



**Legislative Council Staff**  
*Nonpartisan Services for Colorado's Legislature*

# Fiscal Note

**Drafting Number:** LLS 24-0240  
**Prime Sponsors:**

**Date:** September 29, 2023  
**Bill Status:** Bill Request  
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**Bill Topic:** **TOWING CARRIER REGULATION**

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates new regulations for towing carriers. It increases state expenditures, and may increase state revenue, on an ongoing basis beginning in FY 2024-25.

**Appropriation Summary:** For FY 2024-25, the bill requires an appropriation of \$346,774 to the Department of Regulatory Agencies.

**Fiscal Note Status:** The fiscal note reflects the bill draft requested by the Transportation Legislation Review Committee.

**Table 1**  
**State Fiscal Impacts Under Bill 7**

		<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$346,774	\$369,074
	Centrally Appropriated	\$48,293	\$57,952
	<b>Total Expenditures</b>	<b>\$395,067</b>	<b>\$427,026</b>
	<b>Total FTE</b>	<b>3.0 FTE</b>	<b>3.5 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>		-	-

## Summary of Legislation

The bill creates new regulations for towing carriers as follows:

- the Public Utilities Commission (PUC) must promulgate rules regarding towing carrier disclosures, and make aggregate towing carrier financial statements publicly available;
- vertical integration of towing carriers is prohibited beginning July 1, 2025, and vertically integrated towing carriers must submit a compliance plan to the PUC in advance of this date;
- the PUC must 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; and
- members of the Towing Task Force must recuse themselves from a vote where the outcome has a direct impact on the member.

## Background

The PUC in the Department of Regulatory Agencies is responsible for the oversight of towing carriers and vehicle booting companies operating within the state. Additionally, 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. Colorado law requires all towing carriers and vehicle booting companies to obtain a permit and meet certain financial responsibility and owner requirements. For more information, see this [Legislative Council Staff Issue Brief on Vehicle Towing and Booting](#) or the [Public Utilities Commission Towing website](#).

## State Revenue

The bill may increase state revenue from fines and criminal background checks. Because revenue from any fine or background check will follow an enforcement action, actual revenue amounts cannot be estimated.

## State Expenditures

The bill increases state expenditures in the Department of Regulatory Agencies by \$395,067 in FY 2024-25 and \$427,026 in FY 2025-26, paid from the Motor Carrier Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under Bill 7**

	FY 2024-25	FY 2025-26
<b>Public Utilities Commission – Department of Regulatory Agencies</b>		
Personal Services	\$208,171	\$249,806
Operating Expenses	\$3,375	\$4,050
Capital Outlay Costs	\$20,010	-
Legal Services	\$115,218	\$115,218
Centrally Appropriated Costs <sup>1</sup>	\$48,293	\$57,952
FTE – Personal Services	2.5 FTE	3.0 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE
<b>Total Cost</b>	<b>\$395,067</b>	<b>\$427,026</b>
<b>Total FTE</b>	<b>3.0 FTE</b>	<b>3.5 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Assumptions.** The PUC receives and processes approximately 1,900 towing applications each year. Under the bill, the PUC must ensure submission, review, and aggregation of audited financial records, and make records publicly available. The bill also requires 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. Finally, the prohibition on vertically integrated towing businesses requires resources to implement and enforce.

**Public Utilities Commission.** Based on the assumptions outlined above, the PUC requires 3.0 FTE to implement the bill. First-year costs are prorated for a September 1 start date and standard operating and capital outlay costs are included. The 3.0 FTE have duties as follows:

- 2.0 FTE Rate/Financial Analyst IV to receive, process, review, analyze, aggregate, and make publicly available audited financial data from towing carriers. This assumes the 1,900 applications per year take two to three hours each to process; and
- 1.0 FTE Criminal Investigator I to investigate criminal histories of towing carrier applicants; enforce prohibition on towing carriers patrolling or monitoring private properties; and enforce vertically integrated business reporting and compliance.

The PUC is also expected to hold rulemaking events under the bill, which can be accomplished within the normal course of business.

**Department of Law.** The bill's expansion of the PUC's authority to restrict permit issuance, prohibit vertical integration, and enforce a restriction on parking lot monitoring are 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.

**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 2.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

For FY 2024-25, the bill requires an appropriation of \$346,774 to the Public Utilities Commission, and 2.5 FTE, from the Motor Carriers Fund. Of this amount, \$115,218 is reappropriated to the Department of Law for legal services, with an additional 0.5 FTE.

## State and Local Government Contacts

Law                      Regulatory Agencies