the driver of the vehicle that was seized until the impoundment period has expired.

(3) The rental agency may require the person to whom the vehicle was rented to pay all towing and storage charges related to the impoundment and any administrative charges authorized under Section 22850.5 that were incurred by the rental agency in connection with obtaining custody of the vehicle.

(k) Notwithstanding any other provision of this section, the registered owner, and not the legal owner, shall remain responsible for any towing and storage charges related to the impoundment, any administrative charges authorized under Section 22850.5, and

any parking fines, penalties, and administrative fees incurred by the registered owner.

(l) The impounding agency is not liable to the registered owner for the improper release of the vehicle to the legal owner or the legal owner's agent provided the release complies with this section.

(m) This section does not authorize the impoundment of privately owned personal vehicles that are not common carriers nor the impoundment of vehicles used in transportation for compensation by charter-party carriers that are not required to carry individual permits.

(n) For the purposes of this section, a "charter-party carrier" means a charter-party carrier of passengers as defined by Section 5360 of the Public Utilities Code.

(o) For purposes of this section, a "passenger stage corporation" means a passenger stage corporation as defined by Section 226 of the Public Utilities Code.

SEC. 16. Section 22651.07 of the Vehicle Code is amended to read:

22651.07. (a) A person, including a law enforcement agency, city, county, city and county, the state, a tow yard, storage facility, or an impounding yard, that charges for towing or storage, or both, except for storage unrelated to a tow, shall do all of the following:

(1) (A) Except as provided in subparagraph (B), post in the office area of the storage facility, in plain view of the public, the Towing Fees and Access Notice and have copies readily available to the public.

(B) An automotive repair dealer, registered pursuant to Article 3 (commencing with Section 9884) of Chapter 20.3 of Division 3 of the Business and Professions Code, that does not provide towing services is exempt from the requirement to post the Towing Fees and Access Notice in the office area.

(2) Provide, upon request, a copy of the Towing Fees and Access Notice to any owner or operator of a towed or stored vehicle.

(3) Provide a distinct notice on an itemized invoice for any towing or storage, or both, charges stating: "Upon request, you are entitled to receive a copy of the Towing Fees and Access Notice." This notice shall be contained within a bordered text box, printed in no less than 10-point type.

(b) Prior to receiving payment for any towing, recovery, or storage-related fees, a person that charges for towing or storage,

or both, shall provide an itemized invoice of actual charges to the vehicle owner or his or her agent. If an automotive repair dealer, registered pursuant to Article 3 (commencing with Section 9884) of Chapter 20.3 of Division 3 of the Business and Professions Code, did not provide the tow, and passes along, from the tower to the consumer, any of the information required on the itemized invoice, pursuant to subdivision (e), the automotive repair dealer shall not be responsible for the accuracy of those items of information that remain unaltered.

(c) Prior to paying any towing, recovery, or storage-related fees, a vehicle owner or his or her agent or a licensed reposessor shall have the right to all of the following:

(1) Receive his or her personal property, at no charge, during normal business hours. Normal business hours for releasing collateral and personal property are Monday through Friday from 8:00 a.m. to 5:00 p.m., inclusive, except state holidays.

(2) Retrieve his or her vehicle during the first 72 hours of storage and not pay a lien fee.

(3) Request a copy of the Towing Fees and Access Notice.

(4) Be permitted to pay by cash or a valid bank credit card. Credit charges for towing and storage services shall comply with Section 1748.1 of the Civil Code. Law enforcement agencies may include the costs of providing for payment by credit when agreeing with a towing or storage provider on rates.

(d) The Towing Fees and Access Notice shall be a standardized document plainly printed in no less than 10-point type. A person may distribute the form using its own letterhead, but the language of the Towing Fees and Access Notice shall read as follows:

<u>Towing Fees and Access Notice</u>
Note: The following information is intended to serve as a general summary of some of the laws that provide vehicle owners certain rights when their vehicle is towed. It is not intended to summarize all of the laws that may be applicable nor is it intended to fully and completely state the entire law in any area listed. Please review the applicable California code for a definitive statement of the law in your particular situation.
<u>How much can a towing company charge?</u>

Rates for public tows and storage are generally established by an agreement between the law enforcement agency requesting the tow and the towing company (to confirm the approved rates, you may contact the law enforcement agency that initiated the tow; additionally, these rates are required to be posted at the storage facility).
Rates for private property tows and storage cannot exceed the approved rates for the law enforcement agency that has primary jurisdiction for the property from which the vehicle was removed or the towing company’s approved CHP rate.
Rates for owner’s request tows and storage are generally established by mutual agreement between the requestor and the towing company, but may be dictated by agreements established between the requestor’s motor club and motor club service provider.
Where can you complain about a towing company?
For public tows: Contact the law enforcement agency initiating the tow.
Your rights if your vehicle is towed:
Generally, prior to paying any towing and storage-related fees you have the right to:
<ul style="list-style-type: none"> ● Receive an itemized invoice of actual charges. ● Receive your personal property, at no charge, during normal business hours. ● Retrieve your vehicle during the first 72 hours of storage and not pay a lien fee. ● Request a copy of the Towing Fees and Access Notice. ● Pay by cash or valid bank credit card. ● Inspect your vehicle or have your insurance carrier inspect your vehicle at the storage facility, at no charge, during normal business hours.
You have the right to have the vehicle released to you upon (1) payment of all towing and storage-related fees, (2) presentation of a valid photo identification, (3) presentation of reliable documentation showing that you are the owner of the vehicle or that the owner has authorized you to take possession of the vehicle, and (4), if applicable, presentation of any required police or law enforcement release documents.
Prior to your vehicle being repaired:

<ul style="list-style-type: none"> • You have the right to choose the repair facility and to have no repairs made to your vehicle unless you authorize them in writing. • Any authorization you sign for towing and any authorization you sign for repair must be on separate forms.
<p>What if I do not pay the towing and storage-related fees or abandon my vehicle at the towing company?</p>
<p>Pursuant to Sections 3068.1 to 3074, inclusive, of the Civil Code, a towing company may sell your vehicle and any moneys received will be applied to towing and storage-related fees that have accumulated against your vehicle.</p>
<p>You are responsible for paying the towing company any outstanding balance due on any of these fees once the sale is complete.</p>
<p>Who is liable if my vehicle was damaged during towing or storage?</p>
<p>Generally the owner of a vehicle may recover for any damage to the vehicle resulting from any intentional or negligent act of a person causing the removal of, or removing, the vehicle.</p>
<p>What happens if a towing company violates the law?</p>
<p>If a tow company does not satisfactorily meet certain requirements detailed in this notice, you may bring a lawsuit in court, generally in small claims court. The tower may be civilly liable for damages up to two times the amount charged, not to exceed \$500, and possibly more for certain violations.</p>

(e) “Itemized invoice,” as used in this section, means a written document that contains the following information. Any document that substantially complies with this subdivision shall be deemed an “itemized invoice” for purposes of this section:

- (1) The name, address, telephone number, and carrier identification number as required by subdivision (a) of Section 34507.5 of the person that is charging for towing and storage.
- (2) If ascertainable, the registered owner or operator’s name, address, and telephone number.
- (3) The date service was initiated.

(4) The location of the vehicle at the time service was initiated, including either the address or nearest intersecting roadways.

(5) A vehicle description that includes, if ascertainable, the vehicle year, make, model, odometer reading, license plate number, or if a license plate number is unavailable, the vehicle identification number (VIN).

(6) The service dispatch time, the service arrival time of the tow truck, and the service completion time.

(7) A clear, itemized, and detailed explanation of any additional services that caused the total towing-related service time to exceed one hour between service dispatch time and service completion time.

(8) The hourly rate or per item rate used to calculate the total towing and recovery-related fees. These fees shall be listed as separate line items.

(9) If subject to storage fees, the daily storage rate and the total number of days stored. The storage fees shall be listed as a separate line item.

(10) If subject to a gate fee, the date and time the vehicle was either accessed, for the purposes of returning personal property, or was released after normal business hours. Normal business hours are Monday through Friday from 8:00 a.m. to 5:00 p.m., inclusive, except state holidays. A gate fee shall be listed as a separate line item.

(11) A description of the method of towing.

(12) If the tow was not requested by the vehicle's owner or driver, the identity of the person or governmental agency that directed the tow. This paragraph shall not apply to information otherwise required to be redacted under Section 22658.

(13) A clear, itemized, and detailed explanation of any additional services or fees.

(f) "Person," as used in this section, includes those entities described in subdivision (a) and has the same meaning as described in Section 470.

(g) An insurer or insurer's agent shall be permitted to pay for towing and storage charges by bank draft.

(h) A person who violates this section is civilly liable to a registered or legal owner of the vehicle, or a registered owner's insurer, for up to two times the amount charged. For any action

brought under this section, liability shall not exceed five hundred dollars (\$500) per vehicle.

(i) This section shall not apply to the towing or storage of a repossessed vehicle by any person subject to, or exempt from, the Collateral Recovery Act (Chapter 11 (commencing with Section 7500) of Division 3 of the Business and Professions Code).

(j) This section does not relieve a person from the obligation to comply with the provision of any other law.

SEC. 17. Section 22850.5 of the Vehicle Code is amended to read:

22850.5. (a) A city, county, or city and county, or a state agency may adopt a regulation, ordinance, or resolution establishing procedures for the release of properly impounded vehicles to the registered owner or the agent of the registered owner and for the imposition of a charge equal to its administrative costs relating to the removal, impound, storage, or release of the vehicles to the registered owner or to the agent of the registered owner. Those administrative costs may be waived by the local or state authority upon verifiable proof that the vehicle was reported stolen at the time the vehicle was removed.

(b) The following apply to any charges imposed for administrative costs pursuant to subdivision (a):

(1) The charges shall only be imposed on the registered owner or the agents of that owner and shall not include any vehicle towed under an abatement program or sold at a lien sale pursuant to Sections 3068.1 to 3074, inclusive, of, and Section 22851 of, the Civil Code unless the sale is sufficient in amount to pay the lienholder's total charges and proper administrative costs.

(2) Any charges shall be collected by the local or state authority only from the registered owner or an agent of the registered owner.

(3) The charges shall be in addition to any other charges authorized or imposed pursuant to this code.

(4) No charge may be imposed for any hearing or appeal relating to the removal, impound, storage, or release of a vehicle unless that hearing or appeal was requested in writing by the registered or legal owner of the vehicle or an agent of that registered or legal owner. In addition, the charge may be imposed only upon the person requesting that hearing or appeal.

No administrative costs authorized under subdivision (a) shall be charged to the legal owner who redeems the vehicle unless the

legal owner voluntarily requests a poststorage hearing. No city, county, city and county, or state agency shall require a legal owner or a legal owner's agent to request a poststorage hearing as a requirement for release of the vehicle to the legal owner or the legal owner's agent. The impounding agency, or any person acting on behalf of the agency, shall not require the legal owner or the legal owner's agent to produce any documents other than those specified in paragraph (3) of subdivision (f) of Section 14602.6 or paragraph (3) of subdivision (e) of Section 14602.7. The impounding agency, or any person acting on behalf of the agency, shall not require any documents to be notarized.

SEC. 18. Section 15.5 of this bill incorporates amendments to Section 14602.9 of the Vehicle Code proposed by both this bill and Senate Bill 541. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2016, (2) each bill amends Section 14602.9 of the Vehicle Code, and (3) this bill is enacted after Senate Bill 541, in which case Section 15 of this bill shall not become operative.

SEC. 19. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Approved _____, 2015

Governor