A BILL FOR AN ACT

CONCERNING A STATE SALES AND USE TAX EXEMPTION FOR USED MOTOR VEHICLES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

On and after January 1, 2019, the bill exempts a motor vehicle from state sales and use tax, if state sales and use tax was previously collected on the sale or storage, use, or consumption of the motor vehicle. A lessee paying sales tax related to a leased motor vehicle would not qualify for the exemption. The exemption does not apply to any other political subdivision that levies a sales and use tax that is based on the
state sales and use tax.

The department of revenue is permitted to disclose information about prior state sales and use tax paid as is necessary to administer the new exemption.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly hereby finds and declares that:

(a) Buying a motor vehicle is one of the largest purchases that a person makes;

(b) Motor vehicles are becoming increasingly more expensive, and many middle-class families can no longer afford to purchase one;

(c) Over time, many motor vehicles have more than one owner, and the state collects sales and use taxes after each transfer; and

(d) Even with a sales and use tax exemption for used motor vehicles, the state will still collect a significant amount of tax revenue from the sales of new motor vehicles.

(2) Now, therefore, it is the general assembly's intent to create the sales tax exemption included in this act for the purpose of helping middle-class Coloradans be able to purchase an affordable means of transportation.

SECTION 2. In Colorado Revised Statutes, 39-21-113, add (25) as follows:

39-21-113. Reports and returns - rule. (25) Notwithstanding the provisions of this section, the executive director shall make information about the tax levied and collected in accordance with article 26 of this title 39 available as is necessary to administer section 39-26-719.
SECTION 3. In Colorado Revised Statutes, 39-26-719, add (3) as follows:

39-26-719. Motor vehicles - definitions. (3) (a) THE SALE OF A MOTOR VEHICLE IS EXEMPT FROM THE TAX IMPOSED IN ACCORDANCE WITH PART 1 OF THIS ARTICLE 26 IF:

(I) A CERTIFICATE OF TITLE HAS PREVIOUSLY BEEN ISSUED IN THE STATE FOR THE MOTOR VEHICLE; AND

(II) THE TAXABLE VALUE OF THE MOTOR VEHICLE IS TWENTY THOUSAND DOLLARS OR LESS.

(b) THE STORAGE, USE, AND CONSUMPTION OF A MOTOR VEHICLE THAT IS EXEMPT IN ACCORDANCE WITH SUBSECTION (3)(a) OF THIS SECTION IS EXEMPT FROM THE TAX IMPOSED IN ACCORDANCE WITH PART 2 OF THIS ARTICLE 26.

(c) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE SALE OR STORAGE, USE, OR CONSUMPTION OF A MOTOR VEHICLE IS NOT EXEMPT FROM THE SALES AND USE TAX LEVIED BY ANY LOCAL GOVERNMENT OR POLITICAL SUBDIVISION OF THE STATE THAT LEVIES A SALES AND USE TAX BASED ON THE STATE SALES AND USE TAX.

(d) AS USED IN THIS SUBSECTION (3):

(I) "MOTOR VEHICLE" MEANS ANY SELF-PROPELLED VEHICLE REQUIRED TO BE LICENSED OR SUBJECT TO LICENSING FOR OPERATION UPON THE HIGHWAYS OF THE STATE.

(II) "STATE SALES AND USE TAX" MEANS THE TAX LEVIED AND COLLECTED IN ACCORDANCE WITH PARTS 1 AND 2 OF THIS ARTICLE 26.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August
8, 2018, if adjournment sine die is on May 9, 2018); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.