

## POINT PAPER

## CREDIT FOR COLORADO AUTOMOBILE REGISTRATION FEES

**PURPOSE:** To discuss current Colorado State Law, C.R.S. 42-3-107 (25), which prevents the proper credit of the Colorado Registration/Ownership Fee paid on a Motor Vehicle, and HB19-1138.

**DISCUSSION:**

- On May 6, 2015, I paid \$67.77 to the El Paso County Clerk for renewal of my automobile registration. This renewal was paid for the period May 31, 2015 – May 31, 2016, a period of twelve months, which is normal for any such renewal.
- On June 18, 2015, I purchased a new vehicle. On July 24, 2015, I paid \$530.17 for the registration of this new vehicle for the twelve month period July 31, 2015 – July 31, 2016. Please note it took about five weeks for me to receive the proper paperwork from the State of Colorado for me to register this new vehicle, which I did very promptly.
- During my visit to the El Paso County Clerk Office on July 24, I was told I would receive a credit of only \$7.83 for the \$67.77 I paid for the twelve month registration. Given two months had elapsed since I paid the \$67.77, there were ten months remaining. Thus, I should have received a gross credit for these ten months, which I clearly paid for, in the amount of \$56.50 computed as follows.
  - $\$67.77/12 = \$5.65$  per month multiplied by ten months = \$56.50. I received credit for only \$7.83 meaning I was denied a net credit of \$48.67 ( $\$56.50 - \$7.83 = \$48.67$ ).
    - Note the \$7.83 credit was based upon the portion of the \$13.00 Class A tax on my passenger vehicle which was able to be prorated according to an email I received from Chuck Broerman, El Paso County Clerk & Recorder.
    - Mr. Broerman cited C.R.S. 42-3-107(25) for why I was not allowed any credit beyond the \$7.83. Thus, his Office was simply enforcing the current State Law.
- Although the amount was rather small in the net credit I was denied (\$48.67), it could easily be much larger. For example, suppose I had paid \$500.00 on May 6, 2015. The ten month's worth of "denied credit" would amount to approximately \$416.70 ( $\$500.00/12 = \$41.67 \times 10 = 416.70$ ). Thus, for all Colorado taxpayers, this denied credit or "double taxation" as I see it, can be a significant amount and needs to be corrected in the Colorado Revised Statutes (C.R.S.).

**CONCLUSION/RECOMMENDATION:**

- Current Colorado State Law, C.R.S. 42-3-107(25), denies proper full credit for taxes paid on the registration of a motor vehicle, as discussed in this example.
- Recommend approval of legislation in HB19-1138 to correct this in the First Regular Session, 72<sup>nd</sup> Colorado General Assembly, 2019. HB19-1138 will achieve tax fairness and equity.