
AUTOMOTIVE VEHICLE

The *Arvada Municipal Code* defines automotive vehicle as any vehicle or device in, upon, or by which any person or property is or may be transported or drawn upon a public highway, or any device used or designed for aviation or flight in the air. Automotive vehicle includes, but is not limited to, motor vehicles, trailers, semi-trailers, or mobile homes. Automotive vehicle shall not include devices moved by human power or used exclusively upon stationary rails or tracks.

PURCHASED VEHICLE

Vehicles purchased by Arvada residents or businesses are required to be register at the purchaser's address in Arvada. Arvada sales tax is due on the net purchase price of the vehicle (total purchase price less any amount allowed by a licensed motor vehicle dealer for a trade-in). If sales tax was not remitted at the time of purchase, Arvada use tax will be due. The County Clerk will collect the tax prior to or at the time of registration.

The taxable purchase price includes mandatory fees such as "delivery", "dealer preparation", or "dealer handling" fees. Optional, extended warranties and gap insurance are not subject to tax. Charges for title and lien recording fees are also excluded from the taxable purchase price, provided they are charged through at actual cost without markup.

Purchased vehicles moved into Arvada are not subject to use tax if, at the time of purchase, the owner was a nonresident who purchased the vehicle for use outside the City, and the vehicle was previously properly registered, titled and licensed outside the City. Upon moving to the Arvada, residents must register their vehicle in Arvada.

Vehicles Purchased in Other States

When sales tax is paid to the County Clerk at the time of registration, the sales tax is calculated by subtracting the value of the vehicle when the lease expires from the cost to the lessor at the time of the lease transaction (capitalized cost). This figure is then multiplied by the applicable sale tax rate. All taxes collected on the lease are based on the lessee's location (see registrations guidelines) for vehicles when the lease was entered into. If the lessee moves to a different taxing jurisdiction the taxes will need to be changed to the new jurisdiction. The "buy out" of a lease is considered a separate transaction from that of the original lease and therefore should be taxed at the current tax rate for those jurisdictions where the lessee resides. Sales tax may be collected on vehicles purchased in other states, depending upon the state's tax laws. Credit is allowed for such tax, up to the amount of use tax due, provided the tax is lawfully imposed. The credit is computed by comparing the combined rate of tax that would have been imposed had the purchase made locally to the sales tax collected at the time of purchase. Prior to registering the vehicle with the County Clerk, the purchaser will need to obtain a letter from the Revenue Division authorizing a tax credit. Alternatively, the purchaser may pay the full City use tax to the County Clerk and file a Claim for Refund from with the City.

Trade-Ins and Rebates

The taxable purchase price is reduced by the fair market value of any automotive vehicle taken in trade by the seller. The trade-in deduction is not affected by the seller's agreement to "pay off" the balance of a loan for the vehicle taken in trade even if the loan exceeds the fair market value of the vehicle.

Dealer incentives and rebates from the manufacturer do not reduce the taxable purchase price. These amounts are portions of the price paid by the manufacturer as opposed actual reductions in the price by the seller.

VEHICLE FINANCING

Automotive vehicles may be financed by the seller, or a third party, under a secured loan, whereby the lender retains a security interest in the vehicle while the loan is repaid. Separately stated finance charges are not subject to tax. Although the tax itself may be financed, and therefore paid over the term of the loan, tax on the full purchase price is due up-front at the time of the sale. No refund or credit to either part is allowed in the event that the vehicle is repossessed.

LEASED VEHICLE

Vehicles purchased by Arvada residents or businesses are required to be register at the lessee's address in Arvada. City sales tax is due on each periodic lease payment. In order to register the leased vehicle, evidence must be shown that the lessor is licensed to collect Arvada sales tax.

If at the inception of the lease, the lessee was not an Arvada resident or business, but subsequently moves into the City, the vehicle must be registered at the lessee's address in Arvada at the time of the move. Arvada sales tax is due on all subsequent periodic lease payments.

REGISTRATION GUIDELINES

Individual

Vehicles must be registered at the person's principal or primary home, determined in the same manner as residency for voter registration purposes, as established by state law, unless such vehicle is permanently operated and maintained at another address. If a person is not registered to vote, factors such as, the address listed on the driver's license, the address shown on the vehicle insurance policy as the location where the vehicle is garaged, utility billing address, or other public records will be considered in determining residency for vehicles registration purposes.

Businesses

The determination of vehicles registration requirements for automotive vehicles, which are owned by a business and operated primarily for business purposes, shall be based on the address from which such automotive vehicles are principally operated and maintained.

Factors that are considered for where a business vehicle is principally operated and maintained are the address as shown on the vehicle insurance policy as the location where the vehicle is kept, address used to receive insurance, lease, vehicle maintenance and repair bills.

If an automotive vehicle is permanently operated and maintained at an address other than the address of the owner's residence, such motor vehicle shall be registered at the address from which such motor vehicle is permanently operated and maintained.

VEHICLES RECEIVED AS A GIFT

Vehicles claimed as gifts between family members that are truly gifts without consideration are not subject to the tax. However, assumption of a debt (lien) between family members is consideration and subjects the transaction to the Arvada tax. The taxable value of the vehicle would be the debt plus any other consideration given.

The donor and the recipient are considered family members if one of the following relationships exists:

Spouse	Grandchild
Parents	Brother
Grandparents	Sister
Child	

Claimed gifts between parties not included in these family relationships are presumed to be with consideration and subject to Arvada tax. The exchange of a vehicle is taxed at fair market value as determined using the Kelly Blue Book average wholesale value. If unrelated parties insist the change of ownership is a bona fide gift, without consideration, the new owner may appeal to the Revenue Office for review and evaluation. If the claimed gift is in fact a gift without consideration, it is not subject to Arvada tax.

EXAMPLE

1. Donald decides to give his old Buick to his granddaughter. Donald holds free and clear title to the vehicle. He submits a notarized statement to the county declaring the transaction of title to be a gift. The form is accepted at face value; thus, the transfer of title and registration to his granddaughter is considered to be a tax-free gift.
2. Joe, the owner of an RV, was recently laid-off from his job and finds he is unable to make the loan payments. Joe offers to transfer the title to his brother, Harry, if Harry will assume the loan payments. Harry accepts. Because consideration is involved, Arvada tax is due on the value of consideration given (the loan balance).
3. Jerry lives in unincorporated Jefferson County and owns a business in Arvada. He purchases a truck for his business and registers it at his personal residence. The business is making monthly truck payments, pays for all maintenance, gas and insurance. The vehicle appears on the business depreciation schedule and is being depreciated. Since the truck is principally operated and maintained for his business the vehicle is illegally registered. Jerry will pay penalty and interest in addition to the City tax when the City discovers the illegal registration.
4. Harvey owns a home in Arvada and a ranch in the mountains. He works in Arvada and votes in Jefferson County. Last month, after purchasing a new car Harvey properly paid the Arvada sales tax to the dealer and registered his vehicle in Arvada.
5. Harvey also buys a 4-wheel-drive vehicle that is permanently operated and maintained at his ranch in the mountains. This vehicle is properly registered in the mountain county and no sales or use tax is due to Arvada.
6. ABC Corporation is an Arvada business which leases 15 vehicles for their sales representatives. Ten of the vehicles are located in and around the Denver metro area and are registered at the Arvada business location because where they are principally operated and maintained. The other five vehicles are located either out of area or out of state and are registered in the counties where the sales representative lives, since they are considered to be permanently operated and maintained outside of Arvada.

Note: Automotive parts and accessories are taxable when sold and installed in Arvada, regardless of where the vehicle is registered.

ARVADA MUNICIPAL CODE – Chapter 98 - Taxation

Sec. 98-61. Definitions.

Automotive vehicle shall mean any vehicle or device in, upon, or by which any person or property is or may be transported or drawn upon a public highway, or any device used or designed for aviation or flight in the air. Automotive vehicle includes, but is not limited to, motor vehicles, trailers, semi-trailers, or mobile homes. Automotive vehicle shall not include devices moved by human power or used exclusively upon stationary rails or tracks.

Purchase or sale shall mean the acquisition for any consideration by any person of tangible personal property or taxable services that are purchased, leased, rented, sold, used, stored, distributed, or consumed, but excludes a bona fide gift of property or services. These terms include capital leases, installment and credit sales, and property and services acquired by:

- a. *Transfer, either conditionally or absolutely, of title or possession or both to tangible personal property;*
- b. *A lease, lease-purchase agreement, rental or grant of a license, including royalty agreements, to use tangible personal property or taxable services, the utilization of coin operated devices, except coin-operated telephones, which do not vent articles of tangible personal property shall be considered short term rentals of tangible personal property.*

Sec. 98-83. Automotive Vehicles.

No automotive vehicle, defined as any vehicle, including any device in, or upon which any person or property is or may be transported or drawn upon a public highway, road or street; or any device used or designed for aviation or for flight in the air and upon which a specific ownership tax is imposed by the state, which is purchased by a resident of the city or other person for use within the city, shall be registered in Adams or Jefferson County, nor shall title to a automotive vehicle be released within Adams or Jefferson Counties by the county clerks of the respective counties, if the tax imposed by the provisions of this article has not been paid.

- (a) *The determination of vehicle registration requirements for individuals shall be the same as for the determination of residency for voter registration purposes, as established by state law.*
- (b) *The determination of vehicles registration requirements for automotive vehicles, which are owned by a business and operated primarily for business purposes shall be based on the address from which such automotive vehicles are principally operated and maintained.*

(Code 1981, §31-58; Ord. No. 3783, § 2, 12-16-2002)

RELATED TOPICS

AUTOMOTIVE SERVICE AND REPAIR SALES BY REPAIR/SERVICE SHOP
LEASED AND RENTED PROPERTY
TRADE-INS
WARRANTIES AND MAINTENANCE AGREEMENTS

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.