

Transitioning Oversight of the Towing and Vehicle Storage Sector to the Province of Ontario

Date: September 7, 2023
To: Economic and Community Development Committee
From: Executive Director, Municipal Licensing and Standards
Wards: All

SUMMARY

The City of Toronto is one of twenty Ontario municipalities that license and oversee the towing and vehicle storage industries. In June 2021, the Ontario government passed the Towing and Storage Safety and Enforcement Act (TSSEA) to establish a framework to transition municipal oversight of the towing and vehicle storage sectors to the province.

The purpose of this report is to outline the Province's new authority over the towing and vehicle storage sectors, introduce technical amendments to City by-laws to reflect new provincial oversight, and discuss additional transitional matters related to the City's current role in licensing towing and vehicle storage providers.

TSSEA and related amendments to the City of Toronto Act, 2006 mean that as of January 1, 2024, municipalities in Ontario will no longer have the authority to license and regulate most aspects of the towing and vehicle storage sectors. As a result, Toronto Municipal Code Chapter 545, Licensing and Chapter 441, Fees and Charges must be amended to remove Tow Truck Driver and Tow Truck Owner licensing categories and related licensing provisions, as well as associated licensing fees. In addition, public garages that exclusively receive or store towed vehicles can no longer be licensed by the City. A City of Toronto licence will still be required for all other public garages.

To transition to the provincial regime, staff are seeking City Council's approval to extend the licence term of existing Tow Truck Drivers, Tow Truck Owners and Public Garages that exclusively receive or store towed vehicles to December 31, 2023, without them needing to pay the associated licence renewal fee.

This report was prepared in consultation with Legal Services, Policy, Planning, Finance and Administration and the Toronto Police Service's Parking Enforcement Unit.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards recommends that City Council:

1. Amend Toronto Municipal Code Chapter 545, Licensing, to move §545-104G and H, §545-113A and B, §545-265, 266, and 267, which set conditions on tows from private or municipal property, to Chapter 915, Parking on Private or Municipal Property, as of January 1, 2024.
2. Amend Toronto Municipal Code Chapter 545, Licensing, to move the definitions of "Gross Vehicle Weight Rating", "Hirer", and "Toronto Police Service Contract Rate" to Chapter 915, Parking on Private or Municipal Property, as of January 1, 2024.
3. Amend Toronto Municipal Code, Chapter 915, Parking on Municipal or Private Property, by adding a definition of "Public Garage" as follows:

PUBLIC GARAGE - A building or place that receives or stores towed motor vehicles.
4. Amend Toronto Municipal Code Chapter 545, Licensing, to delete all remaining licensing requirements and provisions that relate to Tow Truck Drivers and Tow Truck Owners, as of January 1, 2024.
5. Amend Toronto Municipal Code Chapter 545, Licensing, to delete all licensing requirements and provisions related to Collision Reporting Centres, as of January 1, 2024.
6. Amend Toronto Municipal Code Chapter 441, Fees and Charges, Appendix C, Schedule 12, to delete fees associated with Tow Truck Drivers, Tow Truck Owners, and accredited vehicle repair facilities, as of January 1, 2024.
7. Delete §150-12 from Toronto Municipal Code Chapter 150, Municipal Law Enforcement Officers, as of January 1, 2024.
8. Extend the term of licences held as of October 1, 2023 by Tow Truck Drivers, Tow Truck Owners, and Public Garages that exclusively receive or store towed vehicles to December 31, 2023, without the need to pay associated licence renewal fees.
9. Approve such amendments to Toronto Municipal Code Chapters 150, 441, 545, and 915 as required by the City Solicitor and the Executive Director, Municipal Licensing and Standards to give effect to these recommendations.

FINANCIAL IMPACT

Starting January 1, 2024, the City of Toronto's authority to license the towing industry will end, resulting in a loss of revenue associated with fees to license tow truck drivers, tow truck operators, and public garages that only receive and store towed vehicles. The 2023 licensing fees are as follows:

- Application fee: Tow Truck Driver licence \$438.72
- Renewal fee: Tow Truck Driver licence \$324.66
- Application fee: Tow Truck Owner licence \$1,301.62
- Renewal fee: Tow Truck Owner licence \$865.80
- Application fee: Public Garage licence \$ 463.46
- Renewal fee: Public Garage licence \$ 311.61

If the recommendations in the report are adopted, the revenue impact for the balance of 2023 is expected to be an approximate loss of \$211,143 from waiving the renewal licence fees for tow truck owners and drivers from October 1, 2023, to December 31, 2023 (see Table 2 for details).

The 2024 net budget pressure is projected to be approximately \$755,000, resulting from a revenue loss of \$850,000 from the removal of tow truck driver and owner licensing fees, offset by cost savings of \$95,000 from the elimination of one staff position associated with supporting Court Services at the Toronto Licensing Tribunal. Revenue savings would result from the cessation of administrative and compliance work associated with the City's licensing function, including costs associated with hearings at the Toronto Licensing Tribunal (of which 40% of cases in 2022 were related to towing licences). Other resources and staff currently associated with the licensing and enforcement of the towing sector will be redeployed to priority files, to support the increasing workload of the division as pre-pandemic activities continue to rebound within many of the sectors regulated by City by-laws.

Table 1 below outlines the number of licences issued and renewed for tow truck drivers and owners in 2021, 2022 and part of 2023. Table 2 outlines the number of licences set to expire between October and December of 2023 and the estimated revenue loss if fees are waived.

Note that staff are unable to determine the specific revenue impacts for public garages, however it is expected to be minimal (less than \$6,000), as only 18 licensed public garages exclusively store vehicles. Determining which of these 18 public garages only store towed vehicles will be identified when each licensee is up for renewal. Collision Reporting Centers are a classification of the public garage licence and there are currently two operators with this classification. The City is seeking to discontinue licensing them as there is no longer a municipal purpose to do so.

Table 1. Licences by Year and Revenue (2021-2023)

| | 2021 | | 2022 | | January 1 to July 30, 2023 | |
|------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| Licence Type | Number of Licences Issued & Renewed | Revenue of Licences Issued & Renewed | Number of Licences Issued & Renewed | Revenue of Licences Issued & Renewed | Number of Licences Issued & Renewed | Revenue of Licences Issued & Renewed |
| Tow Truck Driver | 731 | \$217,329.65 | 782 | \$236,490.39 | 451 | \$140,512.36 |
| Tow Truck Owner | 754 | \$639,441.84 | 715 | \$612,661.20 | 438 | \$407,194.59 |
| TOTAL | 1485 | \$856,771.49 | 1497 | \$849,151.59 | 889 | \$547,706.95 |

Table 2. Financial Impact on Revenues for Waived Renewal Fees

| | October 1, to December 31, 2023 | |
|------------------|----------------------------------|---|
| Licence Type | Number of Licences Set to Expire | Estimated Revenue Loss from Waived Renewal Fees |
| Tow Truck Driver | 237 | \$76,944 |
| Tow Truck Owner | 155 | \$134,199 |
| TOTAL | 392 | \$211,143 |

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

In June 2023 through the approval of [Bill 91, Less Red Tape, Stronger Economy Act, 2023](#), the Ontario government made amendments to the Towing and Storage Safety and Enforcement Act (TSSEA) as well as amended the [City of Toronto Act, 2006](#) (COTA) to remove the City of Toronto's authority to provide for a system of licences with respect to tow operators or vehicle storage operators. The amendment to COTA comes into force on January 1, 2024.

In June 2021, the Ontario government passed the [Towing and Storage Safety and Enforcement Act](#) (TSSEA). The TSSEA establishes a provincial oversight framework for the towing and vehicle storage sector, replacing municipal regimes, and will be fully implemented as of January 1, 2024.

At its meeting on October 2, 2017, City Council amended [2017.LS21.1: Tow Truck Industry Review and Recommendations](#), which included amendments to update the rules and rates for the tow truck industry including consumer protection provisions for tows from private property.

COMMENTS

Provincial Oversight of the Towing and Vehicle Storage Sectors

In June 2020, the Province of Ontario established a towing task force to increase safety and enforcement, clarify protections for customers, improve industry standards, and consider tougher penalties for violators. The task force recommended that the province develop new legislation to establish a comprehensive provincial oversight model for the towing and vehicle storage sectors, with the goal to make the towing industry safer and more consistent across the province. The following is a description of the province's timeline:

- In June 2021, the Ontario government passed the Towing and Storage Safety and Enforcement Act (TSSEA) to establish a framework to transition municipal oversight of the towing and vehicle storage sectors to the Province. In June 2023, the Ontario government passed further amendments to the TSSEA and the City of Toronto Act (COTA).
- In July 2023, the province introduced and began accepting applications for three certificate types: Tow Operator (a person or company that offers towing services), Tow Truck Driver, and Vehicle Storage Operator. The certificate fee will be waived until July 2024.
- Tow Operators and Vehicle Storage Operators are required to have a provincial certificate to operate by January 1, 2024. Tow Truck Drivers have until July 1, 2024, to apply for their certificate.
- On January 1, 2024, the new TSSEA requirements, including customer protection and standards of practice for the industry, as well as relevant amendments to COTA, will come into force. The City's ability to license tow and some vehicle storage operators will end and enforcement of the TSSEA by the province will begin.

The Province engaged with industry and municipalities, including the City of Toronto, during the development of proposed changes.

Proposed Amendments to the Toronto Municipal Code to Align with Provincial Legislation

A. Provisions related to licensing and licence fees

The City will continue to exercise its authority to license and regulate the tow industry until December 31, 2023, after which oversight of the industry will become the responsibility of the province. Staff are preparing for this transition by seeking Council

approval to amend the Toronto Municipal Code to align with the requirements of the TSSEA and amendments to COTA. Licensing requirements and regulatory provisions for Tow Truck Drivers and Tow Truck Owners and associated fees will be removed from city by-laws.

In addition, public garages that exclusively receive or store towed vehicles will become part of the new provincial regime and will no longer require a municipal business licence. As such, staff are also seeking to remove Collision Reporting Centres from the classification of Public Garage licences and all related regulatory provisions because there is no longer a municipal purpose to regulate activities associated with this type of business. If approved, Collision Reporting Centres will no longer require a licence from the city. Public garages that carry out other functions in addition to storing and receiving towed vehicles (such as vehicle repair, and non-tow vehicle storage) will continue to require a municipal licence to operate.

B. Provisions related to tows from private property

Provisions in Chapter 545 related to tows from private property will be deleted as the City will stop licensing tow truck drivers and owners, however the City retains authority to regulate tows from private properties. Tows from private property are enforced by Toronto Police Service, Parking Enforcement Unit and are regulated through Toronto Municipal Code Chapter 915, Parking on Private or Municipal Property. Staff recommend that the provisions related to tows from private property be removed from Chapter 545 and be added to Chapter 915 as they will no longer fit into the licensing regime. Staff propose moving the following provisions from Chapter 545 to Chapter 915:

- 545-104. Sections G and H. Duties of owners and drivers upon being hired, solicitation of tow services.
- 545-113. Towing of vehicles less than 6,000 kilograms from private property; maximum towing and storage fee.
- 545-265. Conditions precedent to receiving vehicles towed from private property.
- 545-266. Garage owner to notify Parking Enforcement Unit upon receipt of vehicle towed from private property.
- 545-267. Conditions precedent to garage owner charging owner of vehicle towed from private property.

These changes will continue the consumer protection intended by maintaining certain requirements for towing vehicles from private property, including that there is a record of every tow carried out in Toronto from private property and that the tows are conducted by an authorized official.

C. Provisions related to compliance with the licensing by-law

Staff recommend that section 12 of Toronto Municipal Code Chapter 150, Municipal Law Enforcement Officers be amended to remove the requirement to comply with Chapter 545, Licensing, as it relates to tow truck owners and tow truck drivers who will no longer be licensed by the City of Toronto.

Transitional Matters

A. Tow Truck Drivers and Owners and Eligible Public Garage Licences to Continue until December 31, 2023

Staff recommend that City Council deem licences for tow truck drivers, owners and public garages that exclusively receive or store towed vehicles to continue until December 31, 2023, and the annual renewal fee be waived, for licensees who are in good standing and eligible for renewal between October 1, 2023, and December 31, 2023. This would allow staff to stop issuing renewal notices and processing renewal fees for approximately 237 tow truck drivers and 155 tow truck owners, as the City works towards ending its licensing activities. Staff will determine the eligibility of public garage licences to continue upon application to renew the business licence because not all public garages licensees are affected by the provincial changes.

Staff are not seeking approval for prorated licensing fees, or to provide refunds for annual fees paid for tow related licences prior to October 1, 2023, as administration and compliance activities will continue until the end of the year. Note the province's certificate fees are waived until July 2024, to reduce an overlap in fees paid to both the province and municipalities.

B. Continued Oversight of the Tow Truck Industry and Wrap-up Processes

The City will continue to carry out investigation and enforcement activities up until December 31, 2023, as per the authority of the City of Toronto Act (COTA) and Chapter 545, Licensing. During the transition period leading up to January 1, 2024, if requested the City would continue to issue new licences for tow truck drivers, owners and public garages that exclusively receive or store towed vehicles. Applicants would need to pay the full annual, non-refundable fee. The City will advise potential applicants of the provincial requirements that will be in effect starting January 1, 2024, including that the province has already started accepting applications for towing and vehicle storage certificates.

The City will continue to respond to and investigate service requests and complaints as well as carry out appropriate enforcement activities until December 31, 2023. The City will continue Toronto Licensing Tribunal ("Tribunal") matters until January 1, 2024. Court proceedings would continue for any charges before the court that were laid prior to January 1, 2024. In the interest of consumer protection, court and tribunal decisions will be used by the Province to determine eligibility for the issuance of tow operator, tow truck driver and vehicle storage operator certificates.

Changes to the oversight of the sector have been communicated by the Province through various channels, including through Ontario's towing task force, email, and website updates. Staff have made associated updates to the City's towing webpages and will be contacting current licence holders in advance of December 31, 2023 and on an ongoing basis as necessary.

Conclusion

As of January 1, 2024, municipalities across Ontario will no longer have the authority to licence tow truck drivers, operators and public garages that exclusively receive or store towed vehicles. Proposed transitional measures and technical amendments to City by-laws outlined in this report would support and enable the transition to the provincial oversight of the towing and vehicle storage sectors.

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SIGNATURE

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