

# AR TOWING AND RECOVERY BOARD

## Enabling Laws

Act 2087 of 2005

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 77th 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.

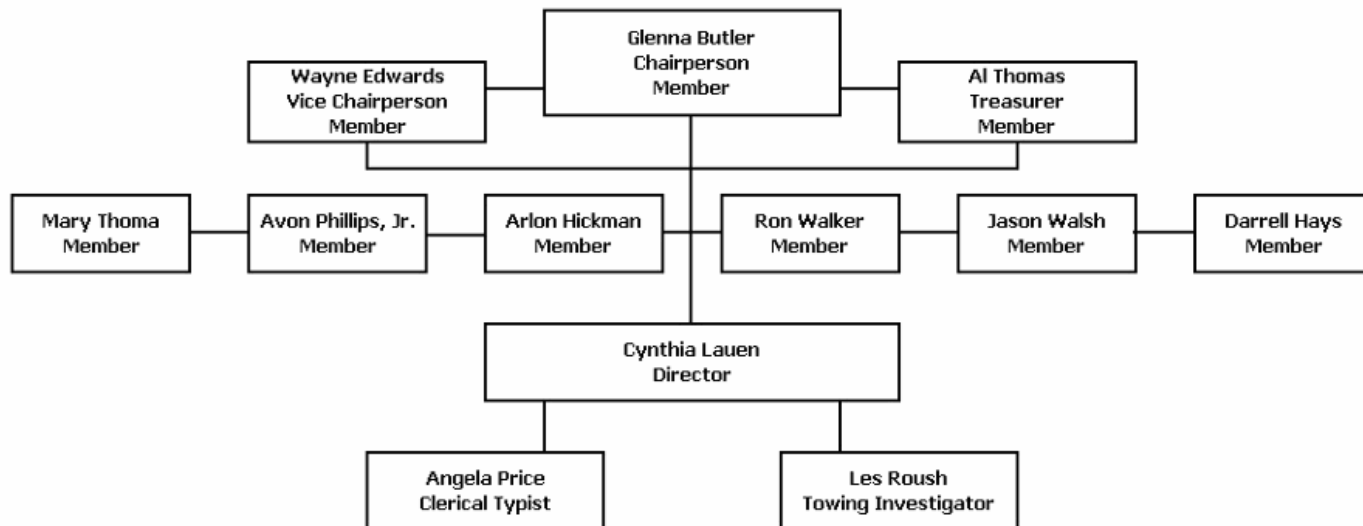
During FY01 and FY02, the participation of municipal, county, and state law enforcement agencies across the state continued to increase. Office staff continued to work with law enforcement agencies on a daily basis in helping bring and keep tow businesses in compliance.

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.

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 revenues from penalties assessed for violations, late filing fees, and fees for the license and vehicle safety permits 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. The Board is asking for an increase in the line item board member stipends in order to cover the maximum possible cost, because of the new handling of stipend payments.

With the statewide 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 computerizing the current manual processes in the office. In addition, the Board is in the process of upgrading/adding to its current website/page.

The current reserves and the projected revenues generated from the licensing and permit fees, late filing fees and the penalties paid by the members of the towing industry are believed to be sufficient to cover the Towing & Recovery Board's budget request.

## 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	0	2	2	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			2	100 %

## Cash Fund Balance Description as of June 30, 2006

Fund Account	Balance	Type	Location
3600000	\$174,791	Checking	Simmons First Bank, Searcy, AR

### Statutory/Other Restrictions on use:

ACA §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:

Checks 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**

FY2004-2005						FY2005-2006						FY2006-2007					
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			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
2	2	0	2	0	0.00%	3	3	0	3	0	0.00%	3	2	1	3	0	33.33%

## **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. Responsibilities of the Board include promulgating and administering rules and regulations for the industry, licensing, insurance and safety equipment requirements for any person engaging in towing and related services; and establishing tow truck safety requirements. The Board issues tow 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.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request of \$73,766 for FY08 and \$73,766 for FY09 for Regular Salaries does include board member Stipend payments. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Board requests an increase in Regular Salaries and Personal Services Matching of \$896 for FY08 and \$896 for FY09. The request is to cover all board members stipends for each fiscal year, including regular board meetings and any special hearings and/or committee meetings.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

## Appropriation

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	65,440	73,766	68,118	73,766	74,598	74,598	73,766	74,598	74,598
<b>#Positions</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Personal Services Matching 5010003	24,167	25,705	24,327	26,825	26,889	26,889	26,825	26,889	26,889
Operating Expenses 5020002	38,017	42,840	42,840	42,840	42,840	42,840	42,840	42,840	42,840
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	6,925	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>134,549</b>	<b>149,511</b>	<b>142,485</b>	<b>150,631</b>	<b>151,527</b>	<b>151,527</b>	<b>150,631</b>	<b>151,527</b>	<b>151,527</b>
<b>Funding Sources</b>									
Fund Balance 4000005	218,701	181,192		110,380	110,380	110,380	52,587	52,587	52,587
Cash Fund 4000045	97,040	78,699		92,838	93,734	93,734	95,650	96,546	96,546
<b>Total Funding</b>	<b>315,741</b>	<b>259,891</b>		<b>203,218</b>	<b>204,114</b>	<b>204,114</b>	<b>148,237</b>	<b>149,133</b>	<b>149,133</b>
Excess Appropriation/(Funding)	(181,192)	(110,380)		(52,587)	(52,587)	(52,587)	2,394	2,394	2,394
<b>Grand Total</b>	<b>134,549</b>	<b>149,511</b>		<b>150,631</b>	<b>151,527</b>	<b>151,527</b>	<b>150,631</b>	<b>151,527</b>	<b>151,527</b>

The FY07 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to board stipend adjustments during the 2005-07 biennium.

## Change Level by Appropriation

**Appropriation:** A28-Cash Operations

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

### Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	150,631	3	150,631	100.0	150,631	3	150,631	100.0
C01	Existing Program	896	0	151,527	100.5	896	0	151,527	100.5

### Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	150,631	3	150,631	100.0	150,631	3	150,631	100.0
C01	Existing Program	896	0	151,527	100.5	896	0	151,527	100.5

### Justification

C01	The increase is requested to cover all board member stipends each fiscal year, including regular board meetings, any special hearings, and/or committee meetings.
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