

# AR TOWING AND RECOVERY BOARD

## Enabling Laws

Act 1209 of 2007  
A.C.A. §27-50-1203(c)(1) et seq.

## History and Organization

Arkansas faced losing its Federal highway funds as a result of unfavorable findings by the Commercial Motor Vehicle Safety Regulatory Review Panel created by Congress in 1984. Thereafter, the 77<sup>th</sup> General Assembly enacted legislation creating the Arkansas Towing and Recovery Board [§27-50-1203(a)(1)], delegating to the Board authority to regulate Arkansas' towing industry [§27-50-1203(c)(1)]. Appropriations legislation was not enacted until 1993; therefore, implementation did not begin to be accomplished until late 1994.

The Towing and Recovery Board promulgates and administers rules and regulations for the towing industry, establishing reasonable licensing, insurance, and safety equipment requirements for businesses providing non-consent towing and related services [§27-50-1203(c)(1)(A)] and establishing reasonable safety equipment requirements for any business providing consent towing or using tow vehicles in any commercial purposes [§27-50-1203(c)(1)(B)].

The Towing and Recovery Board worked diligently in striving to bring more non-consent towing businesses as well as consent only businesses in compliance during FY99 and FY00. The Board issued 1,899 non-consent licenses, 2,934 tow vehicle safety permits. In FY01 and FY02 the Board issued approximately 1,136 non-consent licenses and 3,233 tow vehicle safety permits. In FY 03 and FY04 the Board issued approximately 1,075 non-consent licenses and 3,489 tow vehicle safety permits. It is the Board's continued goal to have all tow vehicles operating on Arkansas public roadways in compliance.

During FY01 and FY02, the participation of municipal, county, and state law enforcement agencies across the state continued to increase. Office staff continued to work with law enforcement agencies on a daily basis in helping bring and keep tow businesses in compliance.

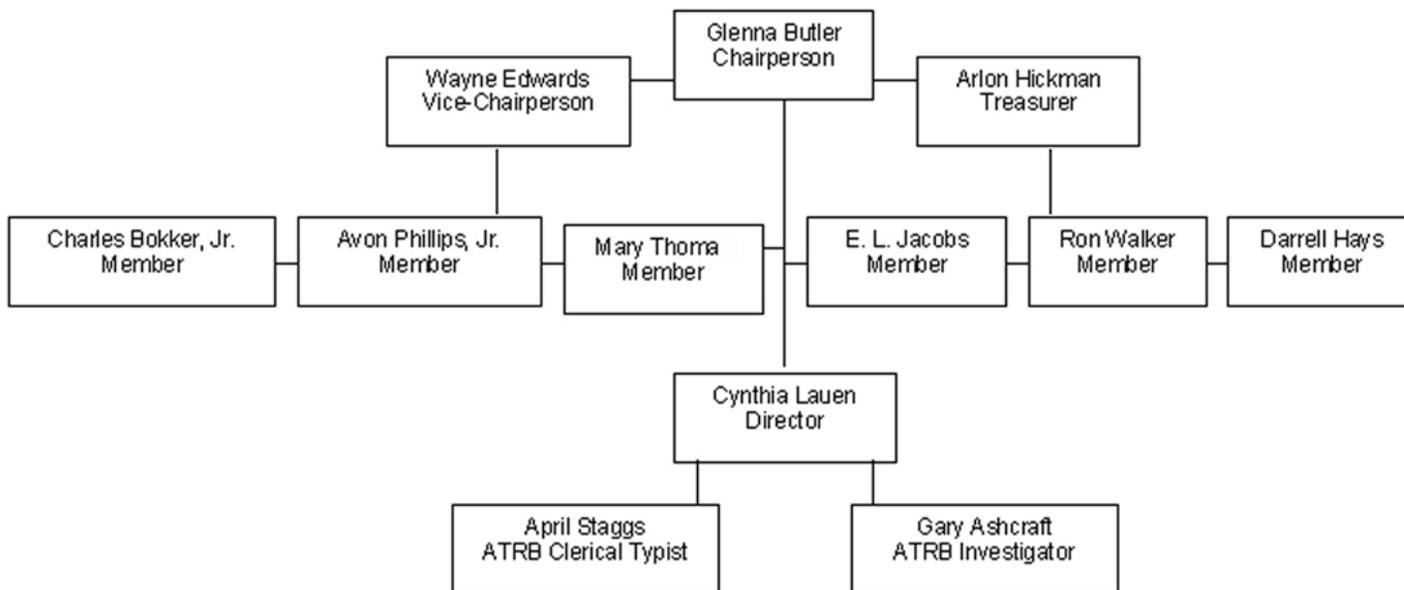
Fiscal years FY03 and FY04, were years of transition, the Board moved to a new location, established a web site, and continued to work with municipal, county and state law enforcement agencies with compliance issues.

Fiscal Years FY05 and FY06, the Board set to the task of regulating and reviewing excessive pricing in the towing industry. A towing investigator was added to the staff to help with the review and investigations for noncompliance and pricing complaints. The Board also updated the Rules and Regulations to reflect new regulatory authority to be current with the new legislation passed in the 2005 Legislative Session.

Fiscal years FY07 and FY08, the Board set to the task of regulating and reviewing excessive pricing complaints, fining some towing companies for excessive charges. The Board was able to complete more investigations, resulting in several hearings for violations. Fees for the Tow Safety license were raised to \$100.00, and Tow Safety permits were raised to \$36.00 in FY08. Both consent and non-consent tow companies were required to purchase a safety license, as the Board requires verification of minimum state

and federal insurance. In January 2008, the Board started working with the Department of Revenue with regards to the new "tow license plate". To get this license plate, tow operators must provide proof the tow vehicle has a tow vehicle safety permit issued by this agency.

The Arkansas Towing and Recovery Board is a nine-member board appointed by the Governor with a make-up of 4 Non-consent towing representatives, 2 Consent towing representatives, 2 citizen representatives, and 1 insurance representative. The Board has three employment positions: ATRB Director, ATRB Clerical Typist, and ATRB Tow Investigator.



## **Agency Commentary**

The Arkansas Towing & Recovery Board is a cash fund agency which receives its revenues from penalties assessed for violations, late filing fees, and fees for the license and vehicle safety permit issued to towing businesses.

The Board's operating expenditures have remained steady with increased cooperation of law enforcement agencies in helping keep members of the towing industry in compliance. The Board will have to reorder year tabs for its safety permit renewals.

With the increased support of law enforcement agencies, the complaints/investigations have considerably increased. The Board is requesting an additional investigator to help with the current back log of complaints/investigations. Eventually, the Board hopes the investigators will be able to conduct tow

currently perform these inspections. The Board also requests an increase in Operating Expenses for telephone, rent of office equipment, mileage, board member travel expenses, and for other refunds to equal FY08 expense.

With the statewide accounting system, AASIS, the Board continues the need for an appropriation to upgrade its current program basis as well as acquire new programs to assist in the computerizing the current manual processes in the office. In addition, the Board is in the process of upgrading some of its computers.

The current reserves and the projected revenues generated from the license and permit fees, late filing fees, the penalties from administrative hearings, and additional funding from citations issued by the courts for operating in violation of A.C.A. §27-50-1201 et seq. are believed to be sufficient to cover the Towing and Recovery Board's budget requests.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS TOWING AND RECOVERY BOARD  
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

## Employment Summary

	Male	Female	Total	%
White Employees	1	2	3	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			3	100 %

## Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
3600000	\$117,764	Checking	Simmons First Bank, Searcy, AR

Statutory/Other Restrictions on use:

A.C.A §27-50-1203(g)-(i) authorizes the disposition of funds, allowing the Board to operate.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §27-50-1203 (f) authorizes the Board to levy applicable towing fees, safety permit fees, and late filing fees. A.C.A. §27-50-1204 (d) authorizes the Board to prescribe monetary penalties.

Revenue Receipts Cycle:

Funds are collected throughout the year.

Fund Balance Utilization:

Warrants are written as necessary for Board expenditures with the balance remaining on deposit in the interest-bearing account.

**Publications**

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %	3	3	0	3	0	0.00 %

## Analysis of Budget Request

**Appropriation:** A28 - Cash Operations

**Funding Sources:** 360 - Towing & Recovery - Cash

The Towing & Recovery Board was established under Arkansas Code Annotated §27-50-1203 to regulate Arkansas' towing industry. The Board is responsible for promulgating and administering rules and regulations for the industry, establishing licensing, insurance and safety equipment requirements for towing and related services and establishing tow truck safety requirements for vehicles utilized for commercial purposes. The Board issues towing business licenses and tow vehicle safety permits, assesses late filing fees, and investigates allegations of violations. Funding is derived from fees levied on towing businesses.

Base Level positions were changed from unclassified to classified to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member stipends and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Change Level Request of \$41,064 for FY10 and \$41,787 for FY11 is for a new investigator position and Operating Expenses.

The new investigator position is to assist in completing administrative and consumer complaints and investigations and resolve the backlog of complaints and to conduct safety inspections. This results in an increase in Regular Salaries and Personal Services Matching of \$36,598 for FY10 and \$37,321 for FY11. The increase in Operating Expenses of \$4,466 each year is primarily for increases in mileage and board member travel expenses.

Executive Recommendation provides for Base Level. The request for an additional position is denied as unsupported under current revenue collections. Expenditure of appropriation is contingent upon available funding.

## Appropriation Summary

**Appropriation:** A28 - Cash Operations  
**Funding Sources:** 360 - Towing & Recovery - Cash

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	76,250	77,946	77,346	83,049	109,580	83,049	84,795	111,936	84,795
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>
Personal Services Matching 5010003	26,301	26,431	27,446	30,129	40,196	30,129	30,457	40,637	30,457
Operating Expenses 5020002	42,708	42,840	42,840	42,840	47,306	42,840	42,840	47,306	42,840
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	6,710	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>151,969</b>	<b>154,417</b>	<b>154,832</b>	<b>163,218</b>	<b>204,282</b>	<b>163,218</b>	<b>165,292</b>	<b>207,079</b>	<b>165,292</b>
<b>Funding Sources</b>									
Fund Balance 4000005	140,607	117,764		75,108	75,108	75,108	39,644	39,644	80,708
Cash Fund 4000045	129,126	111,761		127,754	168,818	168,818	138,221	180,008	180,008
Total Funding	269,733	229,525		202,862	243,926	243,926	177,865	219,652	260,716
Excess Appropriation/(Funding)	(117,764)	(75,108)		(39,644)	(39,644)	(80,708)	(12,573)	(12,573)	(95,424)
<b>Grand Total</b>	<b>151,969</b>	<b>154,417</b>		<b>163,218</b>	<b>204,282</b>	<b>163,218</b>	<b>165,292</b>	<b>207,079</b>	<b>165,292</b>

The FY09 Budgeted amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

## Change Level by Appropriation

**Appropriation:** A28 - Cash Operations  
**Funding Sources:** 360 - Towing & Recovery - Cash

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>163,218</b>	<b>3</b>	<b>163,218</b>	<b>100.0</b>	<b>165,292</b>	<b>3</b>	<b>165,292</b>	<b>100.0</b>
C01	Existing Program	41,064	1	204,282	125.2	41,787	1	207,079	125.3

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>163,218</b>	<b>3</b>	<b>163,218</b>	<b>100.0</b>	<b>165,292</b>	<b>3</b>	<b>165,292</b>	<b>100.0</b>
C01	Existing Program	0	0	163,218	100.0	0	0	165,292	100.0

### Justification

C01	The Board requests one (1) new investigator position to assist in completing administrative and consumer complaints/investigations and resolve backlog of complaints and to conduct safety inspections. This will result in an increase in Regular Salaries and Personal Services Matching of \$36,598 for FY10 and \$37,321 for FY11. The board also requests an increase in Operating Expenses of \$4,466 each year of the biennium for increases in telephone expense, office equipment rental, mileage, board member travel expenses, due to increases in fuel and other travel related expenses; and other refunds.
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