



**Newsletter of the
Colorado Motor Vehicle
Dealer Board
and
Auto Industry
Division**

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ROUTING BOX

Owner
Finance Manager
General Manager
Sales Manager



Director's Desk *by Kirk Martelon, Executive Secretary* **Jon Kroneberger Appointed to State Motor Vehicle Dealer Board**

Governor Bill Owens appointed Jon Kroneberger to the Motor Vehicle Dealer Board. Mr. Kroneberger will represent used vehicle dealers through June 30, 2004. Jon started as a dealer representative at First National Bank in Fort Collins, Colorado. In 1983 he became the finance manager at Ghent Motor Company in Fort Collins. In 1988 Jon became sales manager at Herbert Motor Company in Longmont. In 1990 Jon purchased the car lot from Bob Halloran in Longmont and renamed it "Big Jon's Auto Sales". In April 2000, he moved to the present location at 131 S Main Street in Longmont, Colorado. Jon went "out on a limb" and created a 50's theme for showroom – putting the "fun" back into buying a car. In 2001 Jon won the CIADA Quality Dealer of the Year for the state of Colorado.

Jon was born in Wichita, Kansas and raised in Salina, Kansas. He played football at the University of Nebraska and at Colorado State University; and received a Bachelor's Degree at Colorado State University in Fort Collins, Colorado.

Jon has been married to wife, Pam for 8 years. They have three children Kim 21, Jordan 17, and Michelle 16. Pam works full-time at the dealership as well as daughter Kim. Jordan and Michelle work part-time after school.

Jon stated, "It was a real honor to be selected to serve on the State of Colorado Dealer Board. I hope to make decisions which will make the auto industry better for both the consumer as well as the dealers."

Trade-In Allowances on Leased Vehicles

by Taxpayer Service Division

A dealer cannot provide a trade-in allowance based on the lease's residual value. Because the lessee (customer) has never titled the vehicle to show ownership, the lessee does not have all the benefits of ownership such as the payment of sales tax on the purchase of the vehicle. The customer cannot use a credit for tax that has never been paid. Therefore, the residual value cannot be used as a trade-in amount.

Under the terms of the lease agreement, the lessee has made lease payments for a period of time. The current actual value of the vehicle may be greater than the lease's initial residual value, which is considered equity. If the leasing company recognizes that the lessee has accrued some amount of equity in the vehicle, only the equity may be used as a trade-in.

When charges, penalties, and fines for early termination of a lease are passed through to a new motor vehicle deal, they become part of the new lease payment. Because they are part of the lease payment, they are subject to sales tax. Sales tax is computed on the lease payment.

For more information about leases and Colorado sales tax, consult publications FYI Sales 56 "Leases of Motor Vehicles and Other Tangible Personal Property" and Sales FYI 62 "Guidelines for Determining When to Collect State-Collected Local Sales Tax". They may be obtained by visiting the Department of Revenue's Web site at www.taxcolorado.com or calling the DOR Forms Hotline at (303) 238-SERV (7378).

Licensing Leads *by Debby Shriver, Acting Licensing Manager*

Expired Licenses-Did you know?

If a dealer, manufacturer, buyer agent, salesperson or a representative allows the license to expire for 30 or more days (clock starts from the original expiration date shown on the license) the licensee will be required to start over as an original applicant. A new license period will be established and a new bond will be required for the new license period (a continuation bond is not acceptable).

If you are a dealer, manufacturer or a buyer agent, a new application packet must be completed with a \$300 license fee. Sometimes the licensing process can take up to several weeks depending on the volume of new applications and whether the application and supporting documents are complete. The dealer, manufacturer or

buyer agent is considered to be unlicensed and should not operate during this time. The dealer/manufacture will be assigned a new number. Should there be any salespeople or representatives licensed to the old number, it will require that their licenses be reissued to the new number.

For salespeople this means the submittal of an original application, a \$65 license fee and a new bond. No test or criminal background will be required if the licensee held a license within the last year.

For representatives this means the submittal of an original application and a \$65 license fee.

So, stay aware of expiration dates on licenses and avoid the original application process.

Investigation Insight *by Supervisor Investigator Mary Marvin*

We are here to help! Heard that before?

Many dealers have our phone number on speed dial, but many don't – some don't even know whom their area Investigator is. Recently Investigations has had some personnel changes. A newcomer is Investigator Chris Rouze. Chris came to us from Jefferson County Welfare Fraud. She is a seasoned Investigator and we are very fortunate to have her as part of our investigative team. Richard Predovich left us for a short time, but has returned.

Investigations are assigned by geographical areas. Investigators Jerry Smith and Richard Predovich are primarily assigned to Denver and Adams counties. Chuck Halberstadt and Chris Rouze are primarily assigned to Jefferson and Arapahoe counties. Wayne Brautigam of Fort Collins, who recently retired, was

assigned to the northern part of the State. Richard has been temporarily assigned to that area. Connie Hatch of our Grand Junction office handles the entire western slope. Alan Pfeifer of our Colorado Springs office handles the entire southern part of the state.

Investigations has initiated a new program considered Auction duty. The team of Halberstadt and Rouze or the team of Smith and Predovich can be found at the auctions on sale dates to answer any questions you may have. Look them up. Or you can certainly call them at the office anytime. And as always, I am available to assist you. Remember we have many investigative tools that are available to us to help you solve salvage, title, odometer, and many other problems.

Compliance Corner *by Supervisor Mary Marvin*

Unlawful to absorb taxes

Compliance has received several phone calls from dealers asking if the dealership can advertise that the dealer will pay the customer's taxes. Colorado State Statute strictly prohibits the payment of taxes by any retailer. It is unlawful for any retailer to advertise or hold out or state to the public or to any customers, directly or indirectly, that the tax or any part thereof will be

assumed or absorbed by the retailer or that it will not be added to the selling price or if added that it or any part thereof will be refunded. While the dealer has the duty to collect the tax, the dealer only acts as an agent of the state in this capacity.



COLORADO MANUFACTURER LICENSE PLATES

Effective immediately: Manufacturer plates, previously processed by the Auto Industry Division, are now being processed by the **Registrations and Titles Section**. The plates are issued to manufacturers licensed by the Department of Revenue. The plates are not assigned to specific vehicles and may be used on any new vehicle owned by and titled in Colorado to the manufacturer or its factory branch. The driver of the vehicle must have the receipt for Colorado title in his/her possession. The title receipt serves as the registration and insurance verification.

PLATE FEES:

Plate 1	\$30.00
Plates 2 – 5	\$7.50 each
Plates 6 and over	\$10.00 each

Plates run concurrent with the manufacturer license and fees are not prorated throughout the year. There are no restrictions to the number of plates that may be requested.

REQUIREMENTS:

§ The manufacturer must pay Colorado use tax at the Motor Vehicle Office in the County where the manufacturing business or factory branch is located.

§ The manufacturer must obtain title for all vehicles bearing the plates at the Motor Vehicle Office in the County where the manufacturing business or factory branch is located.

§ The manufacturer must apply at the Department of Revenue, Auto Industry Division to obtain manufacturer license.

§ Once title receipts and manufacturer license are received and use tax is paid, the manufacturer must apply at the Department of Revenue, Registrations and Titles Section for distribution of manufacturer license plates.

All requests must be directed to:

Department of Revenue
Motor Vehicle Business Group
Registrations and Titles Section
Denver, CO 80261

Or

Visit us at 1881 Pierce Street in Lakewood, Colorado.

Copies of Colorado title receipt(s) for each requested plate and the Colorado manufacturer's license must accompany request. Failure to attach copies of receipt(s) and license will result in the rejection of the application. Payment is due upon application.

Make check or money order payable to: *DEPARTMENT OF REVENUE*



**2002 Olympics
Go USA!**



DEALER BOARD ACTIONS

Joe Sessum, dba Sessum Motors-Aurora-#4537 – failure to honor written agreement; defrauding any buyer/seller; failure to deliver title within 30 days; selling retail; failure to honor check/draft to dealer. **LICENSE REVOKED, FINED \$100,000.**

Darnell Weare, dba DWear's Auto-Denver-#4424 – failure to deliver title within 30 days; failure to provide Emissions Certificate; illegal sale; failure to honor written agreement; defrauding any buyer/seller; failure to honor check/draft to dealer; failure to maintain principal place of business. **LICENSE REVOKED, FINED \$66,000.**

William Dyer, dba Dyer Auto and Electric & Auto Sales, Inc-Denver-#1615-violating State Law, perjury in the second degree for falsifying a verification of vehicle identification number form. **\$5,000 FINE HELD IN ABEYANCE FOR ONE YEAR PROBATIONARY PERIOD.**

Gregory Tatum, dba Auto Quest, Inc.-Englewood-#8503 – failure to deliver title; failure to perform a written agreement; failure to obtain off-premise permit; defrauding any buyer/seller. **LICENSE REVOKED, FINED \$60,000.**

Wayne Price, dba Jett Ink-Larkspur-#7424 – failure to provide truthful information on a dealer plate affidavit. **FINED \$1,000.**

Robin Kaylor-Salesperson – misappropriating funds. **LICENSE REVOKED, FINED \$10,000**

Tyrence Townsend-Salesperson – unfitness of licensing character. **FINED \$2,000, PLUS RESTITUTION**

DEALER BOARD MEMBERS

President, Steve Perkins

First Vice President, Fred Emich

Second Vice President, Leo J. Payne

Gretchen Eberhardt, Jeff Carlson, Greg Sopkin,
Mark Striegnitz, Jim Varner, Jon Kroneberger

Executive Secretary, Kirk J. Martelon

AUTO INDUSTRY DIVISION

Division Director, Kirk J. Martelon

Acting Licensing Manager, Debby Shriver

Investigator Supervisor, Mary Marvin

Public Information Officer, Kaye Kopecky

Correspondence is welcome. Address to:

Auto Industry Division

1881 Pierce Street, Lakewood, CO 80214

Phone: (303) 205-5604 FAX: (303) 205-5977

E-mail: dealers@spike.dor.state.co.us

Internet: www.mv.state.co.us/dealer.html

C A L E N D A R

Dealer Board Business Meeting: Second Tuesday of each month at 9:00 am, 1881 Pierce St, Lakewood.

Dealer Board Hearings: Fourth Tuesday of each month, if necessary, at 9:00 am, 1881 Pierce St, Lakewood.

License Law Seminar - Colorado Springs: First Tuesday of each month at 10:00 am, 3650 Austin Bluffs Pkwy, Ste. 188, in the Shops of the Bluffs Mall, Colorado Springs.

License Law Seminar - Lakewood: Third Tuesday of each month at 9:00 am, 1881 Pierce St, in the Department of Revenue Building, Conf. Rm. C, Lakewood.

Note: Times and locations are subject to change.
Call the Auto Industry Division at (303) 205-5784.

Please note: While every effort is made to make the information in *Wheels* as accurate and helpful as possible, it is not offered as a substitute for legal advice.

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