A BILL FOR AN ACT

CONCERNING THE SALES AND USE TAX TREATMENT OF EQUIPMENT USED TO MANUFACTURE NEW METAL STOCK FROM SCRAP OR END-OF-LIFE-CYCLE METALS.

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 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.

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

SECTION 1. In Colorado Revised Statutes, 39-26-709, amend
(1)(c)(III.5); and add (1)(c)(III.6) as follows:


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

(III.5) (A) "Recovered materials" means those materials that have
been separated, diverted, or removed from the waste stream for the
purpose of remanufacturing, reuse, or recycling OR, AS ALLOWED BY
SUBSECTION (1)(c)(III.6) OF THIS SECTION, THOSE 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.

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

(III.6) "SCRAP METAL PROCESSOR" MEANS ANY PERSON WHO IS
ENGAGED IN THE BUSINESS OF PROCESSING SCRAP METALS WHO, FROM A
FIXED LOCATION, UTILIZES MACHINERY AND EQUIPMENT FOR
MANUFACTURING FERROUS AND NONFERROUS METALLIC SCRAP INTO
PREPARED GRADES AND WHOSE PRINCIPAL PRODUCT IS METALLIC SCRAP.

THE FOLLOWING ITEMS ARE EXEMPT WHEN PURCHASED BY A SCRAP METAL
PROCESSOR AND USED IN MANUFACTURING PREPARED GRADE RECYCLED
METALS: MOBILE METAL SHEARS, STATIONARY METAL SHEARS, METAL
SHREDDERS, CONVEYORS USED TO MOVE METAL SCRAP OR STOCK,
LOADERS UTILIZED TO LOAD METAL SCRAP OR STOCK, BAILERS TO BUNDLE METAL STOCK, MATERIAL HANDLERS UTILIZED FOR METAL SCRAP OR METAL STOCK, EXCAVATORS, MAGNETS, GRAPPLIES AND TORCHES UTILIZED TO BREAK DOWN METAL SCRAP, AND ALL OTHER EQUIPMENT DIRECTLY USED PREDOMINANTLY IN THE MANUFACTURING OF COMMODITY GRADE RECYCLED METALS.

SECTION 2. Act subject to petition - effective date - applicability. (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

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