



Colorado Automobile Dealers Association

M E M O R A N D U M

TO: CADA Members
FROM: Tim Jackson
RE: IDS Tax Jurisdiction Locator termination postponed; two third-party providers are available
Date: ~~February 24, 2006~~ Updated April, 9, 2007

#1. IDS Locator Address Tax Records (LATR) system termination on-hold; two third-party vendors are now available.

This is a follow-up to the CADA Dealer Action Alert sent on December 12, 2006. The status on the state-provided, free IDS tax look-up service (<http://ids.dor.state.co.us/>) is that the termination of this system has been postponed indefinitely.* [The IDS login message reflects this]. The Colorado Department of Revenue staff had planned to begin converting the state title processing division to a new computer system (called CSTARTS) in November, 2005, with a subsequent roll-out to all the cities/counties in the months after that. However, this process has been placed on hold. CADA staff has been informed that we will be notified of the new schedule as soon as it is finalized. We are working to ensure that dealerships retain access to the IDS tax look-up service as long as any of the counties are still utilizing it. This is important so that you can be certain you are using the same system that the county to which you will be sending the title paperwork is also using—so you obtain the same tax information. When we obtain the roll-out schedule, we will distribute so that you are aware when various counties will make the transition.

** As of April, 2007, the state titles and registration division, which had been utilizing CSTARTS has pulled the plug on the system, and until a new vendor is hired to re-work the system, there is no roll-out planned to the counties. For now, the IDS system will remain available to dealers, and the counties will be utilizing the same system.*

For the foreseeable future, you can continue using IDS free of charge while it is available. The downside of IDS is that the database of address/jurisdiction may not be completely accurate; counties may have more current information (not readily available electronically) that did not make it into this state database. Many dealers have reported that the IDS system is often unavailable during evenings and weekends and that lately it has been increasingly in error. For now, however, IDS is the system that the state and counties are still using, though some counties may be operating both the old and new in parallel until they convert to the new system. The key point is that if the county obtains different tax jurisdiction information, your title/registration paperwork will likely be returned. **With that in mind, there are now two third-party providers available who are certified with the state. They are:ⁱ**

ⁱ "Certified by the state" means the accuracy level is above 95% and that businesses using the service are "held harmless" if this service does not correctly identify the taxes for an address. See C.R.S. 39-26-105.3. The hold-harmless does not extend to home-rule cities and home-rule counties; see page four of the attachment (state form DR 1002) defining which cities and counties in Colorado are home-rule and therefore must opt-in to this hold-harmless provision. The hold harmless provision, where applicable, does cover the actual tax collected and any penalties or fines. It does not protect the dealership from bankruptcy risks due to a lien that was not perfected in a timely manner due to title processing delays. The latest on available vendors can be found online at Dept. of Revenue:

http://www.revenue.state.co.us/TPS_Dir/wrap.asp?incl=holdharmless

1. **Group 1 Software, Inc.** It is Group 1's tax jurisdiction database that the state and cities/counties will eventually be using after conversion to the new system.** Group 1's solution is currently available, and they have announced they will offer access at no cost.

***As of April, 2007, this conversion remains on indefinite hold.*

You can register to begin using Group 1's solution at the following Internet link:

<http://taxco.g1.com/COTaxLookup/CentrusDemo.aspx>

Group 1 Software, Inc.

Contact: Bob Meador
Director, GeoTAX Product Management
4750 Walnut Street, Suite 200
Boulder, CO 80301
(720) 564-3023
Bob_Meador@g1.com
Company web site: www.g1.com

2. **Proxix Solutions, Inc.** Proxix Solutions will be providing tax jurisdiction information to all other divisions of the state of Colorado and was the first vendor to offer a third-party solution to retailers in Colorado. While Proxix is charging for their service, some CADA members have decided after trying out both Group 1 and Proxix to pay for the Proxix solution. To obtain more information about Proxix, including annual tiered-pricing subscription rates set up specifically for auto dealers, please contact Proxix directly.

Proxix Solutions, Inc.

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*Although Proxix Solutions is headquartered in Florida, the company's development office and web/hosting facilities are in Boulder, Colorado.

Please be aware that neither of these vendors is endorsed by CADA. We are simply advising you of available options. We encourage you to evaluate both vendors and would like to hear about your experience with each as you try their services.

Recommended considerations:

You may want to consider utilizing one of the new vendors immediately for the following reasons:

- All state personnel we have met with agree that the tax jurisdiction methodologies and technologies used by these outside vendors are much more precise than prior methods used by the state which relied on periodic, batch updates as submitted by the cities/counties.
 - With that in mind, if you are able to obtain more reliable information and the new systems are available more of the time, that may offset employee time and write-offs you may have faced in the past when the IDS tax lookup system was unavailable or incorrect.
- While precise accuracy of tax jurisdiction information is ideal, what is most important is that you have the same tax information as the county—otherwise your paperwork will be delayed or rejected. Even though there is a “hold harmless” provision that covers the collection of taxes, if your paperwork is rejected by the county, the lien may not be perfected in a timely manner (30-days under current federal law).
 - **NOTE:** In the 2006 legislative session CADA obtained legislation that the timing of lien perfections is the “date received” at the county—not on a later that the county completely reviews it and deems it “accepted.”

It is important that you are tracking and obtaining an official marking from the county on your paperwork of the actual "date received" (i.e. the date you delivered it to the county desk).

- During this transition period, you may want to use more than one of the services, and if there is a conflict, double-check directly with the county before sending the paperwork.

CADA will continue to keep members apprised on all of these computer system developments. If you have questions or need further information, please contact Tammi McCoy or me at CADA, by calling 303.831.1722; or via email at tammi.mccoy@cadaonline.org or tim.jackson@cadaonline.org.