

Committee of the Whole (2) Report

DATE: Tuesday, December 5, 2023

WARD(S): ALL

TITLE: **TRANSITIONING OVERSIGHT OF TOWING INDUSTRY TO THE PROVINCE**

FROM:

Gus Michaels, Deputy City Manager, Community Services

ACTION: DECISION

Purpose

Staff seek to remove tow truck licensing regulations from the City's Licensing By-law and the associated fees from the City's Fees and Charges By-law to reflect new provincial oversight of this industry.

Report Highlights

- In June 2021, the Ontario government passed the *Towing and Storage Safety and Enforcement Act*, which establishes a provincial oversight framework for the towing and vehicle storage sector, replacing municipal regimes, to be fully implemented as of January 1, 2024.
- Due to the new provincial oversight, staff recommend removing towing regulations from the Licensing By-law 122-2022, as amended, and associated fees from Fees and Charges By-law 010-2023, or its successor by-law.

Recommendations

1. THAT the City's Licensing By-law 122-2022, as amended, be amended by repealing licensing provisions for tow truck brokerages, tow truck owners and tow truck drivers and otherwise deleting associated definitions and references to tow trucks in other sections that were included for the purposes of regulating the towing business;
2. THAT the City's Fees and Charges By-law 010-2023, or its successor by-law, be amended by repealing licensing fees for tow truck brokerages, owners and

drivers as well as any other fees relating to the tow truck industry, such as fees for tow authorization books;

3. THAT the corresponding amendments in Attachment 1 be implemented in a form satisfactory to Legal Services.

Background

Currently, the City regulates towing businesses operating in Vaughan through the City's Licensing By-law 122-2022, by issuing three types of licences: tow truck brokerages, tow truck owners and tow truck drivers.

After comprehensive engagement and consultations with industry stakeholders and municipalities including the City of Vaughan, 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, through the approval of *Bill 91, Less Red Tape, Stronger Economy Act, 2023*, the *Towing and Storage Safety and Enforcement Act* was amended to grant the province authority to implement a licensing program to regulate towing and vehicle storage industry in Ontario. These changes came into force on July 1, 2023, along with appropriate amendments to the *Municipal Act* and the *Highway Traffic Act*. Accordingly, as of January 1, 2024, the province will oversee all aspects of tow truck licensing regulations, including certification requirements for tow truck and vehicle storage facility operators and related enforcement. The changes to provincial legislation effectively eliminate the authority for the municipality to license or in any manner regulate towing and vehicle storage businesses.

To replace municipal licences, 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 has been waived until July 2024. Tow operators and vehicle storage operators are required to have a provincial certificate to operate by January 1, 2024, whereas tow truck drivers have until July 1, 2024, to apply for their certificate.

Tow truck brokerages, owners and drivers are still required to maintain a valid City of Vaughan licence until December 31, 2023. Accordingly, since TSSEA came into force on July 1, 2023, the City of Vaughan has been charging prorated fees from tow truck brokerages, tow truck owners and tow trucks drivers.

Previous Reports/Authority

- [Licensing By-law](#) (approved by Council on June 28, 2022)
- [Fees and Charges By-law](#) (approved by Council on February 8, 2023)
- [Towing and Storage Safety and Enforcement Act, 2021](#)

- [Bill 91, Less Red Tape, Stronger Economy Act, 2023](#)

Analysis and Options

Due to the abovementioned changes and transitioning to provincial oversight of the towing industry, staff are proposing a number of amendments to the City's by-laws, including:

- 1) repealing licensing regulations for tow truck brokerages, tow truck owners and tow truck drivers and otherwise deleting associated definitions and references to tow truck business-related activities in other sections that were included for the purposes of regulating the towing business through the City's Licensing By-law 122-2022.
- 2) repealing licensing fees, from Fees and Charges By-law 010-2023, or its successor by-law, for tow truck brokerages, owners and drivers as well as any other fees relating to the tow truck industry, such as fees for tow authorization books.

The City will continue to exercise its authority to license and regulate the tow industry, including investigation and enforcement activities 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 of the amendments to the City's Licensing By-law to align with the requirements of the TSSEA. Licensing requirements and regulatory provisions for tow truck brokerages, tow truck owners and tow truck drivers and associated fees will be removed from City's by-laws.

Financial Impact

The decision of the province to remove the City's ability to license the towing industry will result in a downward adjustment to the City's budgeted licensing revenue of \$269,000. This impact has been reflected in the proposed 2024 budget. The actual loss of revenue will be significantly less, as tow business related revenues have been lower than budget in the last few years due to COVID and the anticipated transition to provincial oversight. Actual forgone revenue is expected to be about half of budgeted revenue.

Operational Impact

In the course of preparation of this report, BCLPS consulted with other City departments, including Legal Services and Financial Planning and Development Finance.

Broader Regional Impacts/Considerations

There are no specific broader impacts or regional considerations beyond those already discussed in this report.

Conclusion

As of January 1, 2024, municipalities across Ontario will no longer have the authority to license tow truck drivers, operators and public garages that exclusively receive or store towed vehicles, thereby making any municipal regulations redundant and unenforceable. 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.

For more information, please contact: Susan Kelly, Chief Licensing Officer and Director of By-law and Compliance, Licensing and Permit Services, ext. 8952

Attachments

1. By-law Amendments

Prepared by

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Approved by



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Reviewed by



Nick Spensieri, City Manager