WHEELS

APRIL 1999

Newsletter of the Colorado Motor Vehicle Dealer Board

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April 1999

LICENSE RENEWAL PROCESS

On May 3rd, renewal applications will be mailed to dealers and wholesalers that have licenses expiring on June 30, 1999.

Renewal applications for salespersons that have licenses expiring on June 30, 1999 will be mailed on May 14th to the dealership. The forms will be pre-printed and will contain the name, social security number, address and telephone number of each salesperson who has a license expiring on June 30th. Only the people listed will need to be renewed unless they are no longer employed.

The manufacturer, distributor and representative renewal applications will also be mailed on May 14th. These forms will be pre-printed for those licenses expiring on June 30, 1999.

Instructions regarding the renewal process will be mailed with the renewal application forms. Read the instructions carefully to avoid any delays in receiving your 1999-2000 license.

If the renewal application and fee is received by the Dealer Section or postmarked after the license

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DEALER PROGRAM REALIGNED

The Dealer program has been reorganized and realigned as part of a major restructuring of the Colorado Department of Revenue. The Dealer Section, and the Office of the Executive Secretary of the Dealer Board have been merged into a single position with responsibility for the entire program. **Jim Clark**, Executive Secretary of the Board, has been named acting director of the yet-to-be-named division. The Department of Revenue has been reorganized in to three Business Groups - Tax, Motor Vehicle, and Enforcement. The dealer program was moved to the Enforcement Business Group and given equal footing with Lottery, Limited Gaming, Racing & Liquor, and Motor Vehicle Hearings. The reorganization, announced by Revenue Executive Director **Fred Fisher** in late March, is in accordance with **Governor Owens**' promise to reduce and streamline government. Further modifications may be forthcoming as the new organization takes shape and embarks on goals to improve the regulatory scheme.

TAXABILITY OF DEMO VEHICLES

The position of the Department of Revenue is if a motor vehicle dealer uses a vehicle for other than promotion of business, the dealer shall pay a sales or use tax upon the dealer's net invoice price. The dealer's use of an inventory or stock vehicle is not subject to a tax if this vehicle is available for and in fact used for the promotion of business. This position is explained as follows.

1. A vehicle actually sold to a salesman, partner, or other official of the dealer's company is subject to the sales tax on the selling price or, if there is a trade-in allowance, on the net selling price of the vehicle.

2. A motor vehicle dealer who uses a vehicle for other than promotion of business shall pay a use tax upon the dealer's net invoice price.

3. The dealer's use of an inventory or stock vehicle is not subject to a use tax if it is available for and in fact used for the promotion of business.

4. To be entitled to the exemption provided in 3., above, a dealer shall file with his sales tax return a

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FULL USE PLATE AUDIT

Abuses of full use dealer plate authorization has resulted in the Dealer Board directing an audit to determine if those dealers claiming full use plate privileges are authorized to do so. Full use dealer plates are authorized if a dealer sold at least 26 cars in the preceding year. To obtain full use dealer plates, an affidavit must be submitted attesting to the qualifying sales. Information uncovered by the Board revealed that some dealers may have submitted false affidavits. If so, the dealer faces not only sanctions from the Dealer Board, but possible criminal charges as well.

The audits are expected to begin in July. The Dealer Board has announced an **amnesty program** whereby any dealers who have obtained a full use dealer plate authorization improperly may voluntarily turn in their plates and face no disciplinary action. After July 1, 1999 the amnesty program will end and those found in violation will be subject to all appropriate action.

LICENSE RENEWAL PROCESS cont'd

expiration date; both the renewal fee and late filing fee will be due.

The Dealer Section will be providing walk-in assistance to help dealers complete the renewal applications on the following dates:

Ft. Collins:
May 19, 1999
9:00 a.m. – 4:00 p.m.
300 E. Foothills Pkwy

Colorado Springs:
May 20, 1999
9:00 a.m. – 4:00 p.m.
3650 Austin Bluffs Pkwy #188

Lakewood:
May 21, 1999
9:00 a.m. – 4:00 p.m.
1881 Pierce St Conference Rm C

Telephone assistance is available by calling (303)205-5604.

Last July, the Dealer Section began issuing 12-month licenses to first time dealer, wholesaler or salesperson applicants. Therefore, not all licenses will expire on June 30, 1999.

Approximately 60 days prior to the 12-month license expiration date, a renewal application and instruction sheet will be mailed. As salesperson licenses expire, the pre-printed application and instruction sheet will be mailed to the dealership.

SALES MANAGERS: APPLICANTS MUST DISCLOSE ARRESTS

New salesperson applicants must disclose if they have ever ***been arrested, charged with, convicted of or pled no contest to any felony or misdemeanor crime in the past 10 years***. The Dealer Section runs a CBI (Colorado Bureau of Investigation) report. The CBI report brings up all criminal information. Applications with missing information will be delayed and could be considered as containing a material misstatement. Sales managers, be sure your new applicants disclose all criminal information.

DEALER PLATES & PERSONAL USE

Demo plates, Depot plates and In-transit plates cannot be used for personal use. State regulations make it very clear that the only dealer plate that can be used for personal use is a Full-use plate. It is a violation of State regulations to use a Demo plate for personal use.

Specific information regarding use of dealer plates can be found in regulation 1 C.C.R. 204-14 in the Motor Vehicle Industry License Law and Regulations book.

DISCLOSE OR BUY BACK

Any person who sells a vehicle rebuilt form salvage for the purpose of transferring ownership shall provide a copy of the disclosure affidavit to each prospective buyer and shall obtain a signed statement from each purchaser stating that the purchaser has received a copy of the disclosure. Any person who purchases a vehicle rebuilt from salvage who was not provided with a copy of the disclosure and after the sale discovers the vehicle was a salvage vehicle shall be entitled to a ***full and immediate refund of the purchase price from the prior owner***. Dealers may want to use a service to check the title history to ensure that a vehicle has not been rebuilt from salvage.

FTC BUYER'S GUIDE

When a sale is conducted in Spanish, the FTC Buyer's Guide must also be in Spanish.

The Buyer's Guide must be prominently and conspicuously displayed. Purchasers must be given a copy of the completed Buyer's Guide at the time of sale containing the final negotiated warranty coverage.

RENEW TABS, NOT PLATES

Dealers need to renew the tabs that go on their plates annually when they renew their dealer license. Full-use plates, Demo plates, and In-transit plates all have tabs that are renewed through the county clerks. Depot plates, which have the year embossed on them, must be replaced annually through the Registration Section.

FORMS AND APPLICATIONS NOW ON THE INTERET

Dealer and salesperson applications and forms can be easily downloaded from the Dealer Section / Dealer Board homepage.

The homepage contains applications and forms as well as information for dealers and consumers, such as, licensing requirements, advertising rules, fee schedule, Board actions, lemon law, buying tips, and leasing tips. The Internet address is **www.mv.state.co.us/dealer.html**.

SALES DISCLOSURE FORM CHANGED

Regulation 12-6-104(3)(k), the Disclosures Required As Part Of A Motor Vehicle Sales Contract, has recently been changed.

Dealers are required to use the new form beginning October 1, 1999. Contact your form supplier.

WHEELS

DEALER BOARD MEMBERS
President, Dwayne Dodd,
First Vice President, Vacant,
Second Vice President, Ron Rakowsky,
Michael Conley, Mike Faricy,
Paul Gebhardt, John Covert,
Clair Villano

Executive Secretary, James F. Clark

Please direct any comments, suggestions or questions to:

Larry Herold, Editor
1881 Pierce Street, Lakewood, CO 80214

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FAX: (303) 205-5977
E-mail: dealers@spike.dor.state.co.us
Internet: www.mv.state.co.us/dealer.html

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.

VEHICLE COLOR REQUIRED ON APPLICATION FOR TITLE

Effective July 1, 1999, the primary color of a motor vehicle will be required on all NEW applications for registration. This color information will be maintained in the Department of Revenue's records and made available to law enforcement agencies for their official use.

The following standard color descriptions will be used in identifying the primary body color:

BLA	Black	MUL	Multicolored
BLU	Blue	ORA	Orange
BRO	Brown	PIN	Pink
CAM	Camouflage	PUR	Purple
GOL	Gold	RED	Red
GRA	Gray	SIL	Silver
GRE	Green	TAN	Tan
IVO	Ivory	WHI	White

Dealers are asked to print the primary vehicle color at the bottom of the DR2411, the Application For Title. Any change in the vehicle color on registrations applied for after July ,1 1999 requires written notification to the county motor vehicle office within 30 days of color change.

For further information, contact the Registration Section at (303) 205-5607.

DEALER NEWS: DISPOSITION OF PREVIOUSLY OWNED LICENSE PLATES AND REGISTRATIONS

By Kim Guzman,
Larimer County Vehicle Licensing Supervisor

Do you know the answer to the following question... Who retains the license plates when an individual trades his/her car into a dealership - the owner or the dealer? The answer is always the owner!

Unfortunately, working as a county motor vehicle supervisor, I am continually informed by customers that when they trade-in their car, the dealer usually ends up keeping their license plates.

This causes a problem because quite often the license plates that should have been returned to the customer end up being reused on other vehicles. When this occurs it causes hardship and financial burden for the original owner of the license plates in order to rectify the situation.

As a Dealer, please make it your responsibility to return license plates to the original owner.

Additionally, those of you that have been in the business for a while may recall that years ago dealerships were asked to keep registrations from trade-in vehicles in order to surrender them to the new owner. This is no longer necessary and this practice should be discontinued.

BOARD ACTIONS

Bonn's Used Cars (George J. Bonn) - fraudulent or illegal repossession. **PAY $900 TO CONSUMER, FINED $1000, LICENSE 1 YEAR PROBATION.**

Discount Auto Center, Inc. - failure to deliver title, failure to perform written agreement (not paying off trade-in vehicles and writing checks that were not honored), transferring ownership of corporation without notifying the Board and defrauding a buyer. **LICENSE REVOKED.**

Dayton Auto Sales (Dennis H. Dayton Sr. & Dennis H Dayton Jr.) - failure to deliver title & failure to pay for vehicles purchased. **LICENSE REVOKED.**

Town and Country Ford Lincoln Mercury Inc. - defrauding a buyer and financial institution by disclosing a false odometer reading on a bill of sale and on an odometer disclosure. **1 YEAR PROBATION, $6000 FINE.**

Eddy Colin - exercising privileges of a dealer when not licensed as such and making an illegal repossession. **SALESPERSON LICENSE 1 YEAR PROBATION, $5000 FINE.**

John Cam Ong - SALESPERSON LICENSE REINSTATED.

1999 - 2000 LICENSE FEES

Dealers/Wholesalers/Buyer Agents

Renewal	$250
Original	$325
Temporary License for Out of State Dealer (per event)	$200
Change of Class	$100
Change of Location	$100
Change of Name	$100
Change of Ownership (Stock Transfer)	$100
Additional Location	$150
Off-Premise Permit	$ 75

Salespersons

Renewal	$50
Original	$75
Multiple (additional location license)	$50

Manufacturers/Distributors/Branches

Renewal	$250
Original	$325

Manufacturer Representative

Renewal	$ 60
Original	$ 60

Miscellaneous

Search Fee	$3
Copy Fee	$1

Note: Late fees may be added to a license application that is not received on time, per Colorado Revised Statutes.

TAXABILITY OF DEMOS cont'd

letter containing the Colorado sales tax license number, the dealer license number, the Vehicle Identification Number (VIN) and the purpose for which the vehicle will be used.

Additional information concerning tax due, based on your situation, may be acquired from Taxpayer Service at (303) 232-2416.

Caution! Dealers Advertising Vehicles That Have Undergone "Certified Inspections"

Many dealers are advertising that their vehicles have undergone a multi-point certified inspection as an inducement to purchase. This is a formal assertion in writing that a dealer's vehicles are guaranteed to meet a certain standard.

If deficiencies are found during the inspection process, they either need to be repaired to the standard being represented or, if unrepaired, disclosed in writing to the prospective purchaser as material information. It is recommended that the written inspection checklist be given to the purchaser.

The Colorado Consumer Protection Act states that a person engages in a deceptive trade practice when, in the course of such person's business, vocation, or occupation, such person represents goods, food, services, or property are of a particular standard, quality or grade, or that goods are of a particular style or model, if he knows or should know that they are of another.

So, dealers are cautioned to comply with all statutes and regulations when advertising these or similar type programs.

C A L E N D A R

MAY 1999

4 License Law Seminar
10 AM - 1 PM
Shops at the Bluffs Mall
3650 Austin Bluffs Pkwy
#188 Colorado Springs

12 Dealer Board Meeting
AutoNation USA
2009 Market St
Denver

18 License Law Seminar
9 AM - Noon
1881 Pierce St Rm A
Lakewood

JUNE 1999

8 Dealer Board Meeting
9 AM
1881 Pierce St Rm A
Lakewood

15 License Law Seminar
9 AM - Noon
1881 Pierce St Rm A
Lakewood

22 Dealer Board Meeting
9 AM
1881 Pierce St Rm A
Lakewood

JULY 1999

6 License Law Seminar
10 AM - 1 PM
Shops at the Bluffs Mall
3650 Austin Bluffs Pkwy
#188 Colorado Springs

13 Dealer Board Meeting
9 AM
1881 Pierce St Rm A
Lakewood

20 License Law Seminar
9 AM - Noon
1881 Pierce St Rm A
Lakewood

27 Dealer Board Meeting
9 AM
1881 Pierce St Rm A
Lakewood

(Dates and locations subject to change, call 205-5604 to confirm.)

STATE OF COLORADO
MOTOR VEHICLE DEALER SECTION
DENVER CO 80261-0016

FORWARDING & RETURN POSTAGE GUARANTEED
ADDRESS CORRECTION REQUESTED