



Compliance 101

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Are you compliant? Sounds like a simple enough question yet it has so many meanings. For the average tow company owner, compliance is more than simply meeting the local wrecker rotation or motor club requirements. There are many federal, state and local regulations that affect your business. I will outline a few of the most common compliance issues faced across the country. This is not an exhaustive list, nor is it legal advice. Please check with an expert in your area to be sure you are in full compliance.

Business License: Many local jurisdictions have business license requirements as a means of generating revenue and knowing who is doing what in their area. You may need a license or permit to operate your office, park trucks or run a storage facility. Depending upon the size of your facility and type of work you do there may be more than one license or permit required.

Sales or Use Tax License: Many states, and some counties or local authorities, require towers to collect sales or use tax on some parts of their operation. Typically, any type of repair service is taxable work and storage may also be taxable. Further complicating this matter, many states offer sales or use tax exemptions to motor carriers and other public utilities, so not all of your customers may be subject to tax collections.

Tow Operator License: Some cities or counties, as well as a few states, have tow operator "occupation" licenses. Check with your local authorities to determine if your operators require local licensing.

Agency Authority: Typically reserved for large cities or limited access toll roads, authority or a special permit may be required to perform towing or repair services on some highways.

US DOT Number: Many states require a US DOT number, even if you do not intend to engage in interstate commerce. If you do intend to cross state lines, or haul cargo that is regulated, you will need to register with the Federal Motor Carrier Safety Administration (FMSCA) to obtain your US DOT number.

MC Number: Although disabled motor vehicles are usually an exempt commodity, that is not always the case. If you engage in interstate commerce with cargo other than a disabled motor vehicle from the primary point of disablement, you may be required to have motor carrier operating authority from the US DOT.

Unified Carrier Registration: If you operate commercial motor vehicles in interstate commerce you are required to register and pay UCR fees annually.

State Specific Authority: In addition to the federal authority, you may also be required to register with your state. This is typically done through the Public Utility Commission. In some states this is required even if all you tow are disabled motor vehicles.

IFTA/IRP: If you operated qualifying vehicles across state lines, typically 3 or more axles or greater than 26,001 pounds GVWR, you may be required to display fuel tax decals and obtain apportioned registration credentials.

OSHA: OSHA regulates virtually every private employer in the nation. As employers we have a duty to provide a workplace free from recognized hazards, and in doing so we have inspections and reports that must be completed regularly.

Department of Labor (DOL): Every state, as well as the federal government, has an agency charged with protecting workers legal rights. DOL regulates minimum wage, pay structure, family leave and more. There are notice posting requirements and other recordkeeping and reporting rules. Check with your state for guidance.

Now, as if all the above isn't enough you also have banking, tax and other recordkeeping requirements. Among these are rules designed to protect consumer credit information such as credit card and other personal data. These rules apply not only to your customers, but also to the data you collect during your hiring process, including the US DOT required previous employer screening and background checks.

Let's not forget about vehicle inspections, routine maintenance, driver licenses, medical qualification and so on. Each of these items require attention at different times throughout the year and are just as important, if not more important, as the big picture items like operating authority and business licenses.

Each of the above agencies have unique regulations that apply to a multitude of businesses, making compliance confusing for the average small business owner. Just because it is confusing doesn't make compliance difficult; time consuming yes, difficult not really.

My best advice for compliance assurance is documentation. If it is not in writing it did not happen! For the smaller companies, I suggest gathering all your data and making a simple set of calendar alerts to remind you when the different credentials, licenses or authorities expire or otherwise require attention. This will help you not miss an important filing deadline so that you can remain qualified and compliant while conducting business. For larger businesses, there are some software solutions worth looking into that do so much more than simply give alerts. Often, they manage your data and assure compliance by prompting you to complete required inspections and documentation in a timely manner.

Compliance is more than just filing paperwork and meeting deadlines. Compliance will help you maintain safe working conditions, as well as help defend and protect your company when something unthinkable happens. Yes, none of us think it will happen to us, but it can, and you must be prepared or face losing everything you have worked so hard for.

Bottom line, failure to maintain compliance with all applicable regulations may cause you to pay hefty fines, or even result in your business being closed by regulators. Non-compliance can cost you your police rotation or other contracts and may even lead to higher insurance premiums. It is becoming more common for insurers to audit customers before renewal and base premiums on the results of this audit.

If this seems overwhelming, fear not, TRAA is here to help. We have experts available as associate members willing and able to help, as well as provide discounted rates to TRAA members in good standing.