



FYI General 19

Motor Vehicle Daily Rental Fee

GENERAL INFORMATION

Effective July 1, 2009, daily rentals of motor vehicles used to transport persons or property are subject to a \$2 fee for each day each vehicle is rented pursuant to §43-4-804(1)(b)(I) C.R.S.

DEFINITION

Motor vehicle means any self-propelled vehicle which is designed primarily for travel on the public highways and which is generally and commonly used to transport persons and property over the public highways, as well as non-motorized vehicles that must be registered for use on public highways. This includes motorcycles, motor scooters, cars, trucks, neighborhood electric vehicles, trailers, and recreational vehicles (RVs). This does not include motorized bicycles.

APPLICATION OF THE FEE

This fee is applicable to motor vehicle rentals by companies whose primary business is renting motor vehicles for less than 45 days. For such rentals, the fee applies for each day each vehicle is rented. The fee is paid by the customer and should be separately stated on the rental contract as the Colorado Road Safety Program Fee. This \$2 fee should not be included in the amounts subject to state and local sales tax. If a vehicle is separately rented to more than one customer in a given day, the \$2 fee should be charged to each customer.

- If a company whose primary business is renting vehicles for less than 45 days has a rental that goes beyond 45 days, the fee must be collected for each day the vehicle is rented including the rental days in excess of 45 days. This is also the case if a contract for less than 45 days is extended to more than 45 days or if the vehicle is returned late after the 45 day period has ended.
- If a company whose primary business is not renting vehicles for less than 45 days rents a vehicle, such company is not required to collect the fee even if the rental is for less than 45 days.

EXCEPTIONS

Rentals made to the federal government for official use are not subject to this fee. The fee does apply to rentals by state and local governments. The fee does apply to rentals made by charitable organizations. Vehicles that are complimentary are not subject to this fee. For example, vehicles provided at no charge to persons having their car repaired are not subject to this fee. Rentals made by vehicle share and rideshare associations are not subject to this fee under the following conditions:

- (A) Under terms of the arrangement, the organization provides passenger vehicles for the use of members of the organization who have paid a membership fee to the organization and charges an additional fee for each use of a passenger vehicle;
- (B) A member of the organization is not required to enter into a separate written agreement with the organization each time the member reserves and uses a passenger vehicle;
- (C) The average paid usage period for all passenger vehicles provided by the organization during the prior calendar year was six hours or less;
- (D) At least three-quarters of all passenger vehicle rentals made by the organization during the prior calendar year in each municipality or county in which the organization does business were made to members of the organization who maintain a residence within the city or county;
- (E) Fuel and full insurance coverage are included in the member usage rates; and (F) Passenger vehicles provided by the organization are stationed in self-serve locations throughout the county or municipality in which the organization does business.

FILING REQUIREMENTS

Collections of this fee are to be reported and paid by the 20th of the following month using a Vehicle Daily Rental Fee Return (DR 1777). The Department of Revenue will mail forms to those businesses that have indicated they make such rentals. A return must be filed even when no fee is collected for a particular month. Failure to collect and remit this daily rental fee may result in the seizure of the business's rental vehicles.

COMMON QUESTIONS

If a company's primary business is not renting motor vehicles, but it has a business location whose primary business is renting motor vehicles for less than 45 days, does the fee have to be collected on vehicle leases made at that location?

Yes. The fee must be collected for all rentals that occur from the location whose primary business is renting vehicles for less than 45 days. For example, if a car dealer's primary business is selling vehicles but it also operates a separate short term vehicle leasing business, then all leases from the short term leasing facility will be subject to the fee.

If a company operates a car dealership whose primary business is selling cars leases vehicles, then any car rentals by the dealership would not be subject to the daily rental fee. Does this change if the car rentals from the dealership are handled by a separate company whose primary business is renting vehicles?

Yes. The company whose primary business is renting vehicles for less than 45 days would be required to collect the fee on all vehicle rentals at that location even though the location is shared with the dealership's physical location,

Are one-way rentals subject to the daily rental fee?

The fee applies to vehicles rented in Colorado. One-way rentals that are initiated in Colorado and returned in another state will be subject to the fee for each day of the rental. One-way rentals that are initiated in another state and returned in Colorado are not subject to the fee.

Because the daily rental fee is intended to apply to vehicle rentals of less than 45 days, is the fee limited to no more than \$88 on any rental?

No. The fee applies to vehicle rentals made by entities whose primary business is renting motor vehicles for less than 45 days. If such a business has an occasional rental that exceeds 45 days for any reason, the \$2/day fee will apply to the entire rental period and does not stop on day 45.

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