START A BUSINESS - COLORADO

How to start a towing company in Colorado

Colorado towing carriers need a Public Utilities Commission permit with insurance on file, and nonconsensual tows are capped at PUC maximum rates that must be posted.

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1 Is towing right for you?

Towing companies move disabled, damaged and illegally parked vehicles and answer police and motor club calls. It suits owners who can run a 24 hour operation and keep trucks and drivers on the road.

2 Form the business and get a sales tax license

1. Choose a structure. LLCs and corporations file with the Colorado Secretary of State.
2. Get a Colorado sales tax license and collect state, local and special district sales taxes. Some home-rule cities collect their own sales tax.
3. Check your city or county for business licenses and zoning.

3 PUC towing carrier permit

Towing carriers need a Colorado Public Utilities Commission towing carrier permit with insurance on file, and must show proof of insurance on request. The PUC can deny or refuse to renew a permit after towing-related convictions.

4 Nonconsensual tow rates

The PUC sets maximum rates for nonconsensual tows from private property. Property owner agreements may set lower, not higher, rates, and you may not charge fees not allowed by statute or rule. Post the current maximum rates at your business and on your website.

5 Your first steps

1. Form the business and get a sales tax license.
2. Get insurance.
3. Apply to the PUC for a towing carrier permit.
4. Post the maximum rates.
5. List your business on Nearby Car Care

Requirements at a glance

Sales tax on parts; ask about towing charges

Required in some cases - State - Colorado Department of Revenue

Parts are taxable; separately stated service charges are not. Ask the Department how your towing and storage charges are treated.

PUC towing carrier permit and nonconsensual tow rules

Required - State - Colorado Public Utilities Commission

Towing carriers need a Colorado PUC towing carrier permit with insurance on file. The PUC sets maximum rates for nonconsensual tows from private property; property owner agreements may set lower, not higher, rates, and you may not charge fees not allowed by statute or rule. Post the current maximum rates at your place of business and on your website, and show proof of insurance on request.

Official application: https://puc.colorado.gov/sites/puc/files/documents/723-6%20%20Transportation%20Rules.pdf

Name and USDOT number on trucks in interstate commerce

Required in some cases - Federal - Federal Motor Carrier Safety Administration

Commercial motor vehicles subject to the federal rules show the carrier's name and USDOT number on both sides, readable from 50 feet in daylight (49 CFR 390.21).

Official agencies and links

49 CFR 390.21, Marking of self-propelled CMVs and intermodal equipment

Federal Motor Carrier Safety Administration (eCFR)

https://www.ecfr.gov/current/title-49/subtitle-B/chapter-III/subchapter-B/part-390/subpart-B/section-390.21

Sales and Use Tax Topics: Auto Repairs

Colorado Department of Revenue, Taxation

https://tax.colorado.gov/sales-use-tax-topics-auto-repairs

4 CCR 723-6, Rules Regulating Transportation by Motor Vehicle (towing carriers)

Colorado Public Utilities Commission

https://puc.colorado.gov/sites/puc/files/documents/723-6%20%20Transportation%20Rules.pdf

Frequently asked questions

Do Colorado tow companies need a permit?

Yes. A Public Utilities Commission towing carrier permit, with insurance on file.

This guide is general information, not legal advice. Rules change and can depend on your city or county, so confirm with the official agencies linked below before you apply.