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BILL 2

LLS NO. 20-0344.01 Jason Gelender x4330

INTERIM COMMITTEE BILL

Transportation Legislation Review Committee

BILL TOPIC: "Special Mobile Machinery Registration Exemption"

A BILL FOR AN ACT

101 **CONCERNING AN EXEMPTION FROM MOTOR VEHICLE REGISTRATION**
102 **REQUIREMENTS FOR CERTAIN SPECIAL MOBILE MACHINERY.**

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/>.)

Transportation Legislation Review Committee. The bill allows an owner of special mobile machinery who regularly rents or leases the special mobile machinery and who pays specific ownership tax on a monthly basis in an amount equal to 2% of the rental or lease payments for the special mobile machinery to apply to the department of revenue for a registration exempt certificate. The department shall issue the

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

certificate if:

- The department verifies that the owner regularly has 1000 or more items of such special mobile machinery in the state;
- Each item of such special mobile machinery is clearly marked or painted in a manner that identifies it as being owned by the owner;
- Each item of such special mobile machinery bears a visible and readily identifiable unique identification number assigned by the owner; and
- Each item of such special mobile machinery bears a visible toll-free telephone number for the owner that can be used for verification of ownership.

Any item of special mobile machinery that is covered by a registration exempt certificate is exempt from all license fees, registration fees, and other fees and surcharges that would otherwise be paid at the time of registration other than the existing road safety and bridge safety surcharges and an existing fee of \$.40 that is credited to the highway users tax fund.

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

2 **SECTION 1.** In Colorado Revised Statutes, 42-3-104, **amend** (3)
3 introductory portion; and **add** (3)(g) as follows:

4 **42-3-104. Exemptions - specific ownership tax - registration**
5 **- domicile and residency - rules - definitions.** (3) Registration ~~shall~~ IS
6 not ~~be~~ required for the following:

7 (g) SPECIAL MOBILE MACHINERY THAT IS COVERED BY A
8 REGISTRATION EXEMPT CERTIFICATE ISSUED BY THE DEPARTMENT IN
9 ACCORDANCE WITH SECTION 42-3-107 (16)(g).

10 **SECTION 2.** In Colorado Revised Statutes, 42-3-106, **amend**
11 (2)(e) as follows:

12 **42-3-106. Tax imposed - classification - taxable value.** (2) For
13 the purpose of imposing graduated annual specific ownership taxes, the
14 personal property specified in section 6 of article X of the state

1 constitution is classified as follows:

2 (e) Every item of special mobile machinery, except power takeoff
3 equipment, that is required to be registered under this article 3 OR THAT
4 IS COVERED BY A REGISTRATION EXEMPT CERTIFICATE ISSUED BY THE
5 DEPARTMENT IN ACCORDANCE WITH SECTION 42-3-107 (16)(g) is Class F
6 personal property. If a farm tractor, meeting the definition of special
7 mobile machinery, is used for any purpose other than agricultural
8 production for more than a seventy-two-hour period at the site where it
9 is used for nonagricultural purposes, it is Class F personal property, but
10 it is granted a prorated registration under section 42-3-107 to cover the
11 use. The authorized agent shall notify the owner of the farm tractor of the
12 prorated registration. Storing a farm tractor at a site does not give rise to
13 a presumption that the tractor was used for the same purposes that other
14 equipment is used for at the site.

15 **SECTION 3.** In Colorado Revised Statutes, 42-3-107, **amend**
16 (16)(b) introductory portion and (16)(f)(I); **amend as it will become**
17 **effective January 1, 2020, (25)(a)(I); and add (16)(g) as follows:**

18 **42-3-107. Taxable value of classes of property - rate of tax -**
19 **when and where payable - department duties - apportionment of tax**
20 **collections - definitions - rules - repeal.** (16) (b) Authorization for
21 payment of specific ownership tax under this subsection (16) shall be
22 obtained from the authorized agent in the county in which the owner's
23 principal place of business is located; EXCEPT THAT, FOR AN ITEM OF
24 EQUIPMENT THAT IS COVERED BY A REGISTRATION EXEMPT CERTIFICATE
25 ISSUED BY THE DEPARTMENT IN ACCORDANCE WITH SUBSECTION (16)(g)
26 OF THIS SECTION, AUTHORIZATION FOR THE PAYMENT OF SPECIFIC
27 OWNERSHIP TAX UNDER THIS SUBSECTION (16) SHALL BE OBTAINED

1 DIRECTLY FROM THE DEPARTMENT. EXCEPT IN THE CASE OF AN ITEM OF
2 EQUIPMENT THAT IS COVERED BY A REGISTRATION EXEMPT CERTIFICATE
3 ISSUED BY THE DEPARTMENT IN ACCORDANCE WITH SUBSECTION (16)(g)
4 OF THIS SECTION, the owner shall also apply for an identifying decal for
5 each item of equipment to be rented or leased that shall be affixed to the
6 item when it is rented or leased. The owner shall keep records of each
7 identifying decal issued and a description of the item of equipment to
8 which it is affixed. The fee for each identifying decal shall be five dollars,
9 paid upon application to the authorized agent. An identifying decal shall
10 expire when the registration of the special mobile machinery to which it
11 is affixed expires pursuant to section 42-3-114. An identifying decal shall
12 not be issued to special mobile machinery unless the machinery is
13 registered, but a decal may be issued concurrently with the registration
14 and shall expire pursuant to section 42-3-114. The owner shall be
15 required to remove an identifying decal upon the sale or change of
16 ownership of such item of equipment. The fee of five dollars for each
17 identifying decal as required by this section shall be distributed as
18 follows:

19 (f) (I) If the owner of special mobile machinery who is paying
20 specific ownership tax under this subsection (16) regularly has more than
21 ten pieces of special mobile machinery THAT ARE NOT EXEMPT FROM
22 REGISTRATION PURSUANT TO SECTION 42-3-104 (3) in the state, the
23 department may issue to the owner a registration period certificate. The
24 owner must present the registration period certificate to the appropriate
25 authorized agent no later than the tenth day after the month when
26 registration of any motor vehicle is required by this article. When so
27 presented, the twelve-month period stated in the registration period

1 certificate governs the date when registration is required for each fleet
2 vehicle NOT EXEMPT FROM REGISTRATION PURSUANT TO SECTION 42-3-104
3 (3) owned or leased by the owner.

4 (g) (I) AN OWNER OF SPECIAL MOBILE MACHINERY WHO PAYS
5 SPECIFIC OWNERSHIP TAXES IN ACCORDANCE WITH THIS SUBSECTION (16)
6 MAY APPLY TO THE DEPARTMENT FOR A REGISTRATION EXEMPT
7 CERTIFICATE, WHICH THE DEPARTMENT SHALL ISSUE TO THE OWNER IF:

8 (A) THE DEPARTMENT VERIFIES THAT THE OWNER REGULARLY HAS
9 ONE THOUSAND OR MORE ITEMS OF SUCH SPECIAL MOBILE MACHINERY IN
10 THE STATE;

11 (B) EACH ITEM OF SUCH SPECIAL MOBILE MACHINERY IS CLEARLY
12 MARKED OR PAINTED IN A MANNER THAT IDENTIFIES IT AS BEING OWNED
13 BY THE OWNER;

14 (C) EACH ITEM OF SUCH SPECIAL MOBILE MACHINERY BEARS A
15 VISIBLE AND READILY IDENTIFIABLE UNIQUE IDENTIFICATION NUMBER
16 ASSIGNED BY THE OWNER; AND

17 (D) EACH ITEM OF SUCH SPECIAL MOBILE MACHINERY BEARS A
18 VISIBLE TOLL-FREE TELEPHONE NUMBER FOR THE OWNER THAT CAN BE
19 USED FOR VERIFICATION OF OWNERSHIP.

20 (II) A PERSON TO WHOM THE DEPARTMENT HAS ISSUED A
21 REGISTRATION EXEMPT CERTIFICATE SHALL PAY ALL SPECIFIC OWNERSHIP
22 TAX FOR AN ITEM OF SPECIAL MOBILE MACHINERY THAT IS COVERED BY
23 THE REGISTRATION EXEMPT CERTIFICATE DIRECTLY TO THE DEPARTMENT.

24 (III) AN ITEM OF SPECIAL MOBILE MACHINERY THAT IS OWNED BY
25 A PERSON TO WHOM THE DEPARTMENT HAS ISSUED A REGISTRATION
26 EXEMPT CERTIFICATE IS NOT REQUIRED TO BE REGISTERED, AND THE
27 DEPARTMENT SHALL NOT REQUIRE THE OWNER OF ANY SUCH ITEM OF

1 SPECIAL MOBILE MACHINERY TO OBTAIN LICENSE PLATES, ANNUAL
2 VALIDATING TABS, OR IDENTIFYING DECALS FOR THE ITEM OF SPECIAL
3 MOBILE MACHINERY. ANY SUCH ITEM OF SPECIAL MOBILE MACHINERY IS
4 EXEMPT FROM ALL LICENSE FEES, REGISTRATION FEES, AND OTHER FEES
5 AND SURCHARGES THAT WOULD OTHERWISE BE PAID AT THE TIME OF
6 REGISTRATION; EXCEPT THAT, AT THE TIME DURING EACH CALENDAR YEAR
7 IN WHICH SPECIFIC OWNERSHIP TAX IS FIRST PAID FOR THE ITEM AS
8 REQUIRED BY SUBSECTION (16)(c)(II) OF THIS SECTION, THE OWNER SHALL
9 ALSO PAY DIRECTLY TO THE DEPARTMENT:

10 (A) THE ROAD SAFETY SURCHARGE IMPOSED BY SECTION 43-4-804
11 (1)(a);

12 (B) THE BRIDGE SAFETY SURCHARGE IMPOSED BY SECTION
13 43-4-805 (5)(g); AND

14 (C) A FEE OF FORTY CENTS, WHICH THE DEPARTMENT SHALL
15 TRANSMIT TO THE STATE TREASURER FOR CREDITING TO THE HIGHWAY
16 USERS TAX FUND AND ALLOCATION IN ACCORDANCE WITH SECTION
17 43-4-205 (5.5)(c).

18 (IV) THE DEPARTMENT MAY PROMULGATE RULES TO ESTABLISH
19 THE PROCESS BY WHICH AN OWNER APPLIES FOR A REGISTRATION EXEMPT
20 CERTIFICATE, ALLOW THE DEPARTMENT TO VERIFY THAT THE OWNER
21 SATISFIES THE REQUIREMENTS SET FORTH IN SUBSECTION (16)(g)(I) OF
22 THIS SECTION, AND OTHERWISE IMPLEMENT THIS SUBSECTION (16)(g).

23 (25) (a) (I) Except as provided in subsection (25)(b) of this
24 section, the department shall allow a credit for taxes, surcharges, and
25 registration fees paid on any item of Class A, Class B, Class C, Class D,
26 or Class F personal property, OTHER THAN CLASS F PERSONAL PROPERTY
27 FOR WHICH THE DEPARTMENT HAS ISSUED A REGISTRATION EXEMPT

1 CERTIFICATE IN ACCORDANCE WITH SUBSECTION (16)(g) OF THIS SECTION,
2 if the owner disposes of the vehicle during the registration period or if the
3 owner converts the vehicle from any class of personal property to Class
4 F property. The credit may apply to payments of taxes, surcharges, and
5 registration fees on a subsequent application by the owner for registration
6 of an item of Class A, Class B, Class C, Class D, or Class F personal
7 property made during the registration period, or the credit may be
8 assigned by the owner to the transferee of the property for which taxes,
9 surcharges, or registration fees were paid; except that, when the transferee
10 is a dealer in new or used vehicles, the transferee shall account to the
11 owner for any assignment of the credit.

12 **SECTION 4.** In Colorado Revised Statutes, 43-4-205, **amend**
13 (5.5)(c) as follows:

14 **43-4-205. Allocation of fund.** (5.5) The following highway users
15 tax fund revenues shall be allocated and expended in accordance with the
16 formula specified in subsection (5) of this section:

17 (c) Revenues from driver's license fees, THE FEE IMPOSED BY
18 SECTION 42-3-107 (16)(g)(II)(C) ON SPECIAL MOBILE MACHINERY
19 COVERED BY A REGISTRATION EXEMPT CERTIFICATE ISSUED BY THE
20 DEPARTMENT IN ACCORDANCE WITH SECTION 42-3-107 (16)(g), motor
21 vehicle title and registration fees, and motorist insurance identification
22 fees that are credited to the fund pursuant to sections 42-2-132 (4)(b),
23 42-3-304 (18)(d)(I), and 42-3-306 (6) and (7); ~~C.R.S.~~

24 **SECTION 5.** In Colorado Revised Statutes, 43-4-804, **amend**
25 (1)(a)(I) introductory portion and (1)(a)(II) as follows:

26 **43-4-804. Highway safety projects - surcharges and fees -**
27 **crediting of moneys to highway users tax fund - definition.** (1) On and

1 after July 1, 2009, the following surcharges, fees, and fines shall be
2 collected and credited to the highway users tax fund created in section
3 43-4-201 (1)(a) and allocated to the state highway fund, counties, and
4 municipalities as specified in section 43-4-205 (6.3):

5 (a) (I) A road safety surcharge, which, except as otherwise
6 provided in ~~subparagraphs (III) and (VI) of this paragraph (a), shall be~~
7 SUBSECTIONS (1)(a)(III) AND (1)(a)(VI) OF THIS SECTION, IS imposed for
8 any registration period that commences on or after July 1, 2009, upon the
9 registration of any vehicle for which a registration fee must be paid
10 pursuant to the provisions of part 3 of article 3 of title 42 ~~C.R.S.~~ AND IS
11 ALSO IMPOSED UPON ANY ITEM OF SPECIAL MOBILE MACHINERY THAT IS
12 COVERED BY A REGISTRATION EXEMPT CERTIFICATE ISSUED BY THE
13 DEPARTMENT OF REVENUE IN ACCORDANCE WITH SECTION 42-3-107
14 (16)(g). Except as otherwise provided in ~~subparagraphs (IV) and (V) of~~
15 ~~this paragraph (a)~~ SUBSECTIONS (1)(a)(IV) AND (1)(a)(V) OF THIS SECTION,
16 the amount of the surcharge ~~shall be~~ IS:

17 (II) The road safety surcharge shall be imposed when a vehicle is
18 registered as required by article 3 of title 42 ~~C.R.S.~~ OR, FOR AN ITEM OF
19 SPECIAL MOBILE MACHINERY THAT IS COVERED BY A REGISTRATION
20 EXEMPT CERTIFICATE ISSUED BY THE DEPARTMENT OF REVENUE IN
21 ACCORDANCE WITH SECTION 42-3-107 (16)(g), AT THE TIME SET FORTH IN
22 SECTION 42-3-107 (16)(g)(II). Each authorized agent shall remit to the
23 department of revenue no less frequently than once a month, but
24 otherwise at the time and in the manner required by the executive director
25 of the department of revenue, all road safety surcharges collected by the
26 authorized agent. The executive director of the department of revenue
27 shall forward all road safety surcharges remitted by authorized agents

1 plus any road safety surcharges collected directly by the department of
2 revenue to the state treasurer, who shall credit the surcharges to the
3 highway users tax fund.

4 **SECTION 6.** In Colorado Revised Statutes, 43-4-805, **amend**
5 (5)(g)(I) introductory portion and (5)(g)(II) as follows:

6 **43-4-805. Statewide bridge enterprise - creation - board -**
7 **funds - powers and duties - legislative declaration.** (5) In addition to
8 any other powers and duties specified in this section, the bridge enterprise
9 board has the following powers and duties:

10 (g) (I) As necessary for the achievement of its business purpose,
11 to impose a bridge safety surcharge, which, except as otherwise provided
12 in ~~subparagraphs (III) and (VII) of this paragraph (g)~~ SUBSECTIONS
13 (5)(g)(III) AND (5)(g)(VII) OF THIS SECTION, shall be imposed, on and
14 after July 1, 2009, for any registration period that commences on or after
15 July 1, 2009, or on and after such later date as may be determined by the
16 bridge enterprise, for any registration period that commences on or after
17 the later date, upon the registration of any vehicle for which a registration
18 fee must be paid pursuant to the provisions of part 3 of article 3 of title 42
19 ~~C.R.S.~~ AND SHALL ALSO BE IMPOSED UPON ANY ITEM OF SPECIAL MOBILE
20 MACHINERY THAT IS COVERED BY A REGISTRATION EXEMPT CERTIFICATE
21 ISSUED BY THE DEPARTMENT OF REVENUE IN ACCORDANCE WITH SECTION
22 42-3-107 (16)(g). Except as otherwise provided in ~~subparagraphs (IV),~~
23 ~~(V), and (VI) of this paragraph (g)~~ SUBSECTIONS (5)(g)(IV), (5)(g)(V),
24 and (5)(g)(VI) OF THIS SECTION, THE AMOUNT OF THE SURCHARGE SHALL
25 NOT EXCEED:

26 (II) The bridge safety surcharge shall be imposed when a vehicle
27 is registered as required by article 3 of title 42 ~~C.R.S.~~ OR, FOR AN ITEM OF

1 SPECIAL MOBILE MACHINERY THAT IS COVERED BY A REGISTRATION
2 EXEMPT CERTIFICATE ISSUED BY THE DEPARTMENT OF REVENUE IN
3 ACCORDANCE WITH SECTION 42-3-107 (16)(g), AT THE TIME SET FORTH IN
4 SECTION 42-3-107 (16)(g)(II). Each authorized agent shall remit to the
5 department of revenue no less frequently than once a month, but
6 otherwise at the time and in the manner required by the executive director
7 of the department of revenue, all bridge safety surcharges collected by the
8 authorized agent. The executive director of the department of revenue
9 shall forward all bridge safety surcharges remitted by authorized agents
10 plus any bridge safety surcharges collected directly by the department of
11 revenue to the state treasurer, who shall credit the surcharges to the bridge
12 special fund.

13 **SECTION 7. Effective date.** This act takes effect July 1, 2021.

14 **SECTION 8. Safety clause.** The general assembly hereby finds,
15 determines, and declares that this act is necessary for the immediate
16 preservation of the public peace, health, or safety.