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Fiscal Note

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Prime Sponsors: Rep. Boesenecker; Mauro Bill Status: House Trans., Hous. & Local Govt.
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Bill Topic: TOWING CARRIER REGULATION

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [] Local Government
[X] State Expenditure [X] TABOR Refund [] Statutory Public Entity

The bill creates new regulations for towing carriers, including requiring all towing carriers to submit fingerprint background checks. It increases state revenue and expenditures on an ongoing basis beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$388,037 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1051

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Motor Carrier Fund, CBI Cash Fund, Total Revenue), Expenditures (Motor Carrier Fund, CBI Cash Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund).

Summary of Legislation

The bill creates new regulations for towing carriers as follows:

- towing carrier drivers and operators must submit a fingerprint-based criminal background check to the Public Utilities Commission (PUC);
- the PUC must promulgate rules regarding towing carrier disclosures, and make aggregate towing carrier financial statements publicly available;
- the PUC is authorized to deny, suspend, revoke, or refuse towing carrier permits for certain carrier violations;
- towing carriers are prohibited from patrolling or monitoring a property to enforce parking restrictions;
- certain property owners are required to pay for the nonconsensual tow removal of a vehicle from their property and the first 30 days of storage;
- towing carriers are required to notify vehicle owners that they can retrieve their towed vehicle free of charge for the first 30 days following the nonconsensual tow from private property;
- towing carriers shall return improperly towed vehicles to their original location within 48 hours of the nonconsensual, improper tow; and
- members of the Towing Task Force must recuse themselves from a vote where the outcome has a direct financial impact on the member.

Background

The PUC in the Department of Regulatory Agencies (DORA) is responsible for the oversight of towing carriers operating within the state. It assesses fees on towing carriers which are credited to the Motor Carrier Fund to cover the costs of the PUC's regulatory duties. A 14-member Towing Task Force provides recommendations and advice to the PUC and legislature on various aspects related to the regulation of towing carriers. For more information on the regulation of towing companies, see this [Legislative Council Staff Issue Brief on Vehicle Towing and Booting](#) or the [Public Utilities Commission Towing website](#).

State Revenue

The bill increases state cash fund revenue by \$438,500 in FY 2024-25, and \$366,209 in FY 2025-26, and ongoing from the Motor Carrier Fund in the PUC and the Colorado Bureau of Investigation (CBI) Identification Unit Cash Fund in the Department of Public Safety (CDPS).

Fee impact on towing carriers and employees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill increases permitting fees on towing carriers and background check fees on towing carriers and drivers, as outlined below.

- **Permit fees – DORA.** The PUC will collect an estimated \$340,000 in FY 2024-25 and \$370,000 in FY 2025-26 and ongoing in additional permit fees to cover the costs of its regulatory work under the bill. As shown in Table 2, the fiscal note estimates this fee increase will range from \$453 to \$488 per carrier. This fee amount is an estimate only, actual fees will be set administratively by DORA based on cash fund balance, program costs, and the number of carriers subject to the fee.
- **Fingerprint-based background checks – CDPS.** The CDPS will collect an estimated \$100,000 in FY 2024-25 only, assuming 2,500 fingerprint background checks will be conducted that year. In subsequent years, the overall revenue impact is expected to be minimal. The current fee for background checks is \$39.50, which includes \$11.25 for a Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency. The federal portion of this fee is excluded from the state TABOR limit, meaning \$70,625 of this total is subject to TABOR.

**Table 2
Fee Impact on Towing Carriers**

Fiscal Year	Type of Fee	Fee	Number Affected	Total Fee Impact
FY 2024-25	Towing Permit Fee Increase	\$453	750	\$339,750
	CBI Background Check Fee	\$39.50	2,500	\$98,750
FY 2024-25 Total				\$438,500
FY 2025-26	Towing Permit Fee Increase	\$488	750	\$366,209
	FY 2025-26 Total			

State Expenditures

The bill increases state expenditures from the Motor Carrier Fund in the PUC by about \$298,000 in FY 2024-25 and \$315,000 in FY 2025-26. The bill also increases state expenditures from the CBI Identification Unit Cash Fund by about \$100,000 in FY 2024-25 only. Expenditures are shown in Table 3 and detailed below.

Table 3
Expenditures Under HB 24-1051

	FY 2024-25	FY 2025-26
Public Utilities Commission (DORA)		
Personal Services	\$160,248	\$196,728
Operating Expenses	\$2,816	\$3,456
Capital Outlay Costs	\$20,010	-
Legal Services	\$115,218	\$115,218
Centrally Appropriated Costs ¹	\$41,393	\$50,807
FTE – Personal Services	2.2 FTE	2.7 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE
DORA Subtotal	\$339,685	\$366,209
Department of Public Safety		
Personal Services	\$29,410	-
Operating Expenses	\$640	-
Capital Outlay Costs	\$6,670	-
Training	\$2,000	-
FBI Pass-Through Fee	\$28,125	-
Processing Costs	\$22,900	-
Centrally Appropriated Costs ¹	\$9,384	-
FTE – Personal Services	0.5 FTE	-
CDPS Subtotal	\$99,129	-
Total Cost	\$438,814	\$366,209
Total FTE	3.2 FTE	3.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. There are approximately 750 active towing permits in the state at any given time, and the PUC receives and processes over 1,000 towing applications each year. The fiscal note estimates that there are approximately 2,500 towing drivers or operators who will be subject to the new fingerprint background check requirements under the bill, which will be reviewed by PUC staff. The bill requires the PUC to ensure submission, review, and aggregation of audited financial records, and make records publicly available. The bill also requires that the PUC determine if there is good cause to deny, suspend, or revoke any towing permits and allows the commission to proactively suspend or revoke towing permits, which is anticipated to increase the number of enforcement actions taken by the PUC.

Public Utilities Commission. Based on the assumptions outlined above, the PUC requires staff and legal services to implement the bill.

- **Staff.** PUC requires 2.7 FTE to implement the bill, including program, analyst, and investigative staff. The 1.0 FTE Program Assistant will manage the fingerprint background check submissions and other information received as part of the application process, assuming 15 minutes to process each fingerprint record and 1 hour to review additional permit application information from an estimated 1,050 applications. The 1.0 FTE Rate/Financial Analyst IV will receive, process, review, analyze, aggregate, and make publicly available audited financial data from towing carriers. This assumes the 1,050 applications per year take two hours each to process. Finally, the 0.7 FTE Criminal Investigator will investigate criminal histories of towing carrier applicants, enforce prohibition on towing carriers patrolling or monitoring private properties, monitor compliance with returning improperly towed vehicles, and investigate violations. First-year costs are prorated for the bill's effective date and standard operating and capital outlay costs are included.
- **Legal services.** The bill's expansion of the PUC's authority to restrict permit issuance and enforce restrictions on parking lot monitoring and nonconsensual tows is expected to create new administrative review and appeals, as well as avenues for litigation. It is estimated that the Department of Law will provide at least 900 hours annually to provide counsel and representation to the PUC in these matters, resulting in costs of \$115,218 per year. The Department of Law requires reappropriated funds and 0.5 FTE for this work.
- **Rulemaking.** The PUC is also expected to hold rulemaking events under the bill, which can be accomplished within the normal course of business.

Department of Public Safety. The bill increases CBI Identification Unit costs in FY 2024-25 only to manage the initial increase in background check applications. In subsequent years, the additional workload and cost is expected to moderate and can be accomplished within existing appropriations.

- **Staffing.** For FY 2024-25 only, CDPS requires 0.3 FTE Fingerprint Examiner and 0.2 FTE Data Specialist to process an estimated 2,500 fingerprint background applications from towing drivers and operators. A Fingerprint Examiner II can process 8,250 requests per year, and a Data Specialist 16,500. Training costs for these staff are included.
- **FBI pass-through.** The CDPS passes \$11.25 of every application on to the federal government. With 2,500 applications, this equates to \$28,125 in FY 2024-25.
- **Processing costs.** There are the following costs associated with each background check application: \$6.10 dedicated to equipment maintenance; \$1.55 for print digitization; \$0.88 to access the Colorado Crime Information Center for information pertinent to the background check; and \$0.63 printing and postage costs.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 3.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to acts committed on or after that date.

State Appropriations

For FY 2024-25, the bill requires the following appropriations:

- \$298,292 to the Public Utilities Commission from the Motor Carriers Fund, and 2.2 FTE, of which \$115,218 is reappropriated to the Department of Law, with an additional 0.5 FTE; and
- \$89,745 to the Department of Public Safety from the Colorado Bureau of Investigation Identification Unit Cash Fund, and 0.5 FTE.

State and Local Government Contacts

Information Technology
Regulatory Agencies

Law
Revenue

Public Safety

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).