

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 per vehicle. Each year, the City tows [approximately 100,000](#) for a variety of reasons. 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. 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 \$25 million** in additional towing revenue annually, and **between \$2.5 - \$5 million in storage fees** annually.

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

<i>Vehicle size</i>	<i>Towed vehicles*</i>	<i>Fee increase</i>	<i>New tow fee</i>	<i>Revenue</i>
< 8,000 lbs	50,000	\$50	\$200	\$10,000,000
> 8,000 lbs	50,000	\$50	\$300	\$15,000,000
Total annual revenue				\$25,000,000

*Simplified split of towed vehicle size for the purpose of providing insight into revenue potential; actual distribution of vehicle size across the annual total of towed vehicles is likely not an even split.

Table 2. Annual split of City-Contractor revenue sharing, \$25 million in towing fees*

<i>City share (%)</i>	<i>Contractor share (%)</i>	<i>City revenue</i>	<i>Contractor income</i>
90	10	\$22,500,000	\$2,500,000
60	40	\$15,000,000	\$10,000,000
50	50	\$12,500,000	\$12,500,000
40	60	\$10,000,000	\$15,000,000
20	80**	\$5,000,000	\$20,000,000
10	90	\$2,500,000	\$22,500,000

*Simplified revenue sharing agreements with \$25 million in towing fee revenues from Table 1. This breakdown is for the purposes of providing insight into potential split scenarios and revenue implications.

**The proposal suggested a 20-80 split, with the Contractor receiving 80% of towing fees. Currently, the Contractor does receive a share of towing fees, though exact split is not public information.

Table 3. Annual storage fee revenue, with increased fee options

<i>Stored vehicles</i>	<i>Fee increase</i>	<i>New storage fee</i>	<i>Days stored*</i>	<i>Revenue</i>
100,000	\$10/day	\$25/day	2	\$2,500,000
100,000	\$25/day	\$50/day	2	\$5,000,000

*Assuming an average of 2 days 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.