

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 18-1042.01 Jery Payne x2157

HOUSE BILL 18-1299

HOUSE SPONSORSHIP

Bridges and Neville P.,

SENATE SPONSORSHIP

Scott and Zenzinger,

House Committees

Transportation & Energy
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING ELECTRONIC DOCUMENTS RELATED TO THE OWNERSHIP**
102 **OF A VEHICLE THAT IS REGULATED BY THE DEPARTMENT OF**
103 **REVENUE, AND, IN CONNECTION THEREWITH, MAKING AN**
104 **APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill creates a framework for the department of revenue to establish electronic processing for issuing certificates of title, filing or releasing liens, or registering vehicles, subject to the department

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

promulgating rules:

- ! Vendors are authorized to electronically register vehicles;
- ! County clerks continue to receive registration fees;
- ! The department may maintain titling information electronically and may produce paper titles only upon request of a party;
- ! The department may accept electronic signatures;
- ! Notarization requirements are eliminated;
- ! The vendor may order, manage, and distribute license plate inventory to a client;
- ! The vendor may access, print, and distribute the registration information to a client on demand;
- ! The vendor is an agent of the department, so the vendor must collect and remit taxes and fees; and
- ! The vendor may perform these services only for business entities.

The department's approval of a third-party provider to register a vehicle, file or release liens, or issue any type of certificate of title must be evidenced by an agreement between the department and the third-party provider. The vendor may charge a fee. A vendor is authorized to give the department gifts, grants, and donations to implement electronic transactions.

Current law prohibits denying legal effect or enforceability of an electronic document to issue a certificate of title. The bill expands this provision to cover vehicle registration, clarifies that this includes electronic signatures, and clarifies that this applies to a court of law.

Currently, tow carriers, insurers, and salvage pools use an electronic system to access department records to ascertain the motor vehicle's owner and lienholder. The bill allows motor vehicle dealers and other businesses approved by the department to use the same system to determine a motor vehicle's owner and lienholder for purposes authorized by current law.

Current law requires a manufacturer's certificate of origin to issue a certificate of title for a vehicle. The bill allows a motor vehicle rental company to obtain title without a manufacturer's certificate of origin if the business:

- ! Presents an electronic manufacturer's statement of origin to the department within 90 days after being issued a certificate of title; and
- ! Submits a signed affidavit attesting that the motor vehicle is new and has not been issued a certificate of title and that the business is entitled to be issued a certificate of title for the motor vehicle.

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

2 **SECTION 1.** In Colorado Revised Statutes, 42-1-102, **amend**
3 (24); and **add** (90.5) and (102.8) as follows:

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

6 (24) "Department" means the department of revenue ~~of this state~~
7 acting directly or through ~~its~~ A duly authorized ~~officers and agents~~
8 OFFICER, AGENT, OR THIRD-PARTY PROVIDER.

9 (90.5) (a) "SIGNATURE" MEANS EITHER A WRITTEN SIGNATURE OR
10 AN ELECTRONIC SIGNATURE.

11 (b) "ELECTRONIC SIGNATURE" HAS THE SAME MEANING AS SET
12 FORTH IN SECTION 24-71-101.

13 (102.8) "THIRD-PARTY PROVIDER" MEANS AN ELECTRONIC
14 VEHICLE REGISTRATION, LIEN, OR TITLING SERVICE PROVIDER THAT IS
15 APPROVED BY THE DEPARTMENT TO PERFORM THE REGISTRATION, LIEN,
16 AND TITLING FUNCTIONS SET FORTH IN ARTICLES 1 TO 6 OF THIS TITLE 42.

17 **SECTION 2.** In Colorado Revised Statutes, 42-1-210, **amend**
18 (1)(a)(II) as follows:

19 **42-1-210. Authorized agents - legislative declaration - fee.**

20 (1) (a) (II) An authorized agent may appoint and employ such motor
21 vehicle registration and license clerks as are actually necessary in the
22 issuance of motor vehicle licenses and may retain for the purpose of
23 defraying ~~such~~ THESE expenses, including mailing, a sum equal to four
24 dollars per paid motor vehicle registration and registration requiring a
25 license plate or plates; individual temporary registration number plates;
26 or a validation tab, sticker, decal, or certificate as provided in sections
27 42-3-201 and 42-3-203. This fee of four dollars applies to every

1 registration of a motor vehicle except motor vehicles that are specifically
2 exempted from payment of any registration fee by article 3 of this title 42,
3 and is required in addition to the annual registration fee prescribed by law
4 for a motor vehicle. ~~The fee of four dollars;~~ When collected by the
5 department ~~shall be credited~~ COLLECTS THE FEE, THE DEPARTMENT SHALL
6 TRANSFER THE FEE TO THE STATE TREASURER, WHO SHALL CREDIT IT to the
7 ~~same fund as registration fees collected by the department~~ COLORADO
8 DRIVES VEHICLE SERVICES ACCOUNT CREATED IN SECTION 42-1-211;
9 EXCEPT THAT, IF THE FEE IS COLLECTED BY A THIRD-PARTY PROVIDER, THE
10 DEPARTMENT SHALL TRANSMIT THE FEE TO THE AUTHORIZED AGENT
11 WHERE THE VEHICLE IS REGISTERED. Authorized agents serve under this
12 part 2 without additional remuneration or fees, except as otherwise
13 provided in articles 1 to 6 of this title 42.

14 **SECTION 3.** In Colorado Revised Statutes, **add with amended**
15 **and relocated provisions** 42-1-233 as follows:

16 **42-1-233. [Formerly 42-3-113.5] Electronic vehicle registration**
17 **and titling - electronic transmission of vehicle lien information -**
18 **authority - rules - cash fund - gifts, grants, and donations.** (1) (a) The
19 department may establish a system to allow the electronic transmission of
20 registration, lien, and titling information for motor or off-highway
21 vehicles. ~~EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION,~~ the
22 department may adopt rules necessary for the implementation of this
23 section. ~~If the department promulgates a rule requiring lien and title~~
24 ~~documents to be filed electronically, a financial institution with less than~~
25 ~~fifty transactions per year need not file electronically.~~ INCLUDING RULES
26 TO ALLOW THE DEPARTMENT TO:

27 (I) MAINTAIN TITLING INFORMATION ELECTRONICALLY AND TO

1 PRODUCE PAPER TITLES ONLY UPON REQUEST OF A PARTY;

2 (II) ACCEPT ELECTRONIC SIGNATURES ON ANY DOCUMENTS,
3 INCLUDING TITLE TRANSFERS, ODOMETER DISCLOSURES, AND POWERS OF
4 ATTORNEY, REQUIRED TO ISSUE A CERTIFICATE OF TITLE TO A NEW OWNER;

5 (III) ELIMINATE ANY NOTARIZATION REQUIREMENTS FOR
6 DOCUMENT SIGNATURES;

7 (IV) ALLOW ALL PARTIES TO ELECTRONICALLY FILE AND RELEASE
8 LIEN INFORMATION;

9 (V) AUTHORIZE APPROVED THIRD-PARTY PROVIDERS TO:

10 (A) ELECTRONICALLY PROCESS REGISTRATION, LIEN, AND TITLING
11 INFORMATION AND TRANSMIT THE INFORMATION TO THE DEPARTMENT ON
12 BEHALF OF A CLIENT;

13 (B) ORDER, MANAGE, AND DISTRIBUTE THE DEPARTMENT'S
14 LICENSE PLATE INVENTORY TO A CLIENT; AND

15 (C) ACCESS, PRINT, AND DISTRIBUTE THE DEPARTMENT'S
16 REGISTRATION INFORMATION TO A CLIENT ON DEMAND.

17 (b) THE DEPARTMENT'S APPROVAL OF A THIRD-PARTY PROVIDER
18 TO REGISTER A VEHICLE, FILE OR RELEASE LIENS, OR ISSUE ANY TYPE OF
19 CERTIFICATE OF TITLE MUST BE EVIDENCED BY AN AGREEMENT BETWEEN
20 THE DEPARTMENT AND THE THIRD-PARTY PROVIDER.

21 (c) IN REGISTERING A VEHICLE, FILING OR RELEASING LIENS, OR
22 ISSUING ANY TYPE OF CERTIFICATE OF TITLE, THE THIRD-PARTY PROVIDER
23 IS ACTING AS AN AGENT OF THE DEPARTMENT. THE THIRD-PARTY
24 PROVIDER SHALL COLLECT AND REMIT TO THE DEPARTMENT ALL TAXES
25 AND FEES IMPOSED BY LAW TO ISSUE ANY TYPE OF CERTIFICATE OF TITLE,
26 FILE OR RELEASE A LIEN, OR TO REGISTER THE VEHICLE.

27 (d) A THIRD-PARTY PROVIDER MAY CHARGE ITS CLIENTS A FEE FOR

1 EACH ELECTRONIC REGISTRATION TRANSACTION, LIEN TRANSACTION, OR
2 TITLING TRANSACTION. THE CLIENT MAY CHARGE A CONSUMER THE FEE
3 THE CLIENT PAID TO THE THIRD-PARTY PROVIDER IF THE FEE CHARGED TO
4 THE CONSUMER DOES NOT EXCEED THE FEE CHARGED TO THE CLIENT.

5 (e) A THIRD-PARTY PROVIDER SHALL NOT ISSUE ANY TYPE OF
6 CERTIFICATE OF TITLE, FILE OR RELEASE A LIEN, OR REGISTER A VEHICLE
7 UNLESS THE OWNER IS A BUSINESS ENTITY.

8 (2) (a) The department is authorized to MAY seek and accept gifts,
9 grants, or donations from private or public sources, INCLUDING FROM
10 THIRD-PARTY PROVIDERS, for the purposes of this section; except that the
11 department may not accept a gift, grant, or donation that is subject to
12 conditions that are inconsistent with this section or any other law of the
13 state. The department shall ensure that any funds contributed to the
14 department for the implementation of the system for the electronic
15 transmission of registration, lien, and titling information for motor and
16 off-highway vehicles are tracked separately and used only for the
17 implementation of the system.

18 (b) ~~Repeated.~~

19 (c) ~~No vendor who responds to a request for proposal from the~~
20 ~~department concerning a system for the electronic transmission of~~
21 ~~registration, lien, and titling information for motor or off-highway~~
22 ~~vehicles may contribute a gift, grant, or donation for the purposes of this~~
23 ~~section.~~

24 (3) (a) ~~THE DEPARTMENT NEED NOT PROMULGATE RULES, UNDER~~
25 ~~SUBSECTION (1) OF THIS SECTION, THAT IMPLEMENT ELECTRONIC~~
26 ~~TRANSACTIONS UNTIL THE DEPARTMENT RECEIVES ADEQUATE GIFTS,~~
27 ~~GRANTS, OR DONATIONS TO IMPLEMENT THE PROMULGATED RULES. THE~~

1 DEPARTMENT MAY, UPON RECEIVING ADEQUATE GIFTS, GRANTS, OR
2 DONATIONS, PHASE-IN IMPLEMENTATION OF THIS SECTION AS
3 REASONABLE. THE DEPARTMENT SHALL NOT USE MONEY FROM THE
4 GENERAL FUND TO IMPLEMENT THIS SECTION.

5 (b) THIS SUBSECTION (3) DOES NOT AFFECT ANY RULES
6 PROMULGATED, OR APPROPRIATIONS MADE, BEFORE JULY 1, 2019.

7 **SECTION 4. Repeal of provisions being relocated in this act.**

8 In Colorado Revised Statutes, **repeal** 42-3-113.5.

9 **SECTION 5.** In Colorado Revised Statutes, **add with amended**
10 **and relocated provisions** 42-1-234 as follows:

11 **42-1-234. [Formerly 42-6-102 (5)(b)] Electronic records,**
12 **documents, and signatures.** A record covered by ~~this article~~ ARTICLE 3
13 OR 6 OF THIS TITLE 42, INCLUDING A CERTIFICATE OF TITLE, A DOCUMENT
14 NECESSARY TO ISSUE A CERTIFICATE OF TITLE, OR A SIGNATURE ON THE
15 RECORD OR DOCUMENT, may not be denied legal effect, validity, or
16 enforceability solely because it is in the form of an electronic record,
17 DOCUMENT, OR SIGNATURE. Except as otherwise provided in ~~this article~~
18 ARTICLE 3 OR 6 OF THIS TITLE 42, if a rule of law requires a record to be
19 in writing or provides consequences if it is not, an electronic record
20 satisfies that rule of law. THIS SECTION APPLIES TO AND IN A COURT OF
21 LAW.

22 **SECTION 6.** In Colorado Revised Statutes, 42-6-102, **amend** (3);
23 **repeal** (5)(b); and **add** (5.5) as follows:

24 **42-6-102. Definitions.** As used in this part 1, unless the context
25 otherwise requires:

26 (3) "Department" means the department of revenue ACTING
27 DIRECTLY OR THROUGH A DULY AUTHORIZED OFFICER, AGENT, OR

1 THIRD-PARTY PROVIDER.

2 (5) (b) ~~A record covered by this article may not be denied legal~~
3 ~~effect, validity, or enforceability solely because it is in the form of an~~
4 ~~electronic record. Except as otherwise provided in this article, if a rule of~~
5 ~~law requires a record to be in writing or provides consequences if it is not,~~
6 ~~an electronic record satisfies that rule of law.~~

7 (5.5) "ELECTRONIC SIGNATURE" HAS THE SAME MEANING AS SET
8 FORTH IN SECTION 24-71-101.

9 **SECTION 7.** In Colorado Revised Statutes, 42-6-110, **amend**
10 (1.7) as follows:

11 **42-6-110. Certificate of title - transfer - department of records**
12 **- rules.** (1.7) (a) The department shall allow an insurer, as defined in
13 section 10-1-102 and that is regulated under title 10, ~~or~~ a salvage pool that
14 is licensed as a used motor vehicle dealer, A MOTOR VEHICLE DEALER
15 LICENSED UNDER ARTICLE 20 OF TITLE 44, A USED MOTOR VEHICLE DEALER
16 LICENSED UNDER ARTICLE 20 OF TITLE 44, OR ANY PERSON APPROVED BY
17 THE DEPARTMENT to use the electronic systems created in section
18 42-4-2103 (3)(c)(III) to access owner and lienholder information of a
19 motor vehicle in the department's records if: ~~the motor vehicle is~~.

20 (I) The MOTOR VEHICLE IS subject of an insurance claim being
21 processed by the insurer; ~~or~~

22 (II) THE MOTOR VEHICLE IS possessed by a salvage pool;

23 (III) THE ACCESS IS RELATED TO A MOTOR VEHICLE TRANSACTION
24 WITH A MOTOR VEHICLE DEALER OR USED MOTOR VEHICLE DEALER; OR

25 (IV) THE ACCESS IS AUTHORIZED BY SECTION 24-72-204 (7).

26 (b) The department shall ensure that the information available to
27 the insurer, ~~or~~ the salvage pool, A MOTOR VEHICLE DEALER, A USED

1 MOTOR VEHICLE DEALER, OR A PERSON APPROVED BY THE DEPARTMENT
2 is correct and is limited to the information needed to verify and contact
3 the owner and lienholder of the motor vehicle.

4 (c) The department may charge the insurer, ~~or~~ the salvage pool,
5 A MOTOR VEHICLE DEALER, A USED MOTOR VEHICLE DEALER, OR A PERSON
6 APPROVED BY THE DEPARTMENT a fee in an amount not to exceed the
7 lesser of five dollars or the direct and indirect costs of implementing this
8 subsection (1.7). The department shall deposit the fee in the special
9 purpose account created in section 42-1-211.

10 (d) THE DEPARTMENT MAY PROMULGATE RULES ESTABLISHING
11 STANDARDS FOR VERIFYING:

12 (I) THE IDENTITY OF THE PERSON ACCESSING THE RECORDS; AND
13 (II) THAT THE ACCESS IS AUTHORIZED BY SECTION 24-72-204 (7).

14 **SECTION 8.** In Colorado Revised Statutes, 42-6-110.5, **amend**
15 (2)(a) introductory portion, (2)(b), (3) introductory portion, and (4); and
16 **repeal** (1)(a)(V) as follows:

17 **42-6-110.5. Certificates of title - arrangements for transfer of
18 title upon death - beneficiary designation forms - definitions.**

19 (1) (a) On and after August 10, 2016, the division shall make available
20 a beneficiary designation form that allows the owner or joint owners of
21 a vehicle to arrange for the transfer of the vehicle's title to a named
22 beneficiary upon the death of the owner or upon the death of all joint
23 owners of the vehicle. At a minimum, the form must include fields for the
24 following information:

25 (V) ~~The signature and seal of a registered notary.~~

26 (2) (a) Upon the death of the owner, or of the last surviving joint
27 owner, of a vehicle for which a beneficiary designation form has been

1 properly executed, ~~and notarized~~, as described in subsection (1)(a) of this
2 section, the beneficiary shall present the form to the division and request
3 a new title of ownership of the vehicle in the beneficiary's name. The
4 form must be accompanied by:

5 (b) Upon the presentation of a properly executed ~~and notarized~~
6 beneficiary designation form and accompanying documents, as described
7 in subsection (2)(a) of this section, the division, subject to any security
8 interest, shall issue a new certificate of title to the beneficiary. For the
9 purposes of this subsection (2)(b), the division may rely on a death
10 certificate, record, or report that constitutes *prima facie* evidence of death.

11 (3) During the lifetime of the owner of a vehicle for which a
12 beneficiary designation form has been properly executed ~~and notarized~~,
13 or before the death of the last surviving joint owner of such a vehicle:

14 (4) Upon the death of the owner or upon the death of the last
15 surviving joint owner of a vehicle for which a beneficiary designation
16 form has been properly executed, ~~and notarized~~, the interest of the
17 beneficiary in the vehicle is subject to any contract of sale, assignment,
18 or ownership or security interest to which the owner or joint owners of
19 the vehicle were subject during their lifetime.

20 **SECTION 9.** In Colorado Revised Statutes, 42-6-113, **add** (4) as
21 follows:

22 **42-6-113. New vehicles - bill of sale - certificate of title - rental
23 businesses - rules.** (4) NOTWITHSTANDING SUBSECTION (3) OF THIS
24 SECTION, THE DEPARTMENT MAY, UPON PRESENTATION OF A
25 MANUFACTURER'S INVOICE, ISSUE A BUSINESS THAT RENTS MOTOR
26 VEHICLES A CERTIFICATE OF TITLE FOR A NEW MOTOR VEHICLE IF THE
27 BUSINESS SUBMITS A SIGNED AFFIDAVIT OR A TITLE APPLICATION

1 ATTESTING THAT THE MOTOR VEHICLE IS NEW AND HAS NOT BEEN ISSUED
2 A CERTIFICATE OF TITLE AND THAT THE BUSINESS IS ENTITLED TO BE
3 ISSUED A CERTIFICATE OF TITLE FOR THE MOTOR VEHICLE. UPON REQUEST
4 OF THE DEPARTMENT, THE BUSINESS SHALL MAKE AVAILABLE A SCANNED
5 IMAGE OF THE FRONT OF THE MANUFACTURER'S CERTIFICATE OF ORIGIN
6 FOR UP TO ONE PERCENT OF THE REGISTERED VEHICLES OF THE BUSINESS
7 FOR ANY GIVEN MONTH.

8 **SECTION 10.** In Colorado Revised Statutes, **42-6-115, amend**
9 (3)(b)(I) as follows:

10 **42-6-115. Furnishing bond for certificates.** (3) (b) (I) If a
11 vehicle is twenty-five years old or older, the applicant has had a certified
12 vehicle identification number inspection performed on the vehicle, and
13 the applicant presents a ~~notarized~~ bill of sale within twenty-four months
14 after the sale with the title application, the applicant need not furnish
15 surety under this subsection (3). To be excepted from the surety
16 requirement, an applicant must submit an affidavit to the department that
17 is sworn to under penalty of perjury and that states that the required
18 documents submitted are true and correct.

19 **SECTION 11.** In Colorado Revised Statutes, **amend 42-6-134** as
20 follows:

21 **42-6-134. Where application for certificates of title made.**
22 Except as otherwise provided in this part 1, a person shall apply for
23 recording of a certificate of title upon the sale or transfer of a motor or
24 off-highway vehicle with the authorized agent of the county where the
25 vehicle will be registered ~~and licensed~~ for operation. IF THE CERTIFICATE
26 OF TITLE APPLICATION IS MADE THROUGH A THIRD-PARTY PROVIDER, THE
27 APPLICANT NEED NOT BE PHYSICALLY PRESENT IN THE COUNTY WHERE THE

1 VEHICLE WILL BE REGISTERED IF THE THIRD-PARTY PROVIDER APPLIES FOR
2 A CERTIFICATE OF TITLE IN THE COUNTY WHERE THE VEHICLE WILL BE
3 REGISTERED.

4 **SECTION 12. Appropriation.** (1) For the 2018-19 state fiscal
5 year, \$1,187,502 is appropriated to the department of revenue. This
6 appropriation is from gifts, grants, and donations deposited in the
7 Colorado DRIVES vehicle services account in the highway users tax fund
8 created in section 42-1-211 (2)(b)(I), C.R.S. To implement this act, the
9 department may use this appropriation as follows:

10 (a) \$100,312 for use by the division of motor vehicles for personal
11 services related to vehicle services, which amount is based on an
12 assumption that the division will require an additional 1.7 FTE;

13 (b) \$9,140 for use by the division of motor vehicles for operating
14 expenses related to vehicle services;

15 (c) \$72,546 for use by the executive director's office for personal
16 services, which amount is based on an assumption that the office will
17 require an additional 1.4 FTE;

18 (d) \$7,914 for use by the executive director's office for operating
19 expenses;

20 (e) \$981,000 for use by the division of motor vehicles for
21 DRIVES maintenance and support; and

22 (f) \$16,590 for the purchase of information technology services.

23 (2) For the 2018-19 state fiscal year, \$16,590 is appropriated to
24 the office of the governor for use by the office of information technology.
25 This appropriation is from reappropriated funds received from the
26 department of revenue under subsection (1)(f) of this section. To
27 implement this act, the office may use this appropriation to provide

1 information technology services for the department of revenue.

2 **SECTION 13. Act subject to petition - effective date.** This act
3 takes effect July 1, 2019; except that, if a referendum petition is filed
4 pursuant to section 1 (3) of article V of the state constitution against this
5 act or an item, section, or part of this act within the ninety-day period
6 after final adjournment of the general assembly, then the act, item,
7 section, or part will not take effect unless approved by the people at the
8 general election to be held in November 2018 and, in such case, will take
9 effect on July 1, 2019, or on the date of the official declaration of the vote
10 thereon by the governor, whichever is later.