

Second Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

DRAFT  
9/12/23

Bill 7

LLS NO. 24-0240.01 Jery Payne x2157

INTERIM COMMITTEE BILL

Transportation Legislation Review Committee

---

**BILL TOPIC:** Towing Carrier Regulation

**DEADLINES:** File by: 9/12/2023

---

**A BILL FOR AN ACT**

101 **CONCERNING THE REGULATION OF BUSINESSES THAT OBTAIN A PERMIT**  
102 **FROM THE PUBLIC UTILITIES COMMISSION TO TOW MOTOR**  
103 **VEHICLES.**

---

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)*

**Transportation Legislation Review Committee.** Current law authorizes the public utilities commission (commission) to deny or refuse to renew a towing carrier permit if:

- The towing carrier was convicted within the last 5 years of a felony or a towing-related offense or has failed to satisfy

*Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words indicate deletions from existing law.*

- a civil penalty imposed by the commission; or
- The commission determines that it is not in the public interest for the towing carrier to hold a towing carrier permit.

The bill:

- Requires the commission to deny, suspend, revoke, or refuse to renew a permit for each of these specified violations;
- Authorizes the commission to deny, suspend, revoke, or refuse to renew a permit if it is not in the public interest for the towing carrier to hold a towing permit; and
- Sets a rebuttable presumption that a towing carrier holding a permit is not in the public interest if the towing carrier has willfully violated towing laws or has violated any towing laws 3 or more times in 5 years.

The bill prohibits a member of the towing task force in the department of regulatory agencies, which advises the commission on towing matters, from voting on a matter that will financially benefit the member or if the member is the subject of a complaint about which the task force is advising the commission.

Current law requires the commission to report certain towing issues and financial information to certain committees of the senate and house of representatives of the general assembly. The bill requires the commission to promulgate a rule to require towing carriers to provide:

- Any information needed to prepare the report; and
- Audited financial statements.

The bill directs the commission to:

- Aggregate the financial statements and make the aggregated data publicly available; and
- Redact private information from the financial statements and make the financial statements publicly available.

A towing carrier is forbidden from patrolling or monitoring property to enforce parking restrictions on behalf of the property owner.

The bill bans the vertical integration of towing carriers by prohibiting a towing carrier from operating or controlling the following, being affiliated with the following, or performing the functions of:

- A business that manages parking lots;
- A motor vehicle dealer, including an auction house; or
- A business that loans money to obtain the release of a nonconsensually towed vehicle from a towing carrier.

Vertically integrated towing carriers are given until July 1, 2025, to comply with the prohibition against vertical integration. To obtain this compliance grace period, the towing carrier must:

- Report to the commission its business ownership, relationships, or functions that make it vertically integrated;

- and
- Submit a plan to come into compliance.

---

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 40-10.1-401, **amend**  
3 (2) as follows:

4 **40-10.1-401. Permit requirements.** (2) (a) (I) The commission  
5 ~~may~~ SHALL deny an application FOR or SUSPEND, REVOKE, OR refuse to  
6 renew a permit under this part 4 ~~of a person who~~ IF A TOWING CARRIER,  
7 AN OWNER OF MORE THAN FIFTEEN PERCENT OF THE APPLICANT TOWING  
8 CARRIER, OR A PRINCIPAL, OFFICER, DIRECTOR, MEMBER, OR PARTNER OF  
9 THE APPLICANT TOWING CARRIER has, within the immediately preceding  
10 five years, been convicted of, or pled guilty or nolo contendere to, a  
11 felony or a towing-related offense. The commission ~~may~~ SHALL also deny  
12 an application under this part 4 or SUSPEND, REVOKE, OR refuse to renew  
13 the permit of a towing carrier based upon a determination that the towing  
14 carrier or any of its owners, principals, officers, members, partners, or  
15 directors has not satisfied a civil penalty arising out of ~~any~~ AN  
16 administrative or enforcement action brought by the commission.

17 (II) A TOWING CARRIER THAT APPLIES FOR A PERMIT OR THAT  
18 APPLIES TO RENEW A PERMIT SHALL DISCLOSE TO THE COMMISSION EACH  
19 PERSON THAT:

20 (A) OWNS MORE THAN FIFTEEN PERCENT OF THE TOWING CARRIER;

21 (B) IS A PRINCIPAL OF, AN OFFICER OF, OR A DIRECTOR OF THE  
22 TOWING CARRIER; OR

23 (C) IS A MEMBER OR PARTNER OF THE TOWING CARRIER.

24 (b) The commission may deny an application FOR or SUSPEND,  
25 REVOKE, OR refuse to renew a permit of a towing carrier under this part

1 4 based on a determination that ~~there is good cause to believe the issuance~~  
2 ~~of or renewal of the permit~~ IT IS NOT IN THE PUBLIC INTEREST FOR THE TOWING  
3 CARRIER TO POSSESS A PERMIT. The determination is subject to appeal in  
4 accordance with commission rules. IT IS REBUTTABLY PRESUMED THAT A  
5 TOWING CARRIER'S POSSESSION OF A PERMIT IS NOT IN THE PUBLIC  
6 INTEREST IF:

7 (I) THE TOWING CARRIER HAS WILLFULLY VIOLATED THIS ARTICLE  
8 10.1 OR PART 18 OR 21 OF ARTICLE 4 OF TITLE 42; OR

9 (II) THE TOWING CARRIER HAS FAILED TO COMPLY WITH THIS  
10 ARTICLE 10.1 OR PART 18 OR 21 OF ARTICLE 4 OF TITLE 42 THREE OR MORE  
11 TIMES WITHIN THE LAST FIVE YEARS.

12 **SECTION 2.** In Colorado Revised Statutes, 40-10.1-403, **amend**  
13 (4)(d)(II); and **add** (3.5) and (4)(e) as follows:

14 **40-10.1-403. Towing task force - creation - conflict of interest**  
15 **- rules - report - repeal.** (3.5) (a) A MEMBER SHALL NOTIFY THE TASK  
16 FORCE AND ABSTAIN FROM VOTING IF:

17 (I) THE MEMBER WILL FINANCIALLY BENEFIT FROM, OR HAS A  
18 FINANCIAL INTEREST IN A PERSON THAT WILL BENEFIT FROM, A RATE  
19 SETTING RECOMMENDATION MADE BY THE TASK FORCE; OR

20 (II) THE TASK FORCE IS ADVISING THE COMMISSION ABOUT A  
21 COMPLAINT, AND THE MEMBER IS THE SUBJECT OF THE COMPLAINT OR HAS  
22 A FINANCIAL INTEREST IN A PERSON THAT IS THE SUBJECT OF THE  
23 COMPLAINT.

24 (b) A MEMBER DOES NOT HAVE A CONFLICT OF INTEREST IF THE  
25 MEMBER BENEFITS MERELY FROM BELONGING TO A CLASS THAT IS  
26 AFFECTED BY THE RATE SETTING DESCRIBED IN SUBSECTION (2.2)(a)(I) OF  
27 THIS SECTION.

1 (4) (d) (II) This subsection (4)(d) is repealed, effective July 1,  
2 2026 SEPTEMBER 1, 2025.

3 (e) (I) BY FEBRUARY 7, 2025, THE COMMISSION SHALL  
4 PROMULGATE RULES REQUIRING EACH TOWING CARRIER TO PROVIDE THE  
5 FOLLOWING AS A CONDITION OF PERMIT ISSUANCE OR RENEWAL ON OR  
6 AFTER A DATE SPECIFIED IN THE RULES:

7 (A) ANY INFORMATION NEEDED TO PREPARE THE REPORT  
8 REQUIRED BY SUBSECTION (4)(d)(I) OF THIS SECTION; AND

9 (B) AUDITED FINANCIAL STATEMENTS FOR ONE OR MORE YEARS,  
10 AS DETERMINED BY THE COMMISSION.

11 (II) THE COMMISSION SHALL:

12 (A) AGGREGATE THE FINANCIAL STATEMENTS OBTAINED IN  
13 ACCORDANCE WITH SUBSECTION (4)(e)(I)(B) OF THIS SECTION AND MAKE  
14 THE AGGREGATED DATA PUBLICLY AVAILABLE; AND

15 (B) REDACT ANY PRIVATE INFORMATION FROM THE FINANCIAL  
16 STATEMENTS OBTAINED IN ACCORDANCE WITH SUBSECTION (4)(e)(I)(B)  
17 OF THIS SECTION AND MAKE THE STATEMENTS PUBLICLY AVAILABLE.

18 **SECTION 3.** In Colorado Revised Statutes, 40-10.1-405, **add**  
19 (3)(d) as follows:

20 **40-10.1-405. Nonconsensual tows - rights of owners, operators,**  
21 **and lienholders - rules. (3) Authorization and notice required for**  
22 **tows from private property. (d) A TOWING CARRIER SHALL NOT PATROL**  
23 **OR MONITOR PROPERTY TO ENFORCE PARKING RESTRICTIONS ON BEHALF**  
24 **OF THE PROPERTY OWNER.**

25 **SECTION 4.** In Colorado Revised Statutes, **add** 40-10.1-411 as  
26 follows:

27 **40-10.1-411. Vertical integration prohibited - rules - repeal.**

1     **(1) Legislative declaration.** (a) THE GENERAL ASSEMBLY FINDS THAT  
2     TOWING CARRIERS AND BUSINESSES HAVE COMBINED PARKING LOT  
3     MANAGEMENT, TOWING AND VEHICLE REMOVAL, AUCTION HOUSES, AND  
4     CAR DEALERSHIPS INTO A SINGLE, VERTICALLY INTEGRATED ENTITY. THIS  
5     VERTICAL INTEGRATION:

6             (I) GIVES THE BUSINESS THE POWER TO APPROVE TAKING A  
7     PERSON'S PARKED VEHICLE WITHOUT THE OWNER'S CONSENT, TAKE THE  
8     VEHICLE, CHARGE THE OWNER TO RETRIEVE THE VEHICLE, AND, IF THE  
9     VEHICLE IS NOT RETRIEVED, SELL IT; AND

10            (II) ALLOWS THE BUSINESS TO AVOID THE CHECKS AND BALANCES  
11    INHERENT IN A CONSENSUAL BUSINESS TRANSACTION AND CREATES  
12    INCENTIVES TO MAKE DECISIONS THAT ARE NOT IN THE BEST INTEREST OF  
13    THE CONSUMER.

14            (b) THE GENERAL ASSEMBLY, THEREFORE, DECLARES THAT:

15            (I) THE POLICY OF THE STATE IS TO PROHIBIT THE VERTICAL  
16    INTEGRATION OF TOWING CARRIERS WITH OTHER BUSINESSES ENGAGED IN  
17    THE PROCESS OF AUTHORIZING NONCONSENSUAL TOWS AND SELLING  
18    NONCONSENSUALLY TOWED VEHICLES; AND

19            (II) THIS SECTION SHOULD BE LIBERALLY CONSTRUED BY THE  
20    COMMISSION TO IMPLEMENT THIS POLICY AND BY A COURT WHEN  
21    APPLYING THIS SECTION.

22            **(2) Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
23    OTHERWISE REQUIRES:

24            (a) "AFFILIATED" OR "AFFILIATION" MEANS THAT A BUSINESS  
25    ENTITY:

26            (I) IS OWNED BY OR OWNS ANOTHER BUSINESS ENTITY;

27            (II) IS UNDER COMMON OWNERSHIP WITH ANOTHER BUSINESS

1 ENTITY; OR

2 (III) HOLDS A FINANCIAL INTEREST IN ANOTHER BUSINESS ENTITY.

3 (b) (I) "BUSINESS ENTITY" MEANS A PERSON THAT OPERATES A  
4 BUSINESS FOR PROFIT.

5 (II) "BUSINESS ENTITY" DOES NOT INCLUDE THE STATE OF  
6 COLORADO, A COUNTY, A MUNICIPALITY, A CITY AND COUNTY, OR A  
7 POLITICAL SUBDIVISION OF THE STATE.

8 (c) "CONTROL" MEANS AN AFFILIATION RELATIONSHIP OR A  
9 CONTRACTUAL OBLIGATION THAT GIVES A BUSINESS ENTITY THE ABILITY  
10 TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT OF,  
11 PROCEDURES OF, OR POLICIES OF ANOTHER BUSINESS ENTITY.

12 (d) "VERTICALLY INTEGRATED BUSINESS" MEANS A BUSINESS  
13 ENTITY THAT, WHEN OWNED OR CONTROLLED BY A TOWING CARRIER,  
14 AFFILIATED WITH A TOWING CARRIER, OR PERFORMING THE FUNCTIONS OF  
15 A TOWING CARRIER:

16 (I) MANAGES PARKING LOTS;

17 (II) IS REQUIRED TO BE LICENSED BY ARTICLE 20 OF TITLE 44; OR

18 (III) LOANS MONEY TO AN AUTHORIZED OR INTERESTED PERSON  
19 FOR THE PURPOSE OF OBTAINING THE RELEASE OF A NONCONSENSUALLY  
20 TOWED VEHICLE FROM A TOWING CARRIER.

21 (3) **Prohibition.** (a) A TOWING CARRIER SHALL NOT:

22 (I) OPERATE OR CONTROL A VERTICALLY INTEGRATED BUSINESS;

23 (II) BE AFFILIATED WITH A VERTICALLY INTEGRATED BUSINESS; OR

24 (III) PERFORM THE FUNCTIONS OF A VERTICALLY INTEGRATED  
25 BUSINESS.

26 (b) A PERSON THAT SUFFERS DAMAGES CAUSED BY A TOWING  
27 CARRIER'S FAILURE TO COMPLY WITH THIS SECTION MAY BRING A CIVIL

1 ACTION TO ENFORCE THIS SECTION AND TO SEEK DAMAGES CAUSED BY THE  
2 VIOLATION. IN ADDITION TO ANY ACTUAL DAMAGES, A SUCCESSFUL  
3 PLAINTIFF MAY RECOVER COURT COSTS AND REASONABLE ATTORNEY FEES  
4 FROM A TOWING CARRIER THAT VIOLATES THIS SECTION.

5 (c) (I) NOTWITHSTANDING SUBSECTIONS (3)(a) AND (3)(b) OF THIS  
6 SECTION, A TOWING CARRIER THAT HOLDS A VALID PERMIT AS OF THE  
7 EFFECTIVE DATE OF THIS SECTION AND THAT IS NOT IN COMPLIANCE WITH  
8 SUBSECTION (3)(a) OF THIS SECTION IS NOT IN VIOLATION OF SUBSECTION  
9 (3)(a) OF THIS SECTION IF THE TOWING CARRIER:

10 (A) BY FEBRUARY 7, 2025, FILES THE REPORT REQUIRED BY  
11 SUBSECTION (5) OF THIS SECTION; AND

12 (B) BY JULY 1, 2025, COMPLIES WITH THE REQUIREMENTS OF  
13 SUBSECTION (6) OF THIS SECTION.

14 (II) THIS SUBSECTION (3)(c) IS REPEALED, EFFECTIVE JULY 1, 2027.

15 (4) **Rules.** (a) THE COMMISSION SHALL PROMULGATE RULES  
16 NECESSARY TO IMPLEMENT THIS SECTION.

17 (b) (I) BY JANUARY 1, 2025, THE COMMISSION SHALL CREATE A  
18 FORM TO IMPLEMENT THE REPORTING REQUIREMENTS OF SUBSECTION (5)  
19 OF THIS SECTION. THE FORM MUST REQUIRE EACH TOWING CARRIER TO  
20 DESCRIBE:

21 (A) EACH BUSINESS ENTITY THAT IS A VERTICALLY INTEGRATED  
22 BUSINESS IN RELATIONSHIP TO THE TOWING CARRIER;

23 (B) THE SERVICES THAT EACH VERTICALLY INTEGRATED BUSINESS  
24 PROVIDES AND THAT CAUSE THE TOWING CARRIER TO BE VERTICALLY  
25 INTEGRATED; AND

26 (C) EACH FUNCTION THAT IS PERFORMED BY THE TOWING CARRIER  
27 AND THAT IS DESCRIBED IN SUBSECTION (3) OF THIS SECTION.



1 (II) BY JANUARY 1, 2025, THE COMMISSION SHALL PROMULGATE  
2 RULES SETTING STANDARDS FOR THE COMPLIANCE PLAN SUBMITTED BY A  
3 TOWING CARRIER IN ACCORDANCE WITH SUBSECTION (5)(b) OF THIS  
4 SECTION.

5 (III) THIS SUBSECTION (4)(b) IS REPEALED, EFFECTIVE JULY 1,  
6 2027.

7 (5) **Reporting - compliance plan.** (a) (I) BY FEBRUARY 7, 2025,  
8 EACH TOWING CARRIER SHALL REPORT TO THE COMMISSION ON A FORM  
9 PROVIDED BY THE COMMISSION IN ACCORDANCE WITH SUBSECTION (4)(b)  
10 OF THIS SECTION WHETHER AND HOW THE TOWING CARRIER:

11 (A) OPERATES OR CONTROLS A VERTICALLY INTEGRATED  
12 BUSINESS;

13 (B) IS AFFILIATED WITH A VERTICALLY INTEGRATED BUSINESS; OR

14 (C) PERFORMS THE FUNCTIONS OF A VERTICALLY INTEGRATED  
15 BUSINESS.

16 (II) IF A TOWING CARRIER IS VERTICALLY INTEGRATED WITH  
17 ANOTHER BUSINESS ENTITY, THE TOWING CARRIER SHALL IDENTIFY THE  
18 BUSINESS ENTITY IN THE REPORT REQUIRED BY SUBSECTION (5)(a)(I) OF  
19 THIS SECTION.

20 (b) A TOWING CARRIER THAT IS NOT IN COMPLIANCE WITH  
21 SUBSECTION (3)(a) OF THIS SECTION BY APRIL 1, 2025, SHALL SUBMIT TO  
22 THE COMMISSION A PLAN TO COMPLY WITH THIS SECTION BY JULY 1, 2025.  
23 THE PLAN MUST COMPORT WITH THE STANDARDS ESTABLISHED BY RULES  
24 PROMULGATED BY THE COMMISSION PURSUANT TO SUBSECTION (4)(b)(II)  
25 OF THIS SECTION.

26 (c) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE JULY 1, 2027.

27 (6) **Divestiture.** (a) BY JULY 1, 2025, A TOWING CARRIER SHALL:

1 (I) TRANSFER ANY VERTICALLY INTEGRATED BUSINESS TO A  
2 PERSON THAT IS NOT AFFILIATED WITH THE TOWING CARRIER;

3 (II) CEASE TO PROFIT FROM OR PERFORM ANY ACTS THAT VIOLATE  
4 SUBSECTION (3)(a) OF THIS SECTION; AND

5 (III) END ANY CONTRACTUAL, AFFILIATED, OR CONTROL  
6 RELATIONSHIP WITH A VERTICALLY INTEGRATED BUSINESS.

7 (b) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE JULY 1, 2027.

8 **SECTION 5. Act subject to petition - effective date -**  
9 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
10 the expiration of the ninety-day period after final adjournment of the  
11 general assembly; except that, if a referendum petition is filed pursuant  
12 to section 1 (3) of article V of the state constitution against this act or an  
13 item, section, or part of this act within such period, then the act, item,  
14 section, or part will not take effect unless approved by the people at the  
15 general election to be held in November 2024 and, in such case, will take  
16 effect on the date of the official declaration of the vote thereon by the  
17 governor.

18 (2) This act applies to acts committed on or after the applicable  
19 effective date of this act.