

SUBJECT: Requiring vehicle storage facilities to accept non-cash payments

COMMITTEE: County Affairs — committee substitute recommended

VOTE: 6 ayes — R. Allen, W. Smith, Casteel, Farabee, Laney, Otto

0 nays

3 absent — Coleman, Naishtat, Olivo

WITNESSES: For — Jeannette Rash, Texas Towing and Storage Association

Against — None

DIGEST: CSHB 1584 would require all private and public vehicle storage facilities used to store or park at least 10 vehicles per year to accept payments, in addition to cash, by either electronic check, debit card, or credit card.

This bill would take effect September 1, 2005.

SUPPORTERS SAY: CSHB 1584 would make retrieving vehicles from storage facilities more convenient for the public by requiring facilities to accept payment in multiple forms. Most facilities accept cash only, which can create problems for patrons who do not carry cash. Cars stored in such facilities usually have been towed recently, and owners may not be prepared to pay for the sudden expense with cash. On the other hand, most people typically do carry debit cards or credit cards because it is a safe and convenient way to make larger purchases without carrying cash.

Small storage operations unequipped with the technology to process electronic and credit card payments would benefit from upgrading their cashier systems. The general public uses cash much less often than other forms of payment with the proliferation and convenience of electronic payments and debit/credit card use. By requiring facilities to allow a form of payment other than cash, transactions could be completed more quickly and customer satisfaction would improve.

The bill would not create added costs to most facilities, which in many cases are multi-service operations, servicing and repairing automobiles in

addition to storing them. While such facilities often accept cash only for storage payments, they frequently will accept electronic check and debit/credit card payments for other services.

OPPONENTS
SAY:

Cars usually are stored at facilities because they were towed after their owners parked them illegally. Parking violators impede traffic flow and inconvenience police officers, and the law should not accommodate them further. Cash is readily available at ATM machines located in even the most rural areas of Texas. The public should be responsible for paying for services in the manner preferred by storage facilities.

The bill would create costs for many small businesses and public operations for the sake of accommodating parking violators. The purchasing and maintenance costs of new equipment could be significant to smaller operations. Some storage facilities depend on cash payments for their livelihoods. Non-cash payments would slow cash flow and stop daily operations for some small businesses. At the very least, this bill should apply only to facilities in populous counties that tend to do larger volumes of business.

NOTES:

The original bill would have required counties with populations of 500,000 or greater to accept alternative payments. The substitute would apply to all counties.