

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0536.01 Sam Anderson x4218

HOUSE BILL 26-1048

HOUSE SPONSORSHIP

Winter T.,

SENATE SPONSORSHIP

Pelton B., Carson

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING A SALES AND USE TAX HOLIDAY FOR BACK-TO-SCHOOL
102 ITEMS.

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>.)

Section 1 of the bill creates a time-limited state sales and use tax exemption (tax holiday) for back-to-school items. The tax holiday applies to the last weekend of July 2027 and reoccurs at approximately the same time in 2028 and 2029. A "back-to-school item" means an article of clothing, a school supply, or a learning aid that is purchased primarily for use by an individual who is under 21 years old. The exemption for each

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

item is limited by cost as follows:

- \$100 for an article of clothing;
- \$50 for a school supply; and
- \$30 for a learning aid.

Section 2 permits a town, city, or county to create a tax holiday for back-to-school items that is identical to the state tax holiday.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-735 as
3 follows:

4 **39-26-735. Back-to-school items - tax preference performance**
5 **statement - rules - legislative declaration - definitions - repeal.**

6 (1) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
7 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
8 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
9 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND
10 DECLARES THAT:

11 (a) THE GENERAL LEGISLATIVE PURPOSE OF THE EXEMPTION
12 ALLOWED BY THIS SECTION IS TO PROVIDE TAX RELIEF TO CERTAIN
13 INDIVIDUALS;

14 (b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE EXEMPTION
15 ALLOWED BY THIS SECTION IS TO INCREASE THE AFFORDABILITY OF
16 BACK-TO-SCHOOL ITEMS AND TO REDRESS THE BURDEN THAT THE
17 IMPOSITION OF SALES TAX PLACES ON MILLIONS OF PARENTS AND OTHER
18 CAREGIVERS FOR YOUNG CHILDREN IN COLORADO FOR WHOM SUCH
19 BACK-TO-SCHOOL ITEMS ARE ESSENTIAL; AND

20 (c) TO ALLOW THE GENERAL ASSEMBLY AND THE STATE AUDITOR
21 TO MEASURE THE EFFECTIVENESS OF THE EXEMPTION ALLOWED BY THIS
22 SECTION, THE STATE AUDITOR, IN COLLABORATION WITH THE DEPARTMENT

1 PURSUANT TO SUBSECTION (6) OF THIS SECTION, SHALL IDENTIFY
2 AVAILABLE DATA SOURCES AND ESTIMATE THE SAVINGS THAT THE
3 EXEMPTION FOR BACK-TO-SCHOOL ITEMS PROVIDES TO TAXPAYERS IN
4 COLORADO FOR WHOM BACK-TO-SCHOOL ITEMS ARE ESSENTIAL DURING
5 THE STATE AUDITOR'S EVALUATION OF THE EXEMPTION PURSUANT TO
6 SECTION 39-21-305.

7 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
8 REQUIRES:

9 (a) "BACK-TO-SCHOOL ITEM" MEANS AN ARTICLE OF CLOTHING, A
10 SCHOOL SUPPLY, OR A LEARNING AID THAT IS PURCHASED PRIMARILY FOR
11 USE BY A MINOR.

12 (b) "CLOTHING" MEANS:

13 (I) ANY ARTICLE OF APPAREL INTENDED TO BE WORN ON AN
14 INDIVIDUAL, EXCLUDING A CLOTHING ACCESSORY; AND

15 (II) ANY FOOTWEAR, EXCLUDING SKIS, SNOWBOARDS, SWIM FINS,
16 ROLLER BLADES, SKATES, AND OTHER RECREATIONAL EQUIPMENT.

17 (c) "CLOTHING ACCESSORY" MEANS AN INCIDENTAL ITEM WORN
18 ON AN INDIVIDUAL OR USED IN CONJUNCTION WITH CLOTHING. "CLOTHING
19 ACCESSORY" INCLUDES JEWELRY, WALLET, WATCHES, HATS, SCARVES,
20 HOSIERY, TIES, BELTS, AND UMBRELLAS.

21 (d) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

22 (e) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF
23 THE DEPARTMENT.

24 (f) "LEARNING AID" MEANS A BOOK OR TOY INTENDED TO TEACH
25 SKILLS TO CHILDREN, INCLUDING A SET OF STACKING OR NESTING BLOCKS,
26 FLASH CARDS OR OTHER LEARNING CARDS, A MATCHING OR MEMORY
27 GAME, A PUZZLE BOOK OR A SEARCH-AND-FIND BOOK, OR AN INTERACTIVE

1 OR ELECTRONIC BOOK.

2 (g) "SCHOOL SUPPLY" MEANS AN ART SUPPLY, BACKPACK, BINDER
3 POCKET, BINDER, BLACKBOARD CHALK, CALCULATOR, CELLOPHANE TAPE,
4 CLAY AND GLAZE, COMPASS, COMPOSITION BOOK, CRAYON SET,
5 DICTIONARY OR THESAURUS, DRY ERASE MARKER AND ERASER, FOLDER,
6 GLUE AND PASTE, HIGHLIGHTER, INDEX CARD SET AND BOX, LUNCH BOX,
7 MAP OR GLOBE, MARKER, NOTEBOOK AND DIVIDER, PAPER OR PAD, PENCIL
8 BOX OR OTHER BOXES FOR SCHOOL SUPPLIES, PENCIL SHARPENER, PENCIL
9 AND ERASER, PEN, PROTRACTOR, REFERENCE BOOK, RULER, SCISSORS,
10 TEXTBOOK, OR WORKBOOK.

11 (3) (a) COMMENCING WITH THE FORTY-EIGHT-HOUR PERIOD
12 BEGINNING AT 11:59 P.M. ON JULY 23, 2027, AND ENDING AT 11:59 P.M. ON
13 JULY 25, 2027, AND FOR THE FORTY-EIGHT-HOUR PERIODS BEGINNING AT
14 11:59 P.M. ON JULY 28, 2028, AND ENDING AT 11:59 P.M. ON JULY 30,
15 2028, AND BEGINNING AT 11:59 P.M. ON JULY 27, 2029, AND ENDING AT
16 11:59 P.M. ON JULY 29, 2029, THE SALE OF BACK-TO-SCHOOL ITEMS PRICED
17 LESS THAN THE LIMIT ESTABLISHED IN SUBSECTION (3)(b) OF THIS SECTION
18 IS EXEMPT FROM THE SALES TAX LEVIED PURSUANT TO PART 1 OF THIS
19 ARTICLE 26.

20 (b) THE LIMIT FOR EACH BACK-TO-SCHOOL ITEM IS:

21 (I) ONE HUNDRED DOLLARS FOR AN ARTICLE OF CLOTHING;

22 (II) FIFTY DOLLARS FOR A SCHOOL SUPPLY; AND

23 (III) THIRTY DOLLARS FOR A LEARNING AID.

24 (4) THE STORAGE, USE, OR CONSUMPTION OF A BACK-TO-SCHOOL
25 ITEM THAT IS EXEMPT AT THE TIME OF PURCHASE FROM SALES TAX
26 PURSUANT TO SUBSECTION (3) OF THIS SECTION IS EXEMPT FROM THE USE
27 TAX LEVIED PURSUANT TO PART 2 OF THIS ARTICLE 26.

- 1 (5) THE EXECUTIVE DIRECTOR MAY:
- 2 (a) MODIFY EXISTING FORMS OR CREATE NEW FORMS AS
- 3 NECESSARY TO FACILITATE THE EXEMPTION CREATED IN THIS SECTION;
- 4 AND
- 5 (b) ADOPT RULES FOR THE ADMINISTRATION AND ENFORCEMENT
- 6 OF THIS SECTION.
- 7 (6) THE DEPARTMENT, IN CONSULTATION WITH THE STATE
- 8 AUDITOR, SHALL COLLECT THE INFORMATION NECESSARY FOR THE STATE
- 9 AUDITOR TO MEASURE THE EFFECTIVENESS OF THE EXEMPTION CREATED
- 10 IN THIS SECTION AS REQUIRED BY SUBSECTION (1)(c) OF THIS SECTION.
- 11 (7) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

12 **SECTION 2.** In Colorado Revised Statutes, 29-2-105, **amend** (1)

13 introductory portion, (1)(d)(I)(T), and (1)(d)(I)(U); and **add** (1)(d)(I)(V)

14 as follows:

15 **29-2-105. Contents of sales tax ordinances and proposals.**

16 (1) The sales tax ordinance or proposal of any incorporated town,

17 city, or county adopted pursuant to this article 2 ~~shall~~ MUST be imposed

18 on the sale of tangible personal property at retail or the furnishing of

19 services, as provided in subsection (1)(d) of this section. Any countywide

20 or incorporated town or city sales tax ordinance or proposal ~~shall~~ MUST

21 include the following provisions:

22 (d) (I) A provision that the sale of tangible personal property and

23 services taxable pursuant to this article 2 is the same as the sale of

24 tangible personal property and services taxable pursuant to section

25 39-26-104, except as otherwise provided in this subsection (1)(d). The

26 sale of tangible personal property and services taxable pursuant to this

27 article 2 is subject to the same sales tax exemptions as those specified in

1 part 7 of article 26 of title 39; except that the sale of the following may be
2 exempted from a town, city, or county sales tax only by the express
3 inclusion of the exemption either at the time of adoption of the initial
4 sales tax ordinance or resolution or by amendment thereto:

5 (T) The exemption for sales of heat pump systems and heat pump
6 water heaters set forth in section 39-26-732; ~~and~~

7 (U) The exemption for sales of energy storage systems set forth
8 in section 39-26-733; AND

9 (V) THE EXEMPTION FOR BACK-TO-SCHOOL ITEMS SPECIFIED IN
10 SECTION 39-26-735 (3), FOR THE SAME PERIODS THAT THE STATE
11 EXEMPTION IS AVAILABLE.

12 **SECTION 3. Act subject to petition - effective date.** This act
13 takes effect at 12:01 a.m. on the day following the expiration of the
14 ninety-day period after final adjournment of the general assembly; except
15 that, if a referendum petition is filed pursuant to section 1 (3) of article V
16 of the state constitution against this act or an item, section, or part of this
17 act within such period, then the act, item, section, or part will not take
18 effect unless approved by the people at the general election to be held in
19 November 2026 and, in such case, will take effect on the date of the
20 official declaration of the vote thereon by the governor.