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City Clerk's Office Legislative Reference Bureau

MEMORANDUM

To: Ald. Marina Dimitrijevic
From: Dave Gelting, Legislative & Fiscal Services Specialist
Date: July 23, 2025
Subject: Vehicle Towing, Unpaid Parking Tickets, Equity

On July 22, 2025, you requested that the Legislative Reference Bureau research potential equity impacts that could be associated with a policy of towing cars because of unpaid parking tickets. This request is in the context of Common Council File 250163, "A substitute ordinance relating to the removal and impoundment of motor vehicles owned by habitual parking violators." ¹

It is common sense that people with lower income experience more hardship upon being issued a particular fine or forfeiture when compared to people with higher income. In the context of the viewpoint that the purpose of a fine or forfeiture is to deter certain behavior, it is argued that fixed-penalty fines are an inefficient means of deterrence, as such fines have proportionally less deterrence effect on higher-income people due to the smaller hardship that such a person will incur through paying the fine.² The opposite case logically follows, wherein a fine that can be easily paid by a higher-income person can be a significant financial setback for a person with lower income.

An investigation by the Ombudsman of the City of Portland, Oregon found that the cost of a single vehicle tow was nearly half of the monthly rent in some low-income apartment complex units, without even considering the additional costs associated with daily storage fees.³ Interviews with impacted residents highlighted the financial and emotional toll the towing of their vehicles caused, including the risk of losing their car if they cannot pay the fees, which then may lead to losing employment and potential eviction.

¹ Milwaukee Common Council File Number 250163, "A substitute ordinance relating to the removal and impoundment of motor vehicles owned by habitual parking violators."

<https://milwaukee.legistar.com/LegislationDetail.aspx?ID=7401662&GUID=9EE62BF6-6100-487D-A6D2-1AF109A4E3D5&Options=&Search=>

² Travis Martin, May 27, 2025, "Why America Needs to Adopt a Sliding Fine Scale for Speeding Tickets and Other Moving Violations" <https://travisjmartin.medium.com/why-america-needs-to-adopt-a-sliding-fine-scale-for-speeding-tickets-and-other-moving-violations-b62bb954a995>

³ City of Portland, OR, Auditor's Office, Ombudsman, May 15, 2024, "Findings and recommendations on towing from Hacienda CDC properties in the Cully neighborhood" <https://www.portland.gov/auditor/ombudsman/news/2024/10/2/ombudsman-investigation-finds-predatory-towing-harmed-residents>

The Los Angeles Center for Community & Social Justice, in its report “Towed into Debt: How Towing Practices in California Punish Poor People,” reviewed a number of studies related to the impacts of vehicle impoundment on low-income workers, and reported that: ⁴

- A lack of access to reliable transportation was the second biggest immediate barrier to employment, behind reliable child care.
- Car ownership plays a bigger role in getting a job than having a high school diploma.
- Unemployed people with access to cars were more likely to find a job and leave welfare than individuals without vehicles.
- Workers with access to a car were almost twice as likely to remain employed over a full 18- to 24-month period when compared to workers without a car.
- Even where there is public transportation, car drivers often have access to a wider variety of jobs and can make themselves available for longer hours.

The report found that, in California, the average price people must pay to recover their vehicle after a debt-collection tow is over \$1,100, and highlighted research that demonstrates that almost half of American adults lack the savings necessary to cover an unanticipated expense of \$400 or more. The report also warned of the opportunity for corruption when a vehicle can be towed for minor infractions. In 2014, police officers in King City, California were charged with involvement in a kickback scheme, wherein a private towing company would pay police officers in exchange for ordering tows based on minor infractions, such as expired registration. A class action lawsuit resulted in a \$1.2 million settlement for the victims of this operation.

Also highlighted in the report was the fact that vehicle owners in California can be issued a parking ticket if their car is parked in the same place on the street for more than 72 hours. Such a violation is naturally more likely to be issued to people who do not have a high enough income to afford off-street parking. A case study was presented in which a person became sick and needed to go to the hospital. While recovering in the hospital, their motorcycle was parked on the street for more than 72 hours and was ultimately towed. By the time the person discovered what had happened, they could not afford the tow and storage fees despite working full-time, and the motorcycle was ultimately sold off by the tow company.

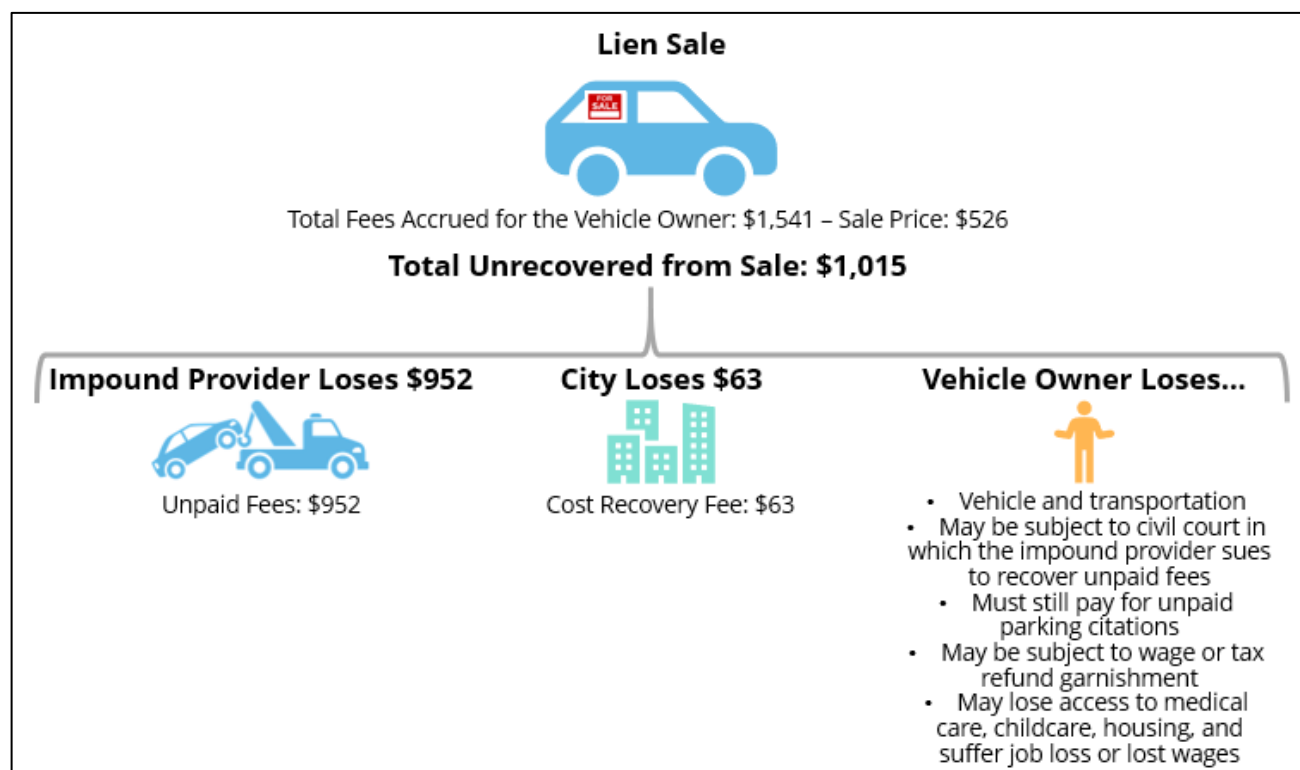
A performance audit of the City of San Diego’s towing program found that, from 2017 to 2021, between 27 and 40 percent of all tows were due to what the report calls “disproportionate impact tows.” These tows are for five or more unpaid citations, expired registration over six months, or 72-hour parking violations. The audit found that disproportionate impact tows “lead to increased

⁴ Los Angeles Center for Community & Social Justice, 2019, “Towed Into Debt: How Towing Practices in California Punish Poor People” <https://wclp.org/wp-content/uploads/2019/03/TowedIntoDebt.Report.pdf>

likelihood of people losing their vehicles via lien sales, which can mean unrecovered costs for the City, the impound provider, and potentially severe impacts on some vehicle owners.”⁵

Two San Diego council districts had a substantially higher percentage of disproportionate impact tows than other districts, and those two districts were two of the three with the lowest median household incomes in San Diego. Disproportionate impact tows in San Diego were between three and five times more likely than other tows to result in a lien sale of the towed vehicle.⁶ San Diego loses money when the lien sale amount falls short of the fees owed, and was predicted to lose approximately \$309,000 in FY2023 due to lien sales.⁷ The City’s top two reasons for towing, which are also disproportionate impact tows, most frequently result in lien sales, and the average sale price for these vehicles only recovers 25 percent of the fees owed.⁸ Figure 1 is reproduced from the report and illustrates a simple example of lien sales’ impact to multiple parties.⁹

Figure 1: City of San Diego, Example of Lien Sale Economic Impact



In July, 2023, the California Court of Appeal decided that the towing of cars due to unpaid parking tickets, absent a warrant, is an unreasonable seizure within the meaning of article I,

⁵ City of San Diego, Office of the City Auditor, November, 2022, “Performance Audit of the City’s Towing Program” https://www.sandiego.gov/sites/default/files/23-005_performance_audit_of_the_citys_towing_program.pdf

⁶ Ibid, page 16

⁷ Ibid, page 21

⁸ Ibid, page 22

⁹ Ibid, page 25

section 13 of the California Constitution and the Fourth Amendment to the United States Constitution.¹⁰ The Court found that the interest in deterring parking violations and nonpayment of parking fines did not justify warrantless tows under the vehicular community caretaking exception to the Fourth Amendment. At the time of the decision, California Assembly Bill 1082 had been introduced; the bill would have prohibited the towing or immobilizing of a vehicle due to outstanding tickets.¹¹

In May, 2024, the State of Minnesota ended the practice of towing vehicles for unpaid parking tickets when it adopted the state's annual transportation omnibus bill. Under previous law, vehicles with five or more unpaid parking tickets were allowed to be towed when parked at an expired parking meter. The Minnesota State Policy Manager for the Justice Action Network, when discussing this provision of the omnibus bill, argued that garnishing wages and revenue capture via tax refunds are far more effective ways to collect parking ticket debt than towing vehicles, and praised the state as a leader in legislation related to fines and fees.¹²

Please let me know if you would like any additional information on this topic.

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¹⁰ Justia, U.S. Law, Coalition on Homelessness v. City and County of San Francisco, In the Court of Appeal of the State of California, First Appellate District, Division Five, July 21, 2023, <https://law.justia.com/cases/california/court-of-appeal/2023/a164180.html>

¹¹ CBS News, July 25, 2023, "Court finds towing of cars with unpaid tickets unconstitutional" <https://www.cbsnews.com/sanfrancisco/news/court-finds-towing-of-cars-with-unpaid-tickets-unconstitutional/>

¹² MinnPost, May 21, 2024, "No more being towed in Minnesota for unpaid parking tickets" <https://www.minnpost.com/state-government/2024/05/no-more-being-towed-in-minnesota-for-unpaid-parking-tickets/>