

# H.B. 09-1230

## Motor Vehicle Sales Registration

**Background:**

Currently auto dealers at the time of a transaction collect sales and use taxes applicable to the purchases based on where the purchaser resides. Regardless of where the dealer is located taxes are collected as part of the titling process based on where the purchaser resides.

Current statutes states that all sales taxes must be completed prior to a title being issued or registration for the vehicle is completed. This is a duty statutorily for counties, but is facilitated by auto dealers, so a purchaser can include the sales tax in the financing of a new or used vehicle.

**The issue:**

A significant number of applications for title (City of Denver estimates 40%) are returned due to the wrong amount of sales tax being collected on the purchase of a vehicle. This is due to certified databases not having correct or updated information. There are also issues of accuracy with home rule cities that create challenges for dealers as to what taxes to collect for which county or city.

**The Result:**

When errors are found in the processing of title application regarding sales tax collection, the entire packet is returned to the auto dealer. The dealer is expected to contact the consumer to collect the additional tax due. This results in additional postage back and forth since these are mailed via certified mail. It also takes additional time and expense in dealing with these discrepancies. Often these are smaller amounts, but at times can be larger amounts in excess of \$100. Often the dealers have difficulty collecting the additional amounts and incur the expense themselves.

**The Solution:**

This bill creates greater efficiency, through clarifying that any outstanding sales or use tax due should be paid when the vehicle is registered. It also holds harmless dealers when they provided evidence that they utilized a certified data base in determining the amount of sales and use tax due on a particular transaction.