

CHAPTER 194

**TAXATION**

**HOUSE BILL 95-1279**

BY REPRESENTATIVES Armstrong and Hernandez;  
also SENATORS Weddig, Rizzuto, Schaffer, and Wattenberg.

**AN ACT**

**CONCERNING THE PAYMENT OF SALES TAX ON SELLER-FINANCED MOTOR VEHICLE SALES.**

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

**SECTION 1.** 39-26-113, Colorado Revised Statutes, 1994 Repl. Vol., is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**39-26-113. Collection of sales tax - motor vehicles - exemption.** (6) (a) IN THE CASE OF A SELLER-FINANCED SALE IN WHICH THE SELLER HAS ADDED THE SALES TAX DUE ON THE SALE TO THE FINANCED SALES PRICE OF THE MOTOR VEHICLE AND THE PURCHASER HAS DEFAULTED OR OTHERWISE FAILED TO MAKE PAYMENTS DUE TO THE SELLER, THE SELLER SHALL BE ENTITLED TO DEDUCT ALL PORTIONS OF THE UNRECEIVED PAYMENTS THAT ARE ATTRIBUTABLE TO THE SALES TAX DUE ON THE SALE FROM THE NEXT SALES TAX RETURN MADE BY THE SELLER PURSUANT TO THIS ARTICLE 26. IF THE AMOUNT TO BE DEDUCTED PURSUANT TO THIS SUBSECTION (6) EXCEEDS THE AMOUNT OF SALES TAX TO BE REMITTED BY THE SELLER FOR THE NEXT REPORTING PERIOD, THE SELLER MAY CARRY FORWARD THE REMAINING AMOUNT OF THE DEDUCTION TO FUTURE SALES TAX RETURNS. IN NO EVENT SHALL THIS SUBSECTION (6) BE CONSTRUED TO CREATE A RIGHT TO A REFUND OR ANY OTHER PAYMENT BY THE DEPARTMENT OF REVENUE TO THE SELLER.

(b) FOR PURPOSES OF THIS SUBSECTION (6), "SELLER-FINANCED SALE" MEANS A RETAIL SALE OF A MOTOR VEHICLE BY A SELLER LICENSED PURSUANT TO PART 1 OF ARTICLE 6 OF TITLE 12, C.R.S., IN WHICH THE SELLER, OR A WHOLLY-OWNED AFFILIATE OR SUBSIDIARY OF THE SELLER, COLLECTS ALL OR PART OF THE TOTAL CONSIDERATION PAID FOR THE MOTOR VEHICLE IN PERIODIC PAYMENTS AND RETAINS A LIEN ON THE MOTOR VEHICLE UNTIL ALL PAYMENTS HAVE BEEN RECEIVED. EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH (b), THE TERM DOES NOT INCLUDE A

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

RETAIL SALE OF A MOTOR VEHICLE IN WHICH A PERSON OTHER THAN THE SELLER PROVIDES THE CONSIDERATION FOR THE SALE AND RETAINS A LIEN ON THE MOTOR VEHICLE UNTIL ALL PAYMENTS HAVE BEEN MADE.

(c) THE DEPARTMENT OF REVENUE MAY PROMULGATE RULES AND REGULATIONS FOR THE IMPLEMENTATION OF THIS SUBSECTION (6).

**SECTION 2. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 25, 1995