START A BUSINESS - RHODE ISLAND

How to start a towing company in Rhode Island

Get a towing certificate from the Division of Public Utilities and Carriers, file your insurance, use Division-approved rates for non-consensual tows and follow the notice and impound rules.

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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 permit

1. Choose a structure. LLCs file Articles of Organization with the Department of State ($150) and corporations file Articles of Incorporation ($230). An annual report ($50) follows every year.
2. Get a permit to make sales at retail from the Division of Taxation if you sell parts or other goods. Rhode Island's sales tax is 7%, and the permit renews every year by February 1 at no charge.

3 The Division towing certificate

The Division of Public Utilities and Carriers regulates for-hire tow companies operating within Rhode Island. A certificated tower holds a certificate from the Division to transport vehicles by the tow-away method and files a certificate of liability insurance with it. Ask the Division's Motor Carriers Section for the current application and insurance filing.

4 Non-consensual tows

Rates for police-ordered and private property tows done without the owner's consent must be approved by the Division, and your tariff must be kept at your office for the public. Notify the registered owner of an abandoned or unattended vehicle by registered mail within seven days. For private trespass tows, your impound lot must be within ten miles of where you removed the vehicle and open for release during the hours you accept vehicles.

5 Records and markings

Keep bills, tariffs and insurance records for at least three years. Trucks in interstate commerce show the company name and USDOT number on both sides.

6 Your first steps

1. Form the business and get your sales permit.
2. Apply to the Division for a towing certificate and file insurance.
3. File your tariff for non-consensual tows.
4. Set up notices and an impound lot that meet the rules.
5. List your business on Nearby Car Care

Requirements at a glance

Form the business with the Department of State

Required - State - Rhode Island Department of State

LLCs file Articles of Organization and corporations file Articles of Incorporation with the Department of State, then file an annual report every year after the first.

Fees: LLC Articles of Organization $150; corporation $230; annual report $50 per year.

Permit to make sales at retail

Required - State - Rhode Island Division of Taxation

Every person engaged in making retail sales in Rhode Island must obtain a permit from the Division of Taxation. The sales tax rate is 7%. Permits are renewed every year by February 1, with no fee.
Fees: No fee for the annual renewal.
Official application: https://tax.ri.gov/tax-sections/sales-excise-taxes

Division of Public Utilities and Carriers towing certificate

Required - State - Rhode Island Division of Public Utilities and Carriers

The Division regulates for-hire tow companies operating within Rhode Island. A certificated tower holds a certificate of public convenience and necessity from the Division to transport vehicles by the tow-away method, and certificated carriers file a certificate of liability insurance with the Division.
Ask the Division's Motor Carriers Section for the current application, insurance filing and fees.

Division-approved rates for non-consensual tows

Required - State - Rhode Island Division of Public Utilities and Carriers

Rates for tows performed without the prior consent of the owner or operator (police-ordered and private property tows) must be approved by the Division, and the tariff must be kept on file at your office for public review.

Owner notice, impound lot and record rules

Required - State - Rhode Island Division of Public Utilities and Carriers

A certificated tower that removes an abandoned or unattended vehicle must notify the registered owner by registered mail within seven days. For private trespass tows, the impound lot must be within ten miles of where the vehicle was removed and open for release during the hours vehicles are accepted. Keep bills, tariffs and insurance records for at least three years.

Sales tax: ask how your charges are taxed

Required in some cases - State - Rhode Island Division of Taxation

Rhode Island taxes parts sold by repairers; separately stated labor and service charges are not taxed. Ask the Division how your towing, storage and roadside charges are treated.

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, in contrasting letters 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

Business Basics: Types of Structures
Rhode Island Department of State, Business Services
https://www.sos.ri.gov/divisions/business-services/business-basics/types-of-structures

Responsibilities and Jurisdiction of the Motor Carriers Division
Rhode Island Division of Public Utilities and Carriers
https://ripuc.ri.gov/utility-information/motor-carriers/responsibilities-and-jurisdiction-motor-carriers-division

Transportation Provided by Motor Carriers of Property (815-RICR-50-05-1)
Rhode Island Division of Public Utilities and Carriers (Rhode Island Code of Regulations)
https://rules.sos.ri.gov/regulations/part/815-50-05-1

Sales and Excise Taxes
Rhode Island Division of Taxation
https://tax.ri.gov/tax-sections/sales-excise-taxes

Repairers, Reconditioners, and Recappers (280-RICR-20-70-24)
Rhode Island Division of Taxation (Rhode Island Code of Regulations)
https://rules.sos.ri.gov/Regulations/part/280-20-70-24

Frequently asked questions

Does Rhode Island license tow companies?

Yes. The Division of Public Utilities and Carriers issues certificates to tow companies operating for hire within Rhode Island and approves rates for non-consensual tows.

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.

https://nearbycarcare.com/resources/business/start-towing-company/rhode-island/