

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0165.01 Bob Lackner x4350

HOUSE BILL 22-1024

HOUSE SPONSORSHIP

Bird and Woog,

SENATE SPONSORSHIP

Hansen and Kolker, Liston

Transportation & Local Government
Appropriations

A BILL FOR AN ACT

101 **CONCERNING AN EXPANSION OF THE EXISTING SALES AND USE TAX**
102 **EXEMPTION FOR CONSTRUCTION AND BUILDING MATERIALS**
103 **USED FOR THE BUILDING OF PUBLIC WORKS TO REQUIRE THAT**
104 **HOME RULE CITIES EXEMPT SUCH TAX ON SALES OF SUCH**
105 **MATERIALS WHEN USED FOR PUBLIC SCHOOL CONSTRUCTION,**
106 **AND, IN CONNECTION THEREWITH, 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/>.)

Legislative Oversight Committee Concerning Tax Policy.

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.

Under current law, all sales of construction and building materials to contractors and subcontractors for use in the building, erection, alteration, or repair of structures, highways, roads, streets, and other public works are exempt from the sales and use tax levied by the state and certain local governments. Home rule cities continue to levy the tax on sales of construction and building materials within their jurisdiction. The bill extends the exemption to the sales and use tax levied by home rule cities on such materials for use in connection with the building, erection, alteration, or repair of a public school.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-708, **add** (2.5)
3 as follows:

4 **39-26-708. Construction and building materials - legislative**
5 **declaration - definition.** (2.5) (a) THE GENERAL ASSEMBLY FINDS,
6 DETERMINES, AND DECLARES THAT:

7 (I) THE EXEMPTION UNDER THIS SECTION WAS ENACTED BY THE
8 GENERAL ASSEMBLY TO REDUCE COSTS INVOLVED IN THE CONSTRUCTION
9 OF PUBLIC WORKS;

10 (II) THE EXEMPTION CODIFIES THE PRINCIPLE THAT CONTRACTORS
11 SHOULD NOT BE PAYING A TAX LEVIED BY GOVERNMENTAL ENTITIES ON
12 BUILDING MATERIALS USED FOR THE BENEFIT OF THOSE SAME
13 GOVERNMENTAL ENTITIES;

14 (III) UNDER CURRENT LAW, OUT OF THE STATE AND ALL LOCAL
15 GOVERNMENTS ACROSS THE STATE, THE SALES AND USE TAX ON
16 CONSTRUCTION AND BUILDING MATERIALS USED IN THE CONSTRUCTION OF
17 PUBLIC BUILDINGS IS ONLY LEVIED BY HOME RULE CITIES;

18 (IV) EXTENDING THE EXEMPTION TO INCLUDE THE SALES AND USE
19 TAX LEVIED BY HOME RULE CITIES ON MATERIALS USED IN THE
20 CONSTRUCTION OF PUBLIC SCHOOL FACILITIES WOULD REDUCE THE

1 OVERALL COSTS OF CONSTRUCTING SUCH FACILITIES FOR THE MANY
2 JURISDICTIONS ACROSS THE STATE THAT ARE HOME RULE CITIES; AND

3 (V) EXTENDING THE EXEMPTION TO INCLUDE HOME RULE CITIES
4 WOULD ALSO PROMOTE A UNIFORM AND CONSISTENT TREATMENT OF THE
5 SALE OF BUILDING AND CONSTRUCTION MATERIALS STATEWIDE, THEREBY
6 FACILITATING A MORE CONSISTENT AND UNIFORM TAX STRUCTURE.
7 ACCORDINGLY, THE MATTERS ADDRESSED IN SUBSECTION (2.5)(b) OF THIS
8 SECTION ARE MATTERS OF STATEWIDE CONCERN.

9 (b) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IN
10 ADDITION TO THE EXEMPTION FROM TAXATION CREATED BY SUBSECTIONS
11 (1) AND (2) OF THIS SECTION, THERE SHALL ALSO BE EXEMPT FROM
12 TAXATION UNDER PART 1 OF THIS ARTICLE 26 ANY TAX LEVIED BY A HOME
13 RULE CITY ON ALL SALES OF CONSTRUCTION AND BUILDING MATERIALS TO
14 CONTRACTORS AND SUBCONTRACTORS FOR USE IN THE BUILDING,
15 ERECTION, ALTERATION, OR REPAIR OF A PUBLIC SCHOOL.

16 (c) AS USED IN SUBSECTION (2.5)(b) OF THIS SECTION, "PUBLIC
17 SCHOOL" MEANS A SCHOOL THAT SERVES ANY OF GRADES KINDERGARTEN
18 THROUGH TWELVE AND THAT DERIVES ITS SUPPORT, IN WHOLE OR IN PART,
19 FROM REVENUE RAISED BY A GENERAL STATE OR SCHOOL DISTRICT TAX.
20 "PUBLIC SCHOOL" INCLUDES A CHARTER SCHOOL AUTHORIZED BY A
21 SCHOOL DISTRICT PURSUANT TO PART 1 OF ARTICLE 30.5 OF TITLE 22, BY
22 THE STATE CHARTER SCHOOL INSTITUTE PURSUANT TO PART 5 OF ARTICLE
23 30.5 OF TITLE 22, OR BY THE COLORADO SCHOOL FOR THE DEAF AND THE
24 BLIND PURSUANT TO SECTION 22-80-102 (4).

25 **SECTION 2. Appropriation.** For the 2022-23 state fiscal year,
26 \$3,375 is appropriated to the department of revenue for use by the
27 taxation business group. This appropriation is from the general fund. To

1 implement this act, the department may use this appropriation for
2 operating expenses related to taxation services.

3 **SECTION 3. Act subject to petition - effective date -**
4 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
5 the expiration of the ninety-day period after final adjournment of the
6 general assembly; except that, if a referendum petition is filed pursuant
7 to section 1 (3) of article V of the state constitution against this act or an
8 item, section, or part of this act within such period, then the act, item,
9 section, or part will not take effect unless approved by the people at the
10 general election to be held in November 2022 and, in such case, will take
11 effect on the date of the official declaration of the vote thereon by the
12 governor.

13 (2) This act applies to sales of construction and building materials
14 made on or after the applicable effective date of this act.