

## Revenue Proposal: *Increased Towing and Storage Fees*

### Proposal Overview

This proposal recommends increasing City's towing and vehicle storage fees to generate additional revenue. The proposal argues both tow and storage fees have not kept pace with inflation and operational costs. By adjusting these rates upward, the City may better recover the true costs of vehicle impoundment services while enhancing its revenue. While the proposal assumes all revenues related to vehicle storage fees will go toward the City, the proposal includes revenue sharing for towing fees.

### Context

Currently, vehicle owners are charged a capped storage fee and a towing fee. The City [charges](#) a towing fee of \$150 per vehicles under 8,000 pounds and \$250 per vehicles over 8,000 pounds. For vehicles stored at City impoundment lots, the City charges \$25 per day for vehicles under 8,000 lbs. and \$50 per day for vehicles over 8,000 lbs. Each year, the City tows [approximately 100,000](#) for a variety of reasons. According to the data provided by the Department of Streets and Sanitization, 95% towed are under 8,000 lbs. and 5% are over 8,000 lbs. While there is no available data into how much of tow and storage fee revenue goes toward the City's contractor, the City does note the contractor [receives](#) a fee for each tow and for management of the City's auto pounds. While increasing fees for storage and towing will increase City revenues, the City must consider how and if increased fees will be shared with the selected contractor.

### Estimated Revenue

Based on data from the City of Chicago Department of Streets and Sanitation, approximately [100,000](#) vehicles are towed annually. 95,000 vehicles are under 8,000 lbs and 5,000 vehicles are weight more than 8,000 lbs. Depending on the agreed revenue split for the tow fee between the City and the contractor, the City of Chicago could generate **as much as \$20.5 million** in additional towing revenue annually, and **as much as 3.7 million in storage fees** annually. However, final City revenue will depend on the negotiated revenue-sharing agreement with the contractor (e.g., 10%-90%).

**Table 1. Annual towing revenue, with increased flat fee options; all revenue to City**

Vehicle size	Vehicle amount	Fee increase	New tow fee	Revenue
< 8,000 lbs	95,000	+ \$50	\$200	\$19 million
> 8,000 lbs	5,000	+ \$50	\$300	\$1.5 million
<b>Total annual revenue</b>				<b>\$20.5 million</b>

**Table 2. Annual towing revenue, with increased percentage fee options; all revenue to City**

Vehicle size	Vehicle amount	Fee increase	New tow fee	Revenue
< 8,000 lbs	95,000	+ 10%	\$165	\$15.675 million
> 8,000 lbs	5,000	+ 10%	\$275	\$1.375 million
<b>Total annual revenue</b>				<b>\$17.05million</b>

**Table 3. Annual storage fee revenue, with increased flat fee options; all revenue to City**

<i>Vehicle size</i>	<i>Vehicle amount</i>	<i>Fee increase</i>	<i>New tow fee</i>	<i>Revenue</i>
< 8,000 lbs	95,000	+ \$10/day (current \$25/day)	\$35/day	\$3.325 million
> 8,000 lbs	5,000	+ \$25/day (current \$50/day)	\$75/day	\$375,000
			<b>Total annual revenue</b>	<b>\$3.7 million</b>

**Table 4. Annual storage fee revenue, with increased percentage fee options; all revenue to City**

<i>Vehicle size</i>	<i>Vehicle amount</i>	<i>Fee increase</i>	<i>New tow fee</i>	<i>Revenue</i>
< 8,000 lbs	95,000	+ 10% (current \$25/day)	\$27.5/day	\$2.6125 million
> 8,000 lbs	5,000	+ 10% (current \$50/day)	\$55/day	\$275,000
			<b>Total annual revenue</b>	<b>\$2.8875 million</b>

\*Assuming an average of 1 day of vehicle storage at the impound lot; actual days will likely vary, increasing or decreasing potential revenue for the City

### **Implementation & Stakeholders**

Changes would [require updates](#) to the Municipal Code and amendments to existing contracts. While the City has had an existing contract with the company with United Road Towing, Inc (URT) since 2016 for towing services and managing of City auto pounds, the contract is set to [expire](#) in 2026. Any revenue sharing agreement will likely increase interest from bidders when the contract with the existing provider expires. Outside of reissuing a request for services and selecting a winning bid in 2026, there would be little additional administrative costs to increase existing fee structures.

#### *Responsible departments*

- **Department of Finance:** fee collection and reconciliation
- **Department of Streets and Sanitation:** vendor oversight and dispatch coordination; contract negotiation and request for services
- **Chicago Police Department:** towing for law enforcement purposes

### **Discussion**

#### *Proponents*

City departments may support the proposal for its potential to improve cost recovery, enhance revenue, and provide additional deterrence for those that may violate City policies that result in towing. Contracted service providers could also benefit if contract terms are adjusted.

#### *Opponents*

Vehicle owners, especially low-income residents, may face greater financial hardship from higher fees, making vehicle retrieval more difficult. Public advocacy groups focused on economic equity may raise concerns about fairness and affordability.

#### *Concluding commentary*

Adjusting towing and storage fees could create a new source of revenue for the City while better aligning charges with the true cost of services provided. If the City moves forward with this proposal, the specific rate increases — as well as the revenue-sharing structure between the City and the contracted towing provider — would require further discussion and negotiation. Additionally, public communication strategies and the potential impacts on vehicle owners, particularly low-income residents, should be thoughtfully considered during the policy development process.