

**Second Regular Session
Seventieth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 16-0445.01 Gregg Fraser x4325

SENATE BILL 16-124

SENATE SPONSORSHIP

Grantham,

HOUSE SPONSORSHIP

Priola and Becker K.,

Senate Committees

Finance
Appropriations

House Committees

Finance
Appropriations

A BILL FOR AN ACT

101 **CONCERNING SALES AND USE TAX TREATMENT OF EQUIPMENT USED**
102 **FOR PROCESSING RECOVERED MATERIALS.**

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://www.leg.state.co.us/billsummaries>.)

Purchases of machinery or machine tools to be used in Colorado directly and predominantly in manufacturing tangible personal property are currently exempt from state sales and use tax. The bill would extend the exemption to machinery or machine tools purchased by a business to process recovered materials.

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

HOUSE
2nd Reading Unamended
April 28, 2016

SENATE
3rd Reading Unamended
March 16, 2016

SENATE
Amended 2nd Reading
March 15, 2016

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-709, **amend**
3 (1) (a) (II) and (1) (c) (III); and **add** (1) (c) (III.5) as follows:

4 **39-26-709. Machinery and machine tools - definitions.**

5 (1) (a) The following shall be exempt from taxation under the provisions
6 of part 1 of this article:

7 (II) Except as allowed in section 39-30-106, on or after July 1,
8 1996, purchases of machinery or machine tools, or parts thereof, in excess
9 of five hundred dollars to be used in Colorado directly and predominantly
10 in manufacturing tangible personal property, for sale or profit, INCLUDING
11 ANY MACHINERY OR MACHINE TOOLS PURCHASED BY A BUSINESS LISTED
12 IN THE INVENTORY PREPARED BY THE DEPARTMENT OF PUBLIC HEALTH
13 AND ENVIRONMENT PURSUANT TO SECTION 30-20-122 (1) (a) (V), C.R.S.;
14 and

15 (c) As used in this subsection (1):

16 (III) "Manufacturing" means the operation of producing a new
17 product, article, substance, or commodity different from and having a
18 distinctive name, character, or use from raw or prepared materials,
19 INCLUDING THE PROCESSING OF RECOVERED MATERIALS.

20 (III.5) "RECOVERED MATERIALS" MEANS THOSE MATERIALS THAT
21 HAVE BEEN SEPARATED, DIVERTED, OR REMOVED FROM THE WASTE
22 STREAM FOR THE PURPOSE OF REMANUFACTURING, REUSE, OR RECYCLING.

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

24 **(d) (I) (A); and add (1) (d) (I) (A.5) as follows:**

25 **29-2-105. Contents of sales tax ordinances and proposals -**
26 **repeal.** (1) The sales tax ordinance or proposal of any incorporated

1 town, city, or county adopted pursuant to this article shall be imposed on
2 the sale of tangible personal property at retail or the furnishing of
3 services, as provided in paragraph (d) of this subsection (1). Any
4 countywide or incorporated town or city sales tax ordinance or proposal
5 shall include the following provisions:

6 (d) (I) A provision that the sale of tangible personal property and
7 services taxable pursuant to this article shall be the same as the sale of
8 tangible personal property and services taxable pursuant to section
9 39-26-104, C.R.S., except as otherwise provided in this paragraph (d).
10 The sale of tangible personal property and services taxable pursuant to
11 this article shall be subject to the same sales tax exemptions as those
12 specified in part 7 of article 26 of title 39, C.R.S.; except that the sale of
13 the following may be exempted from a town, city, or county sales tax
14 only by the express inclusion of the exemption either at the time of
15 adoption of the initial sales tax ordinance or resolution or by amendment
16 thereto:

17 (A) The exemption for sales of machinery or machine tools
18 specified in section 39-26-709 (1), C.R.S., OTHER THAN MACHINERY OR
19 MACHINE TOOLS USED IN THE PROCESSING OF RECOVERED MATERIALS BY
20 A BUSINESS LISTED IN THE INVENTORY PREPARED BY THE DEPARTMENT OF
21 PUBLIC HEALTH AND ENVIRONMENT PURSUANT TO SECTION 30-20-122 (1)
22 (a) (V), C.R.S.:

23 (A.5) THE EXEMPTION FOR SALES OF MACHINERY OR MACHINE
24 TOOLS SPECIFIED IN SECTION 39-26-709 (1), C.R.S., USED IN THE
25 PROCESSING OF RECOVERED MATERIALS BY A BUSINESS LISTED IN THE
26 INVENTORY PREPARED BY THE DEPARTMENT OF PUBLIC HEALTH AND
27 ENVIRONMENT PURSUANT TO SECTION 30-20-122 (1) (a) (V), C.R.S.:

1 **SECTION 3. Applicability.** This act applies to sales of
2 machinery and machine tools occurring on or after July 1, 2016.

3 **SECTION 4. Safety clause.** The general assembly hereby finds,
4 determines, and declares that this act is necessary for the immediate
5 preservation of the public peace, health, and safety.