

CHAPTER 258

TAXATION

SENATE BILL 16-124

BY SENATOR(S) Grantham, Aguilar, Cooke, Crowder, Donovan, Guzman, Heath, Hodge, Jahn, Jones, Kefalas, Kerr, Lundberg, Marble, Martinez Humenik, Merrifield, Newell, Scheffel, Scott, Sonnenberg, Steadman, Tate, Todd, Woods, Cadman; also REPRESENTATIVE(S) Priola and Becker K., Arndt, Esgar, Kagan, Kraft-Tharp, Lebsock, Lontine, Mitsch Bush, Moreno, Pabon, Roupe, Ryden, Winter, Hullinghorst.

AN ACT**CONCERNING SALES AND USE TAX TREATMENT OF EQUIPMENT USED FOR PROCESSING RECOVERED MATERIALS.**

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

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

39-26-709. Machinery and machine tools - definitions. (1) (a) The following shall be exempt from taxation under the provisions of part 1 of this article:

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

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

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

(III.5) "RECOVERED MATERIALS" MEANS THOSE MATERIALS THAT HAVE BEEN

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

SEPARATED, DIVERTED, OR REMOVED FROM THE WASTE STREAM FOR THE PURPOSE OF REMANUFACTURING, REUSE, OR RECYCLING.

SECTION 2. In Colorado Revised Statutes, 29-2-105, **amend** (1) (d) (I) (A); and **add** (1) (d) (I) (A.5) as follows:

29-2-105. Contents of sales tax ordinances and proposals - repeal. (1) The sales tax ordinance or proposal of any incorporated town, city, or county adopted pursuant to this article shall be imposed on the sale of tangible personal property at retail or the furnishing of services, as provided in paragraph (d) of this subsection (1). Any countywide or incorporated town or city sales tax ordinance or proposal shall include the following provisions:

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

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

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

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

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

Approved: June 8, 2016