

Prohibiting Towing for Parking Ticket Debt Collection

Minnesota statute explicitly prohibits towing a car at an expired meter, but makes an exception for vehicles with five or more unpaid parking tickets; this legislation would simply eliminate this exception.

HF4762 (KOEGL) / SF4926 (McEWEN)

Why Is This Important?

- Towing is an ineffective tool for debt collection: A recent audit of nonessential and debt-related towing in San Diego, CA revealed that the city actually lost approximately \$1.5 million on the practice—with 27 percent of vehicles going unrecovered and sold for just a fraction of the owner's debts.
- The unnecessary loss of a vehicle has immediate, negative economic outcomes: 82 percent of Minnesotans use a car to commute to work, and 30 percent of households have only one vehicle.
- Parking tickets issued at expired meters are common: 37 percent of parking tickets issued in Minneapolis are for vehicles at expired parking meters.
- Minnesota is leading on eliminating ineffective debt collection practices in transportation: This builds on recent legislation that has modernized the state by eliminating driver's license suspension for unpaid fines and fees and reforms made last session to towing statutes.

HOLDING DRIVERS ACCOUNTABLE

Unpaid traffic tickets accrue late fees and are sent to collections, just like other non-traffic related debt. The Minnesota Department of Revenue carries out collections for the State of Minnesota, using the following measures to collect unpaid debt:

Revenue recapture (withholding payment for debt from your tax refund)

Garnishment of wages, bank accounts, or other income

Filing a lien against property

These are current practices and would not change under this legislation.

CASE STUDY

The High Cost of Vehicle Recovery in Minneapolis

The Urban Institute published a study in 2023 that examined the practice of issuing parking tickets in the cities of Minneapolis, Portland, and Austin and the impact the practice has on institutionalizing poverty.

Some conclusions:

- Minneapolis issues the 5th highest number of tickets in the country behind Philadelphia, New York City, San Francisco, and Los Angeles. Given the far-larger populations of those cities, Minneapolis is an outlier.
- For meter-related tickets, amounts ranged from \$20 to \$78 in Austin; \$44 to \$70 in Portland; and \$45 to \$180 in Minneapolis.
- The number of tickets issued per city resident in Austin was .26 per person; Portland .73/person; and Minneapolis 1.09/person.

A person making the median individual income in Minneapolis would lose about 22 percent of their monthly take-home pay in a situation where their vehicle needed to be recovered.

Standard tow fee	\$138
3 days of daily impound fees	\$54
Notification fee.....	\$6
5 unpaid parking tickets	\$400
Expired parking meter ticket.....	\$42
TOTAL:	\$640

Costs are even higher if any tickets have been sent to collections, or if an individual cannot quickly recover their vehicle.

Source: City of Minneapolis, <https://bit.ly/43gs0tw>

SUPPORTERS:

