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SENATE BILL 13-280

BY SENATOR(S) Tochtrop, Crowder, Guzman, Nicholson;
also REPRESENTATIVE(S) Vigil, Hamner, Hullinghorst, Young.

CONCERNING THE ISSUANCE OF CERTIFICATES OF TITLE FOR OFF-HIGHWAY
VEHICLES, AND, IN CONNECTION THEREWITH, MAKING AN
APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, 33-14.5-103, **amend**
(1) as follows:

33-14.5-103. Proof of ownership for registration purposes.

(1) The division shall require proof of ownership for an off-highway vehicle prior to the initial registration required under this article, but ~~such proof shall not be dependent upon any certificate of title, and no certificate of title shall be issued by the division~~ SHALL NOT ISSUE A CERTIFICATE OF TITLE FOR THE VEHICLE.

SECTION 2. In Colorado Revised Statutes, 39-26-113, **amend** (1),
(6) (a), and (6) (b); and **add** (8) as follows:

39-26-113. Collection of sales tax - motor vehicles - powersports

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

vehicles - exemption. (1) ~~No registration shall be made of~~ THE DEPARTMENT OF REVENUE OR ITS AUTHORIZED AGENT SHALL NOT REGISTER a motor or other vehicle for which registration is required ~~and no~~ OR ISSUE A certificate of title ~~shall be issued for such~~ A MOTOR vehicle, OFF-HIGHWAY VEHICLE AS DEFINED IN SECTION 42-6-102, C.R.S., or ~~for a mobile~~ MANUFACTURED home ~~by the department of revenue or its authorized agent~~ AS DEFINED IN SECTION 38-29-106, C.R.S., until any tax due on the sale and purchase of ~~such~~ THE vehicle pursuant to UNDER section 29-2-106, C.R.S., or section 39-26-106 or imposed by ordinance of any home rule city has been paid.

(6) (a) ~~In the case of~~ a seller-financed sale in which the seller has added the sales tax due on the sale to the financed sales price of the motor OR OFF-HIGHWAY vehicle and the purchaser has ~~defaulted or otherwise~~ failed to make payments due to the seller, the seller ~~shall be entitled to~~ MAY deduct all portions of the unreceived payments that are attributable to the sales tax due on the sale from the next sales tax return made by the seller pursuant to UNDER this article. If the amount to be SO deducted pursuant to ~~this subsection (6)~~ exceeds the amount of sales tax to be remitted by the seller for the next reporting period, the seller may carry forward the remaining amount of the deduction to future sales tax returns. ~~In no event shall~~ This subsection (6) ~~be construed to~~ DOES NOT create a right to a refund or any other payment by the department of revenue to the seller.

(b) For purposes of this subsection (6), "seller-financed sale" means a retail sale of a motor OR OFF-HIGHWAY vehicle by a seller licensed pursuant to ~~part 1 of~~ UNDER article 6 of title 12, C.R.S., in which the seller, or a wholly-owned affiliate or subsidiary of the seller, collects all or part of the total consideration paid for the motor vehicle in periodic payments and retains a lien on the motor vehicle until all payments have been received. Except as otherwise provided in this paragraph (b), ~~the term~~ "SELLER-FINANCED SALE" does not include a retail sale of a motor vehicle in which a person other than the seller provides the consideration for the sale and retains a lien on the motor vehicle until all payments have been made.

(8) SUBSECTIONS (1) AND (2) OF THIS SECTION DO NOT APPLY TO THE SALE OR TRANSFER OF OFF-HIGHWAY VEHICLES BEFORE JULY 1, 2014. FOR AN OFF-HIGHWAY VEHICLE THAT WAS FIRST PURCHASED OR TRANSFERRED BEFORE JULY 1, 2014, AND IS BEING ISSUED ITS FIRST CERTIFICATE OF TITLE

FOR THE FIRST TIME AFTER THIS DATE, THE DEPARTMENT SHALL NOT VERIFY THAT THE PERSON PAID ANY TAX DUE ON THE VEHICLE.

SECTION 3. In Colorado Revised Statutes, 42-6-102, **amend** (1) and (17) (a); and **add** (1.5), (11.5), and (18.5) as follows:

42-6-102. Definitions. As used in this part 1, unless the context otherwise requires:

(1) ~~"Authorized agents" means the county clerk and recorder in each of the counties of the state, including the city and county of Broomfield, and the manager of revenue or such other official of the city and county of Denver as may be appointed by the mayor to perform functions related to the registration of motor vehicles.~~ "ALL-TERRAIN VEHICLE" MEANS A THREE-OR FOUR-WHEELED VEHICLE THAT TRAVELS ON LOW-PRESSURE TIRES WITH A SEAT THAT IS STRADDLED BY THE RIDER AND WITH HANDLEBARS FOR STEERING CONTROL.

(1.5) "AUTHORIZED AGENT" MEANS THE COUNTY CLERK AND RECORDER IN EACH OF THE COUNTIES OF THE STATE OR SUCH OTHER OFFICIAL OF A CITY AND COUNTY APPOINTED TO PERFORM THE FUNCTION OF TITLING OF OR RECORDING LIENS ON MOTOR VEHICLES.

(11.5) (a) "OFF-HIGHWAY VEHICLE" MEANS A SELF-PROPELLED VEHICLE THAT IS:

(I) DESIGNED TO TRAVEL ON WHEELS OR TRACKS IN CONTACT WITH THE GROUND;

(II) DESIGNED PRIMARILY FOR USE OFF OF THE PUBLIC HIGHWAYS;
AND

(III) GENERALLY AND COMMONLY USED TO TRANSPORT PERSONS FOR RECREATIONAL PURPOSES.

(b) "OFF-HIGHWAY VEHICLE" INCLUDES VEHICLES COMMONLY KNOWN AS ALL-TERRAIN VEHICLES AND SNOWMOBILES BUT DOES NOT INCLUDE:

(I) TOY VEHICLES;

(II) VEHICLES DESIGNED AND USED PRIMARILY FOR TRAVEL ON, OVER, OR IN THE WATER;

(III) MILITARY VEHICLES;

(IV) GOLF CARTS OR GOLF CARS;

(V) VEHICLES DESIGNED AND USED TO CARRY PERSONS WITH DISABILITIES;

(VI) VEHICLES DESIGNED AND USED SPECIFICALLY FOR AGRICULTURAL, LOGGING, OR MINING PURPOSES; OR

(VII) MOTOR VEHICLES.

(17) (a) (I) "Salvage vehicle" means a vehicle that is damaged by collision, fire, flood, accident, trespass, or other occurrence, excluding hail damage, to the extent that the cost of repairing the vehicle to a roadworthy condition and for legal operation on the highways exceeds the vehicle's retail fair market value immediately prior to ~~such~~ THE damage, as determined by the person who owns the vehicle at the time of ~~such~~ THE occurrence or by the insurer or other person acting on behalf of ~~such~~ THE owner.

(II) "SALVAGE VEHICLE" DOES NOT INCLUDE AN OFF-HIGHWAY VEHICLE.

(18.5) "SNOWMOBILE" MEANS A SELF-PROPELLED VEHICLE PRIMARILY DESIGNED OR ALTERED FOR TRAVEL ON SNOW OR ICE OFF OF THE PUBLIC HIGHWAYS AND SUPPORTED BY SKIS, BELTS, OR CLEATS. "SNOWMOBILE" DOES NOT INCLUDE MACHINERY USED FOR THE GROOMING OF SNOWMOBILE TRAILS OR SKI SLOPES.

SECTION 4. In Colorado Revised Statutes, **amend** 42-6-103 as follows:

42-6-103. Application. (1) ~~The provisions of~~ EXCEPT AS PROVIDED IN SUBSECTION (2) OF THIS SECTION, this part 1 ~~shall apply~~ APPLIES to motor vehicles as defined in section ~~42-6-102~~ AND OFF-HIGHWAY VEHICLES.

(2) THIS PART 1 DOES NOT APPLY TO AN OFF-HIGHWAY VEHICLE THAT:

(a) WAS FIRST SOLD OR TRANSFERRED BEFORE JULY 1, 2014, UNTIL THE OFF-HIGHWAY VEHICLE IS SOLD OR TRANSFERRED TO A POWERSPORTS VEHICLE DEALER AFTER JULY 1, 2014; OR

(b) IS USED EXCLUSIVELY FOR AGRICULTURAL PURPOSES ON PRIVATE LAND.

SECTION 5. In Colorado Revised Statutes, 42-6-107, **amend** (1) (a) and (2) as follows:

42-6-107. Certificates of title - contents - rules. (1) (a) ~~THE~~ THE DEPARTMENT OR AUTHORIZED AGENT SHALL MAIL OR DELIVER certificates of title to motor OR OFF-HIGHWAY vehicles issued under this part 1 ~~shall be mailed~~ to the applicant, except as provided in section 42-6-124, and THE DIRECTOR SHALL RETAIN AND APPROPRIATELY INDEX AND FILE information appearing and concerning the issuance ~~thereof shall be retained by the director and appropriately indexed and filed in the director's office.~~ Such OF THE CERTIFICATES OF TITLE. THE certificates may be electronic records ~~pursuant to~~ IN COMPLIANCE WITH rules adopted by the director. ~~and,~~ In addition to other information that the director may by rule require, ~~shall~~ THE CERTIFICATES MUST contain the make and model of the motor OR OFF-HIGHWAY vehicle ~~for which the certificate is issued or the record is created, where such~~ DESCRIBED IN THE RECORD, IF THE information is available, together with the motor and any OTHER serial number of the vehicle, and a description of ~~such~~ ANY other marks or symbols ~~as may be~~ placed upon the vehicle by the vehicle manufacturer for identification purposes. The year ~~that is~~ listed on the certificate of title of a kit vehicle ~~shall be~~ IS the year of manufacture of the kit from which the vehicle was assembled, as indicated in the manufacturer's statement of origin.

(2) The DEPARTMENT OR AUTHORIZED AGENT SHALL INCLUDE IN THE electronic record of the certificate or the paper version of the certificate ~~shall contain~~ a description of every lien ~~to which~~ ON the motor OR OFF-HIGHWAY vehicle ~~is subject, as~~ THAT appears in the application for the certificate of title or as is ~~noted and shown to be~~ unreleased upon a PRIOR certificate of title ~~issued after August 1, 1949,~~ for ~~such~~ THE vehicle, including the date of ~~such~~ THE lien, the original amount secured by the

vehicle, the named lienee, and the county in which the lien appears of record if it is of public record. The DEPARTMENT OR AUTHORIZED AGENT SHALL NUMBER certificates and electronic records ~~shall be numbered~~ consecutively by counties, beginning with number one. The certificate of title filed with the authorized agent ~~shall be~~ IS prima facie evidence of the contents of the record and that the person in whose name the certificate is registered is the lawful owner of the vehicle. Except as provided in section 42-6-118, ~~said~~ THE certificate ~~shall be~~ REMAINS effective after filing until the vehicle described in the record is sold or ownership is otherwise transferred.

SECTION 6. In Colorado Revised Statutes, 42-6-109, **amend** (1), (2) introductory portion, and (2) (b) as follows:

42-6-109. Sale or transfer of vehicle. (1) Except as provided in section 42-6-113, a person shall not sell or otherwise transfer a motor OR OFF-HIGHWAY vehicle to a purchaser or transferee without delivering to the purchaser or transferee a certificate of title to the vehicle duly transferred in the manner prescribed in section 42-6-110. Except as provided in subsection (2) of this section, the certificate of title may be in an electronic format. Except as provided in section 42-6-115, ~~no~~ A purchaser or transferee ~~shall~~ DOES NOT acquire any right, title, or interest in and to a motor OR OFF-HIGHWAY vehicle purchased by the purchaser or transferee unless and until he or she obtains from the transferor the certificate of title duly transferred in accordance with this part 1. A lienholder may request either a paper or electronic version of a certificate of title.

(2) Except as provided in section 42-6-115, a paper copy of a certificate of title is necessary for ~~any~~ A transaction in which:

(b) The purchaser pays for a motor OR OFF-HIGHWAY vehicle entirely with cash.

SECTION 7. In Colorado Revised Statutes, 42-6-110, **amend** (1) as follows:

42-6-110. Certificate of title - transfer. (1) Upon the sale or transfer of a motor OR OFF-HIGHWAY vehicle for which a certificate of title has been issued or filed, the person in whose name the certificate of title is registered, if ~~such~~ THE person is ~~other than~~ NOT a dealer, shall execute a

formal transfer of the vehicle described in the certificate. ~~Such transfer shall be affirmed by a statement signed by~~ The person in whose name the certificate of title is registered or ~~by such~~ THE person's authorized agent or attorney ~~and shall contain or be~~ AFFIRM THE SALE OR TRANSFER, accompanied by a written declaration that ~~it~~ THE STATEMENT is made under the penalties of perjury in the second degree, as defined in section 18-8-503, C.R.S. The purchaser or transferee, within sixty days thereafter, shall present ~~such~~ THE certificate, together with an application for a new certificate of title, to the director or one of the authorized agents, accompanied by the fee required in section 42-6-137 to be paid for the filing of a new certificate of title; except that, if no title can be found and the motor vehicle is not roadworthy, the purchaser or transferee may wait until twenty-four months after the motor vehicle was purchased to apply for a certificate of title.

SECTION 8. In Colorado Revised Statutes, 42-6-111, **amend** (1) and (2) as follows:

42-6-111. Sale to dealers - certificate need not issue. (1) Upon the sale or transfer to a dealer of a motor OR OFF-HIGHWAY vehicle for which a Colorado certificate of title has been issued, ~~THE DEALER SHALL TRANSFER AND FILE~~ the certificate of title to the motor OR OFF-HIGHWAY vehicle; ~~shall be transferred and filed;~~ except that, so long as the vehicle remains in the dealer's possession and at the dealer's place of business for sale and for no other purpose, ~~such~~ THE dealer ~~shall not be required to~~ NEED NOT procure or file a new certificate of title as is otherwise required in this part 1.

(2) If a motor OR OFF-HIGHWAY vehicle dealer wishes to obtain a new certificate of title, ~~to a motor vehicle,~~ ~~such~~ THE dealer may present the old certificate of title to the director with the fee imposed by section 42-6-137 (6), whereupon the director shall issue a new certificate of title to ~~such~~ THE dealer within one working day after application. This subsection (2) ~~shall~~ DOES not apply to a motor OR OFF-HIGHWAY vehicle subject to a lien.

SECTION 9. In Colorado Revised Statutes, **amend** 42-6-112 as follows:

42-6-112. Initial registration of a vehicle - dealer responsibility to timely forward certificate of title to purchaser or holder of a chattel

~~mortgage. In order to facilitate initial registration of a vehicle;~~ A dealer of motor OR OFF-HIGHWAY vehicles shall, ~~have not more than thirty days after the date of sale of such vehicle to~~ WITHIN THIRTY DAYS AFTER THE SALE, deliver or facilitate the delivery of the certificate of title to a purchaser or the holder of a chattel mortgage on ~~such~~ THE motor OR OFF-HIGHWAY vehicle subject to section 42-6-109.

SECTION 10. In Colorado Revised Statutes, **amend** 42-6-113 as follows:

42-6-113. New vehicles - bill of sale - certificate of title - rules.

(1) Upon the sale or transfer by a dealer of a new motor OR OFF-HIGHWAY vehicle, ~~such~~ THE dealer shall, upon delivery, make, execute, and deliver to the purchaser or transferee a sufficient bill of sale and the manufacturer's certificate of origin.

(2) The bill of sale ~~shall~~ MUST:

(a) Be affirmed by a statement signed by ~~such~~ THE dealer, ~~shall contain~~ CONTAINING or ~~be~~ accompanied by a written declaration that it is made under the penalties of perjury in the second degree, as defined in section 18-8-503, C.R.S.;

(b) ~~shall~~ Be in such form as the director may require; and

(c) ~~shall~~ Contain, in addition to other information that the director may by rule require, the make and model of the motor OR OFF-HIGHWAY vehicle, ~~so sold or transferred;~~ the identification number placed upon the vehicle by the manufacturer for identification purposes, the manufacturer's suggested retail price, and the date of the sale or transfer, together with a description of any mortgage or lien on the vehicle that secures any part of the purchase price.

(3) Upon presentation of ~~such a~~ THE bill of sale AND THE MANUFACTURER'S CERTIFICATE OF ORIGIN, ~~to~~ the director or an authorized agent SHALL FILE a new certificate of title for the vehicle described in the bill of sale. ~~shall be filed.~~ A DEALER SHALL TRANSFER A new motor OR OFF-HIGHWAY vehicle ~~that is used by a dealer for demonstration shall be transferred~~ in accordance with this section.

SECTION 11. In Colorado Revised Statutes, **amend** 42-6-114 as follows:

42-6-114. Transfers by bequest, descent, or law. Upon the transfer of ownership of a motor OR OFF-HIGHWAY vehicle by inheritance or by operation of law, as in proceedings in bankruptcy, insolvency, replevin, attachment, execution, or other judicial sale, or ~~whenever such~~ IF THE vehicle is sold to satisfy storage or repair charges or repossessed to satisfy a secured debt, the director or the authorized agent may issue, upon the surrender of any available certificate of title and presentation of such proof of ownership as the director may reasonably require or a court order, a new certificate of title on behalf of the new owner, and ~~disposition shall be made~~ DISPOSE OF THE CERTIFICATE as in other cases.

SECTION 12. In Colorado Revised Statutes, 42-6-115, **amend** (1) (a) introductory portion and (3) (b); and **add** (1) (d) as follows:

42-6-115. Furnishing bond for certificates. (1) (a) If the applicant for a certificate of title to a motor OR OFF-HIGHWAY vehicle is unable to provide the director or the authorized agent with a certificate of title duly transferred to the applicant or other evidence of ownership satisfactory to the director as specified in rules established ~~pursuant to~~ UNDER section 42-6-104, the director or the authorized agent may file a certificate of title for the vehicle if the applicant furnishes the director or the authorized agent with a statement, in a form specified by the director, that contains:

(d) UPON RECEIPT OF AN APPLICATION BY THE OWNER OF A MOTOR OR OFF-HIGHWAY VEHICLE THAT IS SUBJECT TO A LIEN OR MORTGAGE, THE AUTHORIZED AGENT SHALL NOT ISSUE A CERTIFICATE OF TITLE UNLESS THE OWNER INCLUDES A SIGNED ORIGINAL OR SIGNED DUPLICATE OF THE MORTGAGE OR COPY THEREOF, CERTIFIED BY THE HOLDER OF THE MORTGAGE OR THE HOLDER'S AGENT TO BE A TRUE COPY OF THE SIGNED ORIGINAL MORTGAGE. UPON RECEIVING THE MORTGAGE, THE AUTHORIZED AGENT SHALL COMPLY WITH SECTIONS 42-6-121 (2), 42-6-122, AND 42-6-123 CONCERNING THE LIEN OR MORTGAGE.

(3) (b) (I) ~~If the~~ A vehicle for which the certificate is filed is twenty-five years old or older, the applicant has had a certified vehicle identification number inspection performed on the vehicle, and the applicant presents a notarized bill of sale within twenty-four months after

the sale with the title application, the applicant need not furnish surety under this subsection (3). To be excepted from the surety requirement, an applicant ~~shall~~ MUST submit an affidavit to the department that is sworn to under penalty of perjury AND that states that the required documents submitted are true and correct.

(II) AN APPLICANT NEED NOT FURNISH SURETY UNDER THIS SUBSECTION (3) FOR AN OFF-HIGHWAY VEHICLE IF THE APPLICANT SUBMITS AN AFFIDAVIT UNDER PENALTY OF PERJURY THAT ATTESTING TO OWNERSHIP OF THE VEHICLE AND IF THE VEHICLE:

(A) WAS MOVED TO COLORADO FROM A STATE NOT ISSUING CERTIFICATES OF TITLE FOR OFF-HIGHWAY VEHICLES;

(B) IS USED AND HELD AS INVENTORY BY A POWERSPORTS DEALER;

(C) WAS OWNED BY AN AGENCY OF THE UNITED STATES OR ANOTHER STATE OR A POLITICAL SUBDIVISION THEREOF;

(D) WAS OWNED BY AN AGRICULTURAL PRODUCER AND USED STRICTLY FOR AGRICULTURAL PURPOSES;

(E) WAS OWNED EXCLUSIVELY FOR THE PURPOSE OF BEING OPERATED IN AN ORGANIZED COMPETITIVE OR NONCOMPETITIVE EVENT ON PUBLICLY OR PRIVATELY OWNED OR LEASED LAND; EXCEPT THAT THIS EXEMPTION DOES NOT APPLY UNLESS THE AGENCY EXERCISING JURISDICTION OVER THE LAND SPECIFICALLY AUTHORIZES THE ORGANIZED COMPETITIVE OR NONCOMPETITIVE EVENT; OR

(F) WAS USED BY A DEALER, MANUFACTURER, OR AUTHORIZED DESIGNEE FOR AN OFF-HIGHWAY VEHICLE OPERATOR EDUCATION OR SAFETY PROGRAM.

SECTION 13. In Colorado Revised Statutes, **amend** 42-6-116 as follows:

42-6-116. Applications for filing of certificates of title - rules.

(1) If a person who desires or who is entitled to a filing of a certificate of title to a motor OR OFF-HIGHWAY vehicle is required to apply to the director or the authorized agent, ~~such~~ THE applicant shall apply upon a form

provided by the director in which appears a description of the motor OR OFF-HIGHWAY vehicle including the make and model, the manufacturer's number, and a description of any other distinguishing mark, number, or symbol placed on ~~said~~ THE vehicle by the vehicle manufacturer for identification purposes, as may be required by the director by rule adopted in accordance with article 4 of title 24, C.R.S. The application ~~shall also~~ MUST show the name and correct address of the owner determined pursuant to section 42-6-139, a class A, class B, class C, class D, or class F vehicle owner's personal identification number as provided on a state-issued driver's license or assigned by the department, and the applicant's source of title and ~~shall~~ MUST include a description of all known mortgages and liens upon the motor OR OFF-HIGHWAY vehicle, the holder of the lien, the amount originally secured, and the name of the county and state ~~in which such~~ IF THE OWNER HOLDS A CERTIFICATE OF TITLE OR THE STATE IF THE OWNER DOES NOT HOLD A CERTIFICATE OF TITLE WHERE THE mortgage, ~~or~~ lien, OR FINANCING STATEMENT is recorded or filed. ~~Such~~ THE application ~~shall~~ MUST be verified by a statement signed by the applicant and ~~shall~~ MUST contain or be accompanied by a written declaration that it is made under the penalties of perjury in the second degree, as defined in section 18-8-503, C.R.S.

(2) UPON RECEIPT OF AN APPLICATION BY THE OWNER OF A MOTOR OR OFF-HIGHWAY VEHICLE THAT IS SUBJECT TO A LIEN OR MORTGAGE, THE AUTHORIZED AGENT SHALL NOT ISSUE A CERTIFICATE OF TITLE UNLESS THE OWNER INCLUDES A SIGNED ORIGINAL OR SIGNED DUPLICATE OF THE MORTGAGE OR COPY THEREOF, CERTIFIED BY THE HOLDER OF THE MORTGAGE OR THE HOLDER'S AGENT TO BE A TRUE COPY OF THE SIGNED ORIGINAL MORTGAGE. UPON RECEIVING THE MORTGAGE, THE AUTHORIZED AGENT SHALL COMPLY WITH SECTIONS 42-6-121 (2), 42-6-122, AND 42-6-123 CONCERNING THE LIEN OR MORTGAGE.

SECTION 14. In Colorado Revised Statutes, **amend** 42-6-118 as follows:

42-6-118. Amended certificate. If the owner of a motor OR OFF-HIGHWAY vehicle for which a Colorado certificate of title has been issued or filed replaces any part of the motor OR OFF-HIGHWAY vehicle on which appears the identification number or symbol described in the certificate of title and ~~such~~ THE identification number or symbol no longer appears on the motor OR OFF-HIGHWAY vehicle, or incorporates the part

containing the identification number or symbol into another motor OR OFF-HIGHWAY vehicle, ~~such~~ THE owner shall immediately apply to the director or an authorized agent for an assigned identification number and an amended filing of a certificate of title to ~~such~~ THE vehicle.

SECTION 15. In Colorado Revised Statutes, **amend** 42-6-119 as follows:

42-6-119. Certificates for vehicles registered in other states.

(1) When a resident of the state acquires the ownership of a motor OR OFF-HIGHWAY vehicle for which a certificate of title has been issued by a state other than Colorado, the person acquiring ~~such~~ THE vehicle shall apply to the director or an authorized agent for the filing of a certificate of title as in other cases.

(2) If a dealer acquires the ownership of a motor OR OFF-HIGHWAY vehicle by lawful means and the ~~motor~~ vehicle is titled under the laws of a state other than Colorado, ~~such~~ THE dealer ~~shall not be required to~~ NEED NOT file a Colorado certificate of title for the vehicle so long as ~~such~~ THE vehicle remains in the dealer's possession and at the dealer's place of business solely for the purpose of sale.

(3) Upon the sale by a dealer of a motor OR OFF-HIGHWAY vehicle, the certificate of title to which was issued in a state other than Colorado, the dealer shall, within thirty days after the ~~date of~~ sale, deliver or facilitate the delivery to the purchaser ~~such~~ THE certificate of title, ~~from a state other than Colorado~~ duly and properly endorsed or assigned to the purchaser, with a statement by the dealer ~~that shall contain~~ CONTAINING or ~~be~~ accompanied by a written declaration that it is made under the penalties of perjury in the second degree, as defined in section 18-8-503, C.R.S., and ~~that shall set~~ SETTING forth the following:

(a) That ~~such~~ THE dealer, ~~has warranted and,~~ by the execution of ~~such~~ THE affidavit, ~~does warrant~~ WARRANTS to the purchaser and all persons who ~~shall~~ claim through the NAMED purchaser ~~named~~ that, at the time of the sale, transfer, and delivery by the dealer, the vehicle described was free and clear of all liens and mortgages except as might ~~therein~~ appear IN THE CERTIFICATE OF TITLE;

(b) That the vehicle is not a stolen vehicle; and

(c) That ~~such~~ THE dealer had good, sure, and adequate title to, and full right and authority to sell and transfer, the vehicle.

(4) If the purchaser of the vehicle completes and includes the vehicle identification number inspection form as part of the application for filing of a Colorado certificate of title to ~~such~~ THE vehicle and accompanies the application with the affidavit required by subsection (3) of this section and the duly endorsed or assigned certificate of title from a state other than Colorado, a Colorado certificate of title may be filed in the same manner as upon the sale or transfer of a motor OR OFF-HIGHWAY vehicle for which a Colorado certificate of title has been issued or filed. Upon the filing by the director or the authorized agent of ~~such~~ THE certificate of title, the director or the authorized agent may dispose of ~~such~~ THE certificate of title and shall record ~~such~~ THE certificate of title as provided in section 42-6-124.

SECTION 16. In Colorado Revised Statutes, **amend** 42-6-120 as follows:

42-6-120. Security interests upon motor vehicles. (1) Except as provided in this section and ~~section~~ SECTIONS 42-6-130 AND 42-6-148, the provisions of the "Uniform Commercial Code", title 4, C.R.S., relating to the filing, recording, releasing, renewal, priority, and extension of chattel mortgages, as ~~the term is~~ defined in section 42-6-102 (9), ~~shall~~ DO not apply to motor OR OFF-HIGHWAY vehicles. ~~Any~~ A mortgage or refinancing of a mortgage intended by the parties to the mortgage or refinancing to encumber or create a lien on a motor vehicle, or to be perfected as a valid lien against the rights of third persons, purchasers for value without notice, mortgagees, or creditors of the owner, ~~shall~~ MUST be filed for public record. THE DEPARTMENT OR AUTHORIZED AGENT SHALL NOTE the fact of filing ~~shall be noted~~ on the owner's certificate of title or bill of sale substantially in the manner provided in section 42-6-121.

(2) ~~The provisions of~~ This section and section 42-6-121 ~~shall~~ DO not apply to ~~any~~ A mortgage or security interest upon ~~any~~ A vehicle or motor vehicle held for sale or lease ~~which~~ THAT constitutes inventory as defined in section 4-9-102, C.R.S. ~~As to such mortgages or security interests, the provisions of article 9 of title 4, C.R.S., shall apply, and~~ THE perfection of ~~such~~ mortgages or security interests, ~~shall be made pursuant thereto, and the rights of the parties, shall be~~ ARE governed and determined ~~thereby~~ BY ARTICLE 9 OF TITLE 4, C.R.S.

(3) Notwithstanding any provision of law to the contrary, in the case of motor vehicles, OFF-HIGHWAY VEHICLES, or trailers, a lease transaction does not create a sale or security interest solely because it permits or requires the rental price to be adjusted either upward or downward under the agreement by reference to the amount realized upon sale or other disposition of the motor vehicle, OFF-HIGHWAY VEHICLE, or trailer.

(4) The rights of a buyer, lessee, or lien creditor that arise after a mortgage attaches to a motor OR OFF-HIGHWAY vehicle and before perfection under this article ~~shall be~~ ARE determined by section 4-9-317, C.R.S.

SECTION 17. In Colorado Revised Statutes, 42-6-121, **amend** (1) and (2) as follows:

42-6-121. Filing of mortgage - rules. (1) The holder of a chattel mortgage on a motor OR OFF-HIGHWAY vehicle desiring to secure the rights provided for in this part 1 and to have the existence of the mortgage and the fact of the filing of the mortgage for public record noted in the filing of the certificate of title to the encumbered ~~motor~~ vehicle ~~shall~~ MUST present the signed original or signed duplicate of the mortgage or copy ~~thereof~~ OF THE MORTGAGE, certified by the holder of the mortgage or the holder's agent to be a true copy of the signed original mortgage, and the certificate of title or application for certificate of title to the ~~motor~~ vehicle encumbered to the authorized agent of the director in the county or city and county in which the mortgagor of ~~such motor~~ THE vehicle resides or where the ~~property~~ VEHICLE is located. The ~~filings~~ HOLDER may ~~be made~~ FILE either with paper documents or electronically. The mortgage or refinancing of a loan secured by a mortgage ~~shall~~ MUST state the name and address of the debtor; the name and address of the mortgagee or name of the mortgagee's assignee; the make, vehicle identification number, and year of manufacture of the mortgaged vehicle; and the date and amount of the loan secured by the mortgage. AN OWNER OF A MOTOR OR OFF-HIGHWAY VEHICLE APPLYING FOR A CERTIFICATE OF TITLE UNDER SECTION 42-6-115, 42-6-116, OR 42-6-119 IS DEEMED TO HAVE FILED UNDER THIS SECTION ON BEHALF OF THE MORTGAGE OR LIEN HOLDER.

(2) (a) Upon the receipt of the electronic, original, or duplicate mortgage or certified copy ~~thereof~~ OF THE MORTGAGE and certificate of title or application for certificate of title, the authorized agent, if satisfied that

the vehicle described in the mortgage is the same as that described in the certificate of title or filed title, shall file within the director's authorized agent's motor AND OFF-HIGHWAY vehicle database:

(I) Notice of ~~such~~ THE mortgage or lien, in which ~~shall appear~~ APPEARS the day on which the mortgage was received for filing;

(II) The name and address of the mortgagee named and the name and address of the holder of ~~such~~ THE mortgage, if ~~such person is other than the mortgagee named~~; THE HOLDER IS NOT THE NAMED MORTGAGEE;

(III) The amount secured by the vehicle;

(IV) The date of the mortgage;

(V) The day and year on which the mortgage was filed for public record; and

(VI) ~~such~~ ANY other information regarding the filing of the mortgage in the office of the director's authorized agent as may be required by the director by rule.

(b) The director's authorized agent shall electronically transmit, when the director's authorized agent uses an electronic filing system, the certificate of title, application for certificate of title, and mortgage information to the database of the director for maintenance of a central registry of motor AND OFF-HIGHWAY vehicle title information pursuant to section 42-6-147.

SECTION 18. In Colorado Revised Statutes, **amend** 42-6-122 as follows:

42-6-122. Disposition of mortgages by agent - rules. (1) The authorized agent, upon receipt of the mortgage, shall file the mortgage in the agent's office, ~~Such mortgage shall be~~ appropriately indexed and cross-indexed:

(a) Under one or more of the following headings in accordance with the rules adopted by the director:

(I) Make or vehicle identification number of motor OR OFF-HIGHWAY vehicles mortgaged;

(II) Names of owners of mortgaged motor OR OFF-HIGHWAY vehicles as ~~the same~~ THEY appear on the certificates of title thereto;

(III) The numbers of the certificates of title for motor OR OFF-HIGHWAY vehicles mortgaged;

(IV) The numbers or other identification marks assigned to registration certificates issued upon the ~~licensing~~ REGISTRATION of mortgaged vehicles;

(b) Under the name of the mortgagee, the holder of ~~such~~ THE mortgage, or the owner of ~~such~~ THE vehicle; or

(c) Under such other system as the director may devise and determine to be necessary for the efficient administration of this part 1.

(2) All records of mortgages affecting motor OR OFF-HIGHWAY vehicles ~~shall be~~ ARE public and may be inspected and ~~copies thereof made~~ COPIED, as is provided by law respecting public records affecting real property.

SECTION 19. In Colorado Revised Statutes, **amend** 42-6-123 as follows:

42-6-123. Disposition after mortgaging. After a mortgage on a motor OR OFF-HIGHWAY vehicle has been filed in the authorized agent's office, the authorized agent shall mail, DELIVER, or electronically transfer to the director the certificate of title or bill of sale ~~which~~ THAT the authorized agent has filed in the record. ~~Upon the receipt thereof,~~ The director shall maintain completed electronic records transferred by the authorized agent. The director shall issue a new certificate of title containing, in addition to the other matters ~~and things~~ required to be set forth in certificates of title, a description of the mortgage and all information respecting ~~said~~ THE mortgage and the filing thereof ~~as may appear~~ THAT APPEAR in the certificate of the authorized agent, and the director or the director's authorized agent shall ~~thereafter~~ THEN dispose of ~~said~~ THE new certificate of title containing ~~said~~ THE notation as provided in

section 42-6-124.

SECTION 20. In Colorado Revised Statutes, **amend** 42-6-124 as follows:

42-6-124. Disposition of certificates of title. (1) ~~All certificates of title issued by~~ The director or the director's authorized agent shall be disposed of by the director DISPOSE OF A CERTIFICATE OF TITLE ISSUED BY THE DIRECTOR OR THE AUTHORIZED AGENT in the following manner:

(a) If the certificate of title that is filed by the director's authorized agent is maintained in an electronic format within the director's and the director's authorized agent's motor AND OFF-HIGHWAY vehicle databases as required by the standards established pursuant to article 71.3 of title 24, C.R.S., the certificate of title shall be disposed of in accordance with paragraphs (b) and (c) of this subsection (1).

(b) If it appears, from the records in the director's or the director's authorized agent's office and from an examination of the certificate of title, that the motor OR OFF-HIGHWAY vehicle ~~therein~~ described IN THE CERTIFICATE OF TITLE is not subject to a mortgage filed ~~subsequent to~~ AFTER August 1, 1949, or if ~~such~~ THE vehicle is encumbered by a mortgage filed in any county of a state other than ~~the state of~~ Colorado, THE DIRECTOR OR AUTHORIZED AGENT SHALL DELIVER the certificate of title ~~shall be delivered~~ to the person who ~~therein~~ appears to be the owner of the vehicle ~~described~~, or ~~such certificate shall be mailed~~ MAIL THE CERTIFICATE to the owner ~~thereof~~ OF THE VEHICLE at his or her address as ~~the same may appear~~ IT APPEARS in the application, the certificate of title, or other records in the director's or the director's authorized agent's office.

(c) If it appears, from the records in the office of the director or the director's authorized agent and from the certificate of title, that the motor OR OFF-HIGHWAY vehicle ~~therein~~ described IN THE CERTIFICATE OF TITLE is subject to one or more mortgages filed ~~subsequent to~~ AFTER August 1, 1949, the director or the director's authorized agent shall electronically maintain or deliver the certificate of title issued by the director to the mortgagee named ~~therein~~ IN THE CERTIFICATE OF TITLE or the holder ~~thereof~~ OF THE CERTIFICATE OF TITLE whose mortgage was first filed in the office of an authorized agent.

SECTION 21. In Colorado Revised Statutes, 42-6-125, **amend** (1) and (2) (a) (I) as follows:

42-6-125. Release of mortgages - rules. (1) Upon the payment or discharge of the undertaking secured by ~~any~~ A mortgage on a motor OR OFF-HIGHWAY vehicle that has been filed for record ~~in the manner prescribed in~~ UNDER section 42-6-121, the legal holder, on a form approved by the director, shall ~~make and execute the notice~~ NOTIFY THE DIRECTOR OR AUTHORIZED AGENT of the discharge of the obligation and release of the mortgage securing the obligation and set forth in the notice the facts concerning the right of the holder to release the mortgage as the director ~~by appropriate rule~~ may require ~~which~~ BY RULE. THE LIENHOLDER SHALL INCLUDE IN THE NOTICE OF satisfaction and release ~~shall be affirmed by a statement~~ A signed ~~by the legal lienholder~~ AFFIRMATION, noted in the certificate of title on file with the director or the director's authorized agent, ~~and that shall contain or be~~ CONTAINS OR IS accompanied by a written declaration that it is made under the penalties of perjury in the second degree, as defined in section 18-8-503, C.R.S. Thereupon, the holder of the RELEASED mortgage ~~so released~~ shall dispose of the certificate of title as follows:

(a) If ~~it appears that~~ the motor OR OFF-HIGHWAY vehicle is encumbered by a mortgage filed ~~in the manner prescribed in~~ UNDER section 42-6-121 ~~subsequent to~~ AFTER the date on which the RELEASED mortgage ~~so released~~ was filed for record, the holder of ~~such~~ THE certificate of title shall deliver the ~~title~~ CERTIFICATE to the person shown to be the holder of the mortgage noted on the title filed earliest after the filing of the RELEASED mortgage, ~~released,~~ or to the person or agent of the person shown to be the assignee or other legal holder of the mortgage, or shall mail the ~~title~~ CERTIFICATE to the mortgagee or holder at ~~his or her~~ THE address APPEARING ON THE MORTGAGE. If the certificate is returned unclaimed, it ~~shall be sent by~~ THE HOLDER SHALL mail THE CERTIFICATE to the director.

(b) If it appears from an examination of the certificate of title that there are no other outstanding mortgages against the motor OR OFF-HIGHWAY vehicle ~~in the title~~ upon the release of the mortgage as provided in this section, the holder of the mortgage shall deliver the certificate of title to the owner of the vehicle or shall mail the title to the owner at his or her address, and, if for any reason the certificate of title is not delivered to the owner ~~of the vehicle~~ or is returned unclaimed, it shall

~~immediately be mailed~~ THE HOLDER SHALL IMMEDIATELY MAIL THE CERTIFICATE to the director.

(c) The director's authorized agent shall note in the electronic record of the lien ~~such~~ THE satisfaction ~~or~~ AND release of ~~such~~ THE lien or mortgage and shall file ~~such~~ A NOTICE OF THE satisfaction ~~or~~ AND release ~~of such lien as required~~ in ACCORDANCE WITH section 42-6-122.

(2) (a) (I) Except when a lienholder can show extenuating circumstances, within fifteen calendar days after a lien or mortgage on a motor OR OFF-HIGHWAY vehicle is paid and satisfied, a lienholder shall release the lien or mortgage as required by subsection (1) of this section.

SECTION 22. In Colorado Revised Statutes, 42-6-126, **amend** (1) (a) and (1) (b) (II) as follows:

42-6-126. New certificate upon release of mortgage - rules.

(1) (a) Upon the satisfaction of the debt and release of a mortgage on a motor OR OFF-HIGHWAY vehicle filed for record ~~in the manner prescribed in~~ AS REQUIRED BY section 42-6-121:

(I) The owner of the vehicle encumbered by the mortgage, the purchaser from or transferee of the owner as appears on the certificate of title, or the holder of ~~any~~ A mortgage that was junior to the mortgage released, upon the receipt of the certificate of title, as provided in section 42-6-125, shall deliver the title to the authorized agent, who shall transmit the title to the director; or

(II) The lienholder shall notify the authorized agent of the satisfaction of the debt and release of the mortgage, setting forth any facts concerning the right of the holder to release the mortgage as the director may require. The LIENHOLDER SHALL SIGN A satisfaction and release ~~shall be~~ THAT IS affirmed by a statement ~~signed by the lienholder noted in the certificate of title and shall contain~~ CONTAINING or ~~be~~ accompanied by a written declaration that it is made under the penalties of perjury in the second degree, as defined in section 18-8-503, C.R.S. Upon receiving a valid satisfaction and release, the director or authorized agent shall note the release of the lien and shall issue a certificate of title for the motor vehicle, omitting all reference to the mortgage.

(b) Upon the receipt by the director of a statement of mortgage release, the director shall:

(II) Issue a new certificate of title to the motor OR OFF-HIGHWAY vehicle, omitting all reference to the released mortgage; and

SECTION 23. In Colorado Revised Statutes, 42-6-127, **amend** (2) as follows:

42-6-127. Duration of lien of mortgage - extensions - rules.

(2) Upon receipt of a mortgage extension, the ~~director's~~ authorized agent shall make and complete the electronic record of the extension as the director by rule may require within the director's or the ~~director's~~ authorized agent's motor AND OFF-HIGHWAY vehicle database, and shall note the fact of the extension of the mortgage on the certificate of title, which may be filed electronically. Thereafter, the ~~certificate of title shall be returned~~ AUTHORIZED AGENT SHALL RETURN THE CERTIFICATE to the person shown on the certificate to be entitled to the certificate. If any mortgage other than one on a trailer coach; truck tractor; multipurpose trailer, if known when filed; or motor home ~~that~~ has been filed for record and noted on the certificate of title AND has not been released or extended within ten years after the date ~~on which~~ WHEN the mortgage was filed in the office of the ~~director's~~ authorized agent, the person shown by the records in the director's office to be the owner of the motor OR OFF-HIGHWAY vehicle described in the certificate of title, upon ~~making an appropriate application therefor~~ FILING AN APPLICATION, may request that ~~any~~ THE AUTHORIZED AGENT REMOVE references to the mortgages shown on the records. ~~of the director's authorized agent be removed by the authorized agent.~~ The ~~director's~~ authorized agent shall remove all reference to mortgages shown in the ~~director's~~ authorized agent's records to have been of record in the office of the authorized agent for more than ten years ~~which mortgages have been neither released nor extended as provided in this section~~ WITHOUT BEING RELEASED OR EXTENDED.

SECTION 24. In Colorado Revised Statutes, **amend** 42-6-128 as follows:

42-6-128. Validity of mortgage between parties. Nothing in this part 1 ~~shall be construed to impair~~ IMPAIRS the validity of a mortgage on a motor OR OFF-HIGHWAY vehicle between the parties ~~thereto~~ as long as no

purchaser for value, mortgagee, or creditor without actual notice of the existence ~~thereof~~ OF A MORTGAGE has acquired an interest in the motor OR OFF-HIGHWAY vehicle described ~~therein~~ IN THE MORTGAGE, notwithstanding that the parties to ~~said~~ THE mortgage have failed to comply with ~~the provisions of~~ this part 1.

SECTION 25. In Colorado Revised Statutes, 42-6-129, **amend** (1), (2), and (4) as follows:

42-6-129. Second or other junior mortgages. (1) On and after July 1, 1977, ~~any~~ A person who takes a ~~second or other~~ junior mortgage on a motor OR OFF-HIGHWAY vehicle for which a Colorado certificate of title has been issued or filed may file ~~said~~ THE mortgage for public record and have the existence ~~thereof~~ OF THE MORTGAGE noted or filed on the certificate of title with like effect as in other cases, ~~in the manner prescribed in~~ AS REQUIRED BY this section.

(2) ~~Such second or~~ THE junior mortgagee or the holder ~~thereof~~ OF THE MORTGAGE shall file ~~said~~ THE mortgage pursuant to the requirements of AS REQUIRED BY section 42-6-121 with the ~~director's~~ authorized agent of the county ~~wherein~~ WHERE the mortgagor of ~~said~~ THE motor OR OFF-HIGHWAY vehicle resides or where the ~~motor~~ vehicle is located, and shall accompany ~~said~~ THE mortgage with a written request to have the existence ~~thereof~~ OF THE MORTGAGE noted or filed on the certificate of title records of the ~~director's~~ authorized agent pertaining to the ~~motor~~ vehicle covered by the junior ~~or second~~ mortgage. Upon the filing of ~~such~~ THE mortgage, the ~~director's~~ authorized agent shall note in the record of the ~~subject~~ vehicle the day and hour ~~on which such~~ WHEN THE mortgage was received by the agent, ~~and~~ shall make and deliver a receipt for the mortgage to the person filing the mortgage, and shall file the ~~second or~~ junior mortgage as required under section 42-6-122.

(4) If ~~any~~ A person lawfully in possession of a certificate of title to ~~any~~ A motor OR OFF-HIGHWAY vehicle, upon whom demand is made for the delivery ~~thereof~~ to the authorized agent, ~~omits, for any reason whatsoever,~~ FAILS to deliver or mail the ~~same~~ CERTIFICATE OF TITLE to the authorized agent, ~~such~~ THE person ~~shall be~~ IS liable to the holder of ~~such second or~~ THE junior mortgage for all damage sustained by reason of ~~such~~ THE omission.

SECTION 26. In Colorado Revised Statutes, **amend** 42-6-130 as

follows:

42-6-130. Priority of secured interests. The liens or mortgages filed for record or noted on a certificate of title to a motor OR OFF-HIGHWAY vehicle, as provided in section 42-6-121, ~~shall~~ take priority in the same order that they were filed ~~in the office of~~ WITH the authorized agent; except that the priority of a purchase-money security interest, as defined in section 4-9-103, C.R.S., ~~shall be~~ IS determined in accordance with sections 4-9-317 (e) and 4-9-324 (a), C.R.S.

SECTION 27. In Colorado Revised Statutes, **amend** 42-6-131 as follows:

42-6-131. Mechanic's, warehouse, and other liens. Nothing in this part 1 ~~shall be construed to impair~~ IMPAIRS the rights of lien claimants arising under ~~any mechanics'~~ A MECHANIC'S lien ~~law~~ or the lien of a warehouse or other person claimed for repairs on or storage of ~~any~~ A motor OR OFF-HIGHWAY vehicle, when a mechanic's lien or storage lien originated prior to a mortgage or lien on the motor OR OFF-HIGHWAY vehicle being filed for record and ~~such motor~~ THE vehicle has remained continuously in the possession of the person claiming ~~such~~ THE mechanic's lien or lien for storage.

SECTION 28. In Colorado Revised Statutes, **amend** 42-6-133 as follows:

42-6-133. Foreign mortgages and liens. ~~No~~ A mortgage or lien on a motor OR OFF-HIGHWAY vehicle filed for record in a state other than Colorado ~~shall be~~ IS NOT valid and enforceable against the rights of subsequent purchasers for value, creditors, lienholders, or mortgagees having no actual notice of the existence of ~~such~~ THE mortgage or lien. If the certificate of title for ~~such~~ THE vehicle bears any notation adequate to apprise a purchaser, creditor, lienholder, or mortgagee of the existence of a mortgage or lien at the time a third party acquires a right in the motor vehicle, ~~such~~ THE mortgage or lien and the rights of the holder of the mortgage or lien ~~shall be~~ ARE enforceable in this state as though ~~such~~ THE mortgage were filed in Colorado and noted on the certificate of title or noted in the record of the authorized agent ~~pertaining to that~~ FOR THE vehicle ~~pursuant to~~ UNDER section 42-6-121.

SECTION 29. In Colorado Revised Statutes, **amend** 42-6-134 as follows:

42-6-134. Where application for certificates of title made. Except as otherwise provided in this part 1, ~~all applications~~ A PERSON SHALL APPLY for recording of ~~certificates~~ A CERTIFICATE of title upon the sale or transfer of a motor OR OFF-HIGHWAY vehicle ~~described in the certificate of title shall be directed to and filed~~ with the authorized agent of the county where ~~such~~ THE vehicle will be registered and licensed for operation.

SECTION 30. In Colorado Revised Statutes, 42-6-135, **amend** (2) as follows:

42-6-135. Lost certificates of title. (2) If the title owner, lienholder, or mortgagee of a certificate of title loses, misplaces, or accidentally destroys a certificate of title to a motor OR OFF-HIGHWAY vehicle that ~~such~~ THE person holds as described in the certificate of title, upon application, the director or the authorized agent may issue a duplicate copy of the recorded certificate of title as in other cases.

SECTION 31. In Colorado Revised Statutes, 42-6-136, **amend** (1) as follows:

42-6-136. Surrender and cancellation of certificate - penalty for violation. (1) The owner of a motor OR OFF-HIGHWAY vehicle for which a Colorado certificate of title has been issued, upon the destruction or dismantling of ~~said motor~~ THE vehicle, upon its being changed so that it is no longer a motor OR OFF-HIGHWAY vehicle, or upon its being sold or otherwise disposed of as salvage, shall surrender the certificate of title to the ~~motor~~ vehicle to the director or the authorized agent to be canceled or notify the director or the authorized agent on director-approved forms indicating the loss, destruction or dismantling, or sale for salvage. Upon the owner's procuring the consent of the holders of ~~any~~ unreleased mortgages or liens noted on or recorded as part of the certificate of title, ~~such~~ THE DIRECTOR OR AUTHORIZED AGENT SHALL CANCEL THE certificate. ~~shall be canceled.~~ A person who violates this section commits a class 1 petty offense and shall be punished as provided in section 18-1.3-503, C.R.S.

SECTION 32. In Colorado Revised Statutes, 42-6-137, **amend** (2), (6), (7) (a), and (7) (b) as follows:

42-6-137. Fees. (2) Upon the receipt by an authorized agent of a mortgage for filing under section 42-6-121, 42-6-125, or 42-6-129, THE FILER SHALL PAY the authorized agent ~~shall be paid such~~ THE fees as THAT are imposed by law for the filing of like instruments in the office of the county clerk and recorder ~~in the county where such mortgage is filed and, shall also receive~~ IN ADDITION, a fee of seven dollars and twenty cents for the issuance or recording of the certificate of title and the notation ~~in the record of the director or the authorized agent~~ of the existence of the mortgage.

(6) Upon filing with the director an application for a certificate of title, a motor OR OFF-HIGHWAY vehicle dealer who applies to receive a certificate of title within one working day after application shall pay to ~~such~~ THE director a fee of twenty-five dollars.

(7) An authorized agent shall, if possible, provide the following recording of titles on the same day as the date of request by an applicant:

(a) A title issued ~~pursuant to~~ BECAUSE OF a transfer of a motor OR OFF-HIGHWAY vehicle currently titled in Colorado;

(b) A title issued for a new motor OR OFF-HIGHWAY vehicle upon filing of a manufacturer's statement of origin without liens; and

SECTION 33. In Colorado Revised Statutes, 42-6-138, **amend** (2) introductory portion, (2) (b), (3), and (4) as follows:

42-6-138. Disposition of fees. (2) ~~All fees collected by~~ The authorized agent SHALL DISPOSE OF ALL FEES COLLECTED under section 42-6-137 (5) or 38-29-138 (5), C.R.S., ~~shall be disposed of~~ as follows:

(b) For assignment of a new identifying number to a motor OR OFF-HIGHWAY vehicle or manufactured home, THE AUTHORIZED AGENT SHALL RETAIN two dollars and fifty cents ~~shall be retained by the authorized agent and disposition made~~ DISPOSE OF IT as provided by law, and SHALL CREDIT one dollar ~~shall be credited~~ to the special purpose account established by section 42-1-211. THE DEPARTMENT SHALL CREDIT all fees ~~collected by the department~~ IT COLLECTS under ~~the provisions of~~ section 42-6-137 (1) (a), (4), or (5) or 38-29-138 (1) (a), (4), or (5), C.R.S., ~~shall be credited to such~~ THE special purpose account.

(3) THE AUTHORIZED AGENT SHALL RETAIN all fees paid to the authorized agent under section 42-6-137 (3) for the extension of a mortgage or lien on a motor OR OFF-HIGHWAY vehicle filed in the authorized agent's office ~~shall be retained by the authorized agent~~ to defray the cost of such THE extension or release and shall ~~be disposed of by the authorized agent~~ DISPOSE OF THE FEES as provided by law; except that THE AUTHORIZED AGENT SHALL DISPOSE OF fees for this service that are paid to the authorized agent in the city and county of Denver ~~shall, by such agent, be disposed of~~ in the same manner as fees retained by the agent that were paid upon application being made for FILING AN APPLICATION FOR a certificate of title.

(4) THE DIRECTOR SHALL CREDIT the fee paid by a motor OR OFF-HIGHWAY vehicle dealer to the director pursuant to section 42-6-137 (6) for ISSUANCE OF a certificate of title ~~issued~~ within one working day of AFTER application ~~shall be credited~~ to the special purpose account established by section 42-1-211 (2).

SECTION 34. In Colorado Revised Statutes, 42-6-139, **amend** (1), (2), and (4) as follows:

42-6-139. Registration and title application - where made.

(1) (a) For purposes of this section, a person's residence ~~shall be~~ IS the person's principal or primary home or place of abode, to be determined in the same manner as residency for voter registration purposes as provided in sections 1-2-102 and 31-10-201, C.R.S.; except that, IN APPLYING THE TERMS OF THOSE SECTIONS, "voter registration" ~~shall be substituted for~~ IS REPLACED WITH "motor vehicle registration" OR "OFF-HIGHWAY VEHICLE REGISTRATION" as a circumstance to be taken into account in determining ~~such~~ THE principal or primary home or place of abode.

(b) A PERSON'S RESIDENCE FOR THE PURPOSES OF TITLING AN OFF-HIGHWAY VEHICLE IS THE SAME AS DETERMINED BY PARAGRAPH (a) OF THIS SUBSECTION (1).

(2) (a) Except as may be otherwise provided by rule of the director, it is unlawful for ~~any~~ A person who is a resident of the state to register, to obtain a license for, or to procure a certificate of title to a motor vehicle at any address other than:

~~(a)~~ (I) For a motor vehicle ~~that~~ is owned by a business and operated

primarily for business purposes, the address where ~~such~~ THE vehicle is principally operated and maintained; or

~~(b) (II) For any A motor vehicle for TO which the provisions of~~ SUBPARAGRAPH (I) OF THIS paragraph (a) ~~of this subsection (2) do~~ DOES not apply, the address of the owner's residence; except that, if a motor vehicle is permanently maintained at an address other than the address of the owner's residence, ~~such motor~~ THE vehicle shall be registered at the address where ~~such motor~~ THE vehicle is permanently maintained.

(b) EXCEPT AS MAY BE OTHERWISE PROVIDED BY RULE OF THE DIRECTOR, IT IS UNLAWFUL FOR A PERSON WHO IS A RESIDENT OF THE STATE TO PROCURE A CERTIFICATE OF TITLE TO AN OFF-HIGHWAY VEHICLE AT AN ADDRESS OTHER THAN:

(I) FOR AN OFF-HIGHWAY VEHICLE OWNED BY A BUSINESS AND OPERATED PRIMARILY FOR BUSINESS PURPOSES, THE ADDRESS WHERE THE VEHICLE IS PRINCIPALLY OPERATED AND MAINTAINED; OR

(II) FOR AN OFF-HIGHWAY VEHICLE TO WHICH SUBPARAGRAPH (I) OF THIS PARAGRAPH (b) DOES NOT APPLY, THE ADDRESS OF THE OWNER'S RESIDENCE; EXCEPT THAT, IF AN OFF-HIGHWAY VEHICLE IS PERMANENTLY MAINTAINED AT AN ADDRESS OTHER THAN THE ADDRESS OF THE OWNER'S RESIDENCE, THE VEHICLE MUST BE REGISTERED AT THE ADDRESS WHERE THE VEHICLE IS PERMANENTLY MAINTAINED.

(4) In addition to any other applicable penalty, a person who ~~registers a motor vehicle in violation of the provisions of~~ VIOLATES subsection (2) of this section, section 42-3-103 (4) (a), or section 42-6-140 ~~shall be~~ IS subject to a civil penalty of five hundred dollars. ~~Such~~ THE violation ~~shall be~~ IS determined by, assessed by, and paid to the municipality or county where the motor OR OFF-HIGHWAY vehicle is or should have been registered, subject to judicial review pursuant to rule 106 (a) (4) of the Colorado rules of civil procedure.

SECTION 35. In Colorado Revised Statutes, **amend** 42-6-141 as follows:

42-6-141. Director's records to be public. ~~All~~ Records in the director's office pertaining to the title to a motor OR OFF-HIGHWAY vehicle

~~shall be~~ ARE public records ~~and shall be~~ subject to ~~the provisions of~~ section 42-1-206. This ~~shall include any~~ INCLUDES records regarding ownership of and mortgages or liens on a vehicle for which a Colorado certificate of title has been issued.

SECTION 36. In Colorado Revised Statutes, 42-6-142, **amend** (1) as follows:

42-6-142. Penalties. (1) ~~No~~ A person ~~may~~ SHALL NOT sell, transfer, or in any manner dispose of a motor OR OFF-HIGHWAY vehicle in this state without complying with this part 1.

SECTION 37. In Colorado Revised Statutes, 42-6-145, **amend** (1) as follows:

42-6-145. Use of vehicle identification numbers in applications - rules. (1) (a) A person required to apply for a certificate of title or registration of a motor vehicle shall use the identification number placed upon the motor vehicle by the manufacturer or the special vehicle identification number assigned to the motor vehicle by the department pursuant to section 42-12-202. The DEPARTMENT SHALL NOT ISSUE A certificate of title ~~and~~ OR registration card ~~issued by the department shall use~~ UNLESS IT USES the identification number of the motor vehicle.

(b) A PERSON REQUIRED TO APPLY FOR A CERTIFICATE OF TITLE OF AN OFF-HIGHWAY VEHICLE SHALL USE THE IDENTIFICATION NUMBER PLACED UPON THE VEHICLE BY THE MANUFACTURER OR THE SPECIAL VEHICLE IDENTIFICATION NUMBER ASSIGNED TO THE OFF-HIGHWAY VEHICLE BY THE DEPARTMENT. THE DEPARTMENT SHALL NOT ISSUE A CERTIFICATE OF TITLE UNLESS IT USES THE IDENTIFICATION NUMBER OF THE OFF-HIGHWAY VEHICLE; EXCEPT THAT, IF THE VEHICLE DOES NOT HAVE A CONFORMING IDENTIFICATION NUMBER OR IS A DUPLICATE, THE DEPARTMENT SHALL ASSIGN A SPECIAL IDENTIFICATION NUMBER FOR THE CERTIFICATE OF TITLE AND REQUIRE THE OWNER TO PLACE THE NUMBER ON THE VEHICLE.

SECTION 38. In Colorado Revised Statutes, 42-6-146, **amend** (1), (3), and (4) as follows:

42-6-146. Repossession of motor vehicle or off-highway vehicle - owner must notify law enforcement agency - definition - penalty.

(1) If a mortgagee, lienholder, or the mortgagee's or lienholder's assignee or the agent of either repossesses a motor OR OFF-HIGHWAY vehicle because of default in the terms of a secured debt, the reposessor shall notify, either ~~verbally~~ ORALLY or in writing, a law enforcement agency, as provided in this section, of the ~~fact of such~~ repossession, the name of the owner, the name of the reposessor, and the name of the mortgagee, lienholder, or assignee. ~~Such~~ THE notification ~~shall~~ MUST be made at least one hour before, ~~or IF POSSIBLE, AND IN ANY EVENT no later than one hour after,~~ the repossession occurs. If ~~such~~ THE repossession takes place in an incorporated city or town, the reposessor shall notify the police department, town marshal, or other local law enforcement agency of ~~such~~ THE city or town. If ~~such~~ THE repossession takes place in the unincorporated area of a county, the reposessor shall notify the county sheriff.

(3) If a motor OR OFF-HIGHWAY vehicle being repossessed is subject to the "Uniform Commercial Code - Secured Transactions", article 9 of title 4, C.R.S., the repossession ~~shall be~~ IS governed by ~~the provisions of~~ section 4-9-629, C.R.S.

(4) As used in this section, the term "reposessor" means the party who physically takes possession of the motor OR OFF-HIGHWAY vehicle and drives, tows, or transports the ~~motor~~ vehicle for delivery to the mortgagee, lienholder, or assignee or the agent of ~~such~~ THE mortgagee, lienholder, or assignee.

SECTION 39. In Colorado Revised Statutes, **add** 42-6-148 as follows:

42-6-148. Off-highway vehicles - sales. (1) UNLESS THE OWNER HAS OBTAINED A CERTIFICATE OF TITLE FOR AN OFF-HIGHWAY VEHICLE UNDER THIS ARTICLE, A PERSON SHALL NOT SELL THE OFF-HIGHWAY VEHICLE AND AN OFF-HIGHWAY VEHICLE DEALER SHALL NOT PURCHASE THE OFF-HIGHWAY VEHICLE. A SALE OR PURCHASE MADE IN VIOLATION OF THIS SUBSECTION (1) IS VOID.

(2) A CURRENT OFF-HIGHWAY VEHICLE REGISTRATION ISSUED UNDER ARTICLE 14.5 OF TITLE 33, C.R.S., IS SUFFICIENT EVIDENCE OF OWNERSHIP TO ISSUE A CERTIFICATE OF TITLE UNDER THIS PART 1.

(3) UNTIL AN OFF-HIGHWAY VEHICLE IS ISSUED A CERTIFICATE OF

TITLE, THE ATTACHMENT, RECORDING, PERFECTION, PRIORITY, RENEWAL, EXTENSION, MODIFICATION, RELEASING, TERMINATION, FORECLOSURE, AND ANY OTHER ASPECT OF A SECURITY INTEREST IN AN OFF-HIGHWAY VEHICLE IS GOVERNED BY THE "UNIFORM COMMERCIAL CODE", TITLE 4, C.R.S.

SECTION 40. In Colorado Revised Statutes, 42-1-102, **amend as added by House Bill 13-1289** (47.5) as follows:

42-1-102. Definitions. As used in articles 1 to 4 of this title, unless the context otherwise requires:

(47.5) "Lien" means a security interest in a motor OR OFF-HIGHWAY vehicle under article 9 of title 4, C.R.S., and this article.

SECTION 41. In Colorado Revised Statutes, 42-3-113.5, **amend as added by House Bill 13-1289** (1), (2) (a), and (2) (c) as follows:

42-3-113.5. Electronic vehicle registration and titling - electronic transmission of vehicle lien information - authority - rules - cash fund - notice of funding through gifts, grants, and donations - repeal. (1) The department may establish a system to allow the electronic transmission of registration, lien, and titling information for motor OR OFF-HIGHWAY vehicles. The department may adopt rules necessary for the implementation of this section. If the department promulgates a rule requiring lien and title documents to be filed electronically, a financial institution with less than fifty transactions per year need not file electronically.

(2) (a) The department is authorized to seek and accept gifts, grants, or donations from private or public sources for the purposes of this section; except that the department may not accept a gift, grant, or donation that is subject to conditions that are inconsistent with this section or any other law of the state. The department shall ensure that any funds contributed to the department for the implementation of the system for the electronic transmission of registration, lien, and titling information for motor AND OFF-HIGHWAY vehicles are tracked separately and used only for the implementation of the system.

(c) No vendor who responds to a request for proposal from the department concerning a system for the electronic transmission of registration, lien, and titling information for motor OR OFF-HIGHWAY

vehicles may contribute a gift, grant, or donation to the ~~electronic motor vehicle registration and titling cash fund~~ FOR THE PURPOSES OF THIS SECTION.

SECTION 42. In Colorado Revised Statutes, **amend as amended by House Bill 13-1289** 42-6-123 as follows:

42-6-123. Disposition after mortgaging. After a mortgage on a motor vehicle has been filed in the authorized agent's office, the authorized agent shall mail, DELIVER, or electronically transfer to the director the certificate of title or other evidence of ownership satisfactory to the director as specified in rules adopted under section 42-6-104, C.R.S., that the authorized agent has filed in the record. ~~Upon the receipt of the certificate of title or other evidence of ownership satisfactory to the director as specified in rules adopted under section 42-6-104, C.R.S.,~~ The director shall maintain completed electronic records transferred by the authorized agent. The director shall issue a new certificate of title containing, in addition to the other matters ~~and things~~ required to be set forth in certificates of title, a description of the mortgage and all information respecting the mortgage and the filing of the mortgage ~~as may appear~~ THAT APPEAR in the certificate of the authorized agent, and the director or the director's authorized agent shall ~~thereafter~~ THEN dispose of the new certificate of title containing the notation as provided in section 42-6-124. When a motor OR OFF-HIGHWAY vehicle is subject to an electronic mortgage or lien, the certificate of title for the motor OR OFF-HIGHWAY vehicle is considered to be physically held by the mortgagee or lien holder for all legal purposes, including compliance with state or federal odometer disclosure requirements.

SECTION 43. In Colorado Revised Statutes, 42-6-125, **amend as added by House Bill 13-1289** (3) as follows:

42-6-125. Release of mortgages. (3) Mortgage or lien satisfactions may be electronically transmitted to the department's authorized agent as authorized by rules of the director. When electronic transmission of mortgages or liens or mortgage or lien satisfactions is used, a certificate of title need not be issued until the last mortgage or lien is satisfied and a clear certificate of title is issued to the owner of the motor OR OFF-HIGHWAY vehicle under section 42-6-126.

SECTION 44. In Colorado Revised Statutes, 42-6-129, **amend as**

amended by House Bill 13-1289 (2) as follows:

42-6-129. Second or other junior mortgages. (2) ~~A second or~~ THE junior mortgagee or the holder of a ~~second or junior~~ THE mortgage shall file the mortgage ~~pursuant to~~ AS REQUIRED BY section 42-6-121 with the ~~director's~~ authorized agent of the county ~~wherein~~ WHERE the mortgagor of the motor OR OFF-HIGHWAY vehicle resides or where the ~~motor~~ vehicle is located and shall ~~accompany the mortgage~~ with a written request to have the existence of the ~~second or junior~~ mortgage noted or filed on the certificate of title records of the ~~director's~~ authorized agent pertaining to the motor vehicle covered by the junior or second mortgage. Upon the filing of the mortgage, the director's authorized agent shall note in the record of the ~~subject~~ vehicle the day and hour ~~on which~~ WHEN the mortgage was received by the agent and shall make and deliver a receipt for the mortgage to the person filing the mortgage, and shall file the ~~second or junior~~ mortgage as required under section 42-6-122. If there is more than one mortgage or lien on the motor OR OFF-HIGHWAY vehicle, the department's authorized agent may electronically transmit the mortgage or lien to the first mortgage or lien holder and notify the first mortgage or lien holder of any additional mortgages or liens.

SECTION 45. Appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado state titling and registration account in the highway users tax fund created in section 42-1-211 (2), Colorado Revised Statutes, not otherwise appropriated, to the department of revenue, for the fiscal year beginning July 1, 2013, the sum of \$25,900, or so much thereof as may be necessary, to be allocated to the information technology division for the purchase of computer center services.

(2) In addition to any other appropriation, there is hereby appropriated to the governor - lieutenant governor - state planning and budgeting, for the fiscal year beginning July 1, 2013, the sum of \$25,900, or so much thereof as may be necessary, for allocation to the office of information technology, for the provision of computer center services for the department of revenue related to the implementation of this act. Said sum is from reappropriated funds received from the department of revenue out of the appropriation made in subsection (1) of this section.

SECTION 46. Effective date - applicability. (1) Sections 1 to 39

and 45 to 47 of this act take effect upon passage. Sections 40 to 44 take effect only if House Bill 13-1289 becomes law and takes effect either upon the effective date of this act or House Bill 13-1289, whichever is later.

(2) This act applies to acts committed on or after July 1, 2014.

SECTION 47. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

John P. Morse
PRESIDENT OF
THE SENATE

Mark Ferrandino
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO