

Second Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0445.01 Gregg Fraser x4325

SENATE BILL 16-124

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SENATE SPONSORSHIP

Grantham,

HOUSE SPONSORSHIP

Priola, Becker K.

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Senate Committees

Finance  
Appropriations

House Committees

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A BILL FOR AN ACT

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

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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.*

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

25           **SECTION 3. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.