

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. 18-0797.01 Gregg Fraser x4325

HOUSE BILL 18-1350

HOUSE SPONSORSHIP

Kraft-Tharp,

SENATE SPONSORSHIP

Priola,

House Committees

Business Affairs and Labor
Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE SALES AND USE TAX TREATMENT OF EQUIPMENT**
102 **USED TO MANUFACTURE NEW METAL STOCK FROM SCRAP OR**
103 **END-OF-LIFE-CYCLE METALS, AND, IN CONNECTION THEREWITH,**
104 **MAKING AN 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>.)

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. Manufacturing is

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.*

currently defined to include the processing of recovered materials. The bill expands the definition of recovered materials to include materials that have been derived from scrap metal or end-of-life-cycle metals for remanufacturing, reuse, or recycling into new metal stock that meets applicable standards for metal commodities sales.

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)(c)(III.5); and **add** (1)(c)(III.6) as follows:

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

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

6 (III.5) (A) "Recovered materials" means those materials that have
7 been separated, diverted, or removed from the waste stream for the
8 purpose of remanufacturing, reuse, or recycling OR, AS ALLOWED BY
9 SUBSECTION (1)(c)(III.6) OF THIS SECTION, THOSE MATERIALS THAT HAVE
10 BEEN DERIVED FROM SCRAP METAL OR END-OF-LIFE-CYCLE METALS FOR
11 REMANUFACTURING, REUSE, OR RECYCLING INTO NEW METAL STOCK THAT
12 MEETS APPLICABLE STANDARDS FOR METAL COMMODITIES SALES.

13 (B) AS USED IN THIS SUBSECTION (1)(c)(III.5), "APPLICABLE
14 STANDARDS" MEANS STANDARDS FOR RECYCLED COMMODITIES
15 RECOGNIZED BY THE INSTITUTE OF SCRAP RECYCLING INDUSTRIES.

16 (III.6) "SCRAP METAL PROCESSOR" MEANS ANY PERSON WHO IS
17 ENGAGED IN THE BUSINESS OF PROCESSING SCRAP METALS WHO, FROM A
18 FIXED LOCATION, UTILIZES MACHINERY AND EQUIPMENT FOR
19 MANUFACTURING FERROUS AND NONFERROUS METALLIC SCRAP INTO
20 PREPARED GRADES AND WHOSE PRINCIPAL PRODUCT IS METALLIC SCRAP.
21 THE FOLLOWING ITEMS ARE EXEMPT WHEN PURCHASED BY A SCRAP METAL
22 PROCESSOR AND USED IN MANUFACTURING PREPARED GRADE RECYCLED
23 METALS: MOBILE METAL SHEARS, STATIONARY METAL SHEARS, METAL

1 SHREDDERS, CONVEYORS USED TO MOVE METAL SCRAP OR STOCK,
2 LOADERS UTILIZED TO LOAD METAL SCRAP OR STOCK, BAILERS TO BUNDLE
3 METAL STOCK, MATERIAL HANDLERS UTILIZED FOR METAL SCRAP OR
4 METAL STOCK, EXCAVATORS, MAGNETS, GRAPPLES AND TORCHES UTILIZED
5 TO BREAK DOWN METAL SCRAP, AND ALL OTHER EQUIPMENT DIRECTLY
6 USED PREDOMINANTLY IN THE MANUFACTURING OF COMMODITY GRADE
7 RECYCLED METALS.

8 **SECTION 2. Appropriation.** (1) For the 2018-19 state fiscal
9 year, \$14,292 is appropriated to the department of revenue for use by the
10 taxation and compliance division. This appropriation is from the general
11 fund. To implement this act, the division may use this appropriation as
12 follows:

13 (a) \$14,007 for personal services, which amount is based on an
14 assumption that the division will require an additional 0.3 FTE; and

15 (b) \$285 for operating expenses.

16 **SECTION 3. Act subject to petition - effective date -**
17 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
18 the expiration of the ninety-day period after final adjournment of the
19 general assembly (August 8, 2018, if adjournment sine die is on May 9,
20 2018); except that, if a referendum petition is filed pursuant to section 1
21 (3) of article V of the state constitution against this act or an item, section,
22 or part of this act within such period, then the act, item, section, or part
23 will not take effect unless approved by the people at the general election
24 to be held in November 2018 and, in such case, will take effect on the
25 date of the official declaration of the vote thereon by the governor.

26 (2) This act applies to sales of machinery and machine tools that
27 occur on or after January 1, 2019.