

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0153.01 Jason Gelender x4330

HOUSE BILL 22-1039

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HOUSE SPONSORSHIP

Kipp and Van Winkle,

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Bridges and Woodward,

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**House Committees**  
Business Affairs & Labor

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A BILL FOR AN ACT

101 CONCERNING SIMPLIFICATION OF THE MEANS BY WHICH PROOF OF  
102 ELIGIBILITY FOR SALES AND USE TAX EXEMPTIONS IS  
103 ESTABLISHED.

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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://leg.colorado.gov/>.)*

**Sales and Use Tax Simplification Task Force.** For some, but not all, exemptions from state and state-collected local sales and use taxes, a person who wishes to establish the right to obtain an exemption is either explicitly required by state law or required by the department of revenue (department) as it administers and enforces state law to complete a form

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.

created by the department, which, depending on which exemption is sought, may be described as an affidavit, application, certificate, certification, declaration, or statement. The bill requires the department to examine its forms and requirements relating to their use and, to the extent feasible without impairing the proper administration of the exemptions, simplify the forms and related requirements for persons making tax-exempt purchases. Exceptions to existing statutory requirements relating to the forms are made for any simplifications made by the department.

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

2           **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-730 as  
3 follows:

4           **39-26-730. Sales and use tax exemption forms - simplification.**

5 (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

6           (a) IN MANY CASES, A PERSON WHO WISHES TO ESTABLISH THE  
7 RIGHT TO OBTAIN AN EXEMPTION ALLOWED BY THIS PART 7 IS REQUIRED  
8 TO COMPLETE A FORM CREATED BY THE DEPARTMENT OF REVENUE WHICH,  
9 DEPENDING ON WHICH EXEMPTION IS SOUGHT, MAY BE DESCRIBED AS AN  
10 AFFIDAVIT, APPLICATION, CERTIFICATE, CERTIFICATION, DECLARATION, OR  
11 STATEMENT; AND

12           (b) THE BURDENS OF ESTABLISHING THE RIGHT TO AN EXEMPTION  
13 ALLOWED BY THIS PART 7 THAT ARE IMPOSED ON PERSONS MAKING  
14 TAX-EXEMPT PURCHASES SHOULD BE MINIMIZED TO THE EXTENT FEASIBLE  
15 WITHOUT IMPAIRING THE PROPER ADMINISTRATION OF THE EXEMPTIONS.

16           (2) THE DEPARTMENT OF REVENUE SHALL EXAMINE ITS SALES AND  
17 USE TAX EXEMPTION FORMS AND ITS REQUIREMENTS RELATING TO THEIR  
18 USE AND, TO THE EXTENT FEASIBLE WITHOUT IMPAIRING THE PROPER  
19 ADMINISTRATION OF THE EXEMPTIONS, SIMPLIFY THE FORMS, WHICH  
20 SIMPLIFICATION MAY INCLUDE ELIMINATION OF CERTAIN FORMS OR

1 CONSOLIDATION OF FORMS, AND FORM-RELATED REQUIREMENTS FOR  
2 PERSONS MAKING TAX-EXEMPT PURCHASES AS ALLOWED BY THIS ARTICLE  
3 26. THE DEPARTMENT SHALL COMPLETE THE INITIAL SIMPLIFICATION ON  
4 OR BEFORE JULY 1, 2023, AND SHALL CONTINUE TO PURSUE  
5 SIMPLIFICATION THEREAFTER AS THE PROVISIONS OF THIS PART 7 OR  
6 OTHER RELEVANT CIRCUMSTANCES CHANGE.

7 **SECTION 2.** In Colorado Revised Statutes, 39-26-708, **amend**  
8 (3) as follows:

9 **39-26-708. Construction and building materials.** (3) On  
10 application by a purchaser or seller, the department of revenue shall issue  
11 to a contractor or subcontractor a certificate of exemption indicating that  
12 the contractor's or subcontractor's purchase of construction or building  
13 materials is for a purpose stated in subsection (1) of this section and is,  
14 therefore, free from sales tax. UNLESS THE DEPARTMENT DETERMINES  
15 PURSUANT TO SECTION 39-26-730 (2) THAT FORMS CAN BE CONSOLIDATED  
16 OR ELIMINATED, the department shall provide forms for the application  
17 and certificate and shall have the authority to verify that the contractor or  
18 subcontractor is, in fact, entitled to the issuance of the certificate prior to  
19 such issuance.

20 **SECTION 3.** In Colorado Revised Statutes, 39-26-709, **amend**  
21 (1)(g) as follows:

22 **39-26-709. Machinery and machine tools - definitions.**  
23 (1)(g) UNLESS THE DEPARTMENT OF REVENUE DETERMINES PURSUANT TO  
24 SECTION 39-26-730 (2) THAT THE DECLARATION CAN BE CONSOLIDATED  
25 WITH ANOTHER FORM OR ELIMINATED, to receive an exemption under this  
26 subsection (1), a declaration of entitlement shall be filed by the purchaser  
27 with the vendor of the machinery or machine tools, or parts thereof, and

1 with the executive director of the department. ~~of revenue.~~

2 **SECTION 4.** In Colorado Revised Statutes, 39-26-711.5, **amend**  
3 (2) as follows:

4 **39-26-711.5. Aircraft - use outside state.** (2) A purchaser of an  
5 aircraft who claims the exemption allowed by this section shall, at the  
6 time of purchase AND UNLESS THE DEPARTMENT OF REVENUE DETERMINES  
7 PURSUANT TO SECTION 39-26-730 (2) THAT THE AFFIDAVIT CAN BE  
8 CONSOLIDATED WITH ANOTHER FORM OR ELIMINATED, provide to the seller  
9 an affidavit that the purchaser is not a resident of the state and that the  
10 purchaser agrees to pay the tax imposed by part 1 of this ~~article~~ ARTICLE  
11 26 if the purchaser fails to comply with the requirements of ~~paragraphs~~  
12 ~~(b) and (c) of subsection (1)~~ SUBSECTION (1)(b) OR (1)(c) of this section.

13 **SECTION 5.** In Colorado Revised Statutes, 39-26-711.8, **amend**  
14 (2) as follows:

15 **39-26-711.8. Aircraft - use outside state - on-demand air**  
16 **carriers.** (2) A purchaser of an aircraft who claims the exemption  
17 allowed by this section shall, at the time of purchase AND UNLESS THE  
18 DEPARTMENT OF REVENUE DETERMINES PURSUANT TO SECTION 39-26-730  
19 (2) THAT THE AFFIDAVIT CAN BE CONSOLIDATED WITH ANOTHER FORM OR  
20 ELIMINATED, provide to the seller an affidavit that the aircraft will be used  
21 by an on-demand air carrier and that the purchaser agrees to pay the tax  
22 imposed by part 1 or part 2 of this ~~article~~ ARTICLE 26, as applicable, if the  
23 purchaser fails to comply with the requirements of ~~paragraphs (b), (c) and~~  
24 ~~(d) of subsection (1)~~ SUBSECTIONS (1)(b), (1)(c), AND (1)(d) of this  
25 section.

26 **SECTION 6.** In Colorado Revised Statutes, 39-26-712, **amend**  
27 (1), (2) introductory portion, (2)(a), and (2)(b) as follows:

1           **39-26-712. Trailers and trucks.** (1) The following ~~shall be~~ ARE  
2 exempt from taxation under the provisions of part 1 of this ~~article~~  
3 ARTICLE 26:

4           (a) The sale of a new or used trailer, semitrailer, truck, truck  
5 tractor, or truck body manufactured within this state if such vehicle is  
6 purchased from the manufacturer for use exclusively outside this state or  
7 in interstate commerce and is delivered by the manufacturer to the  
8 purchaser within this state, if the purchaser drives or moves such vehicle  
9 to any point outside this state within thirty days after the date of delivery,  
10 and if, the purchaser furnishes an affidavit to the manufacturer that such  
11 vehicle will be permanently licensed and registered outside this state and  
12 will be removed from this state within thirty days after the date of  
13 delivery, UNLESS THE DEPARTMENT OF REVENUE DETERMINES PURSUANT  
14 TO SECTION 39-26-730 (2) THAT THE AFFIDAVIT CAN BE CONSOLIDATED  
15 WITH ANOTHER FORM OR ELIMINATED; and

16           (b) The sale of a new or used trailer, semitrailer, truck, truck  
17 tractor, or truck body if such vehicle is purchased for use exclusively  
18 outside this state or in interstate commerce and is delivered by the  
19 manufacturer or licensed Colorado dealer to the purchaser within this  
20 state, if the purchaser drives or moves such vehicle to any point outside  
21 this state within thirty days after the date of delivery, and if the purchaser  
22 furnishes an affidavit to the seller that such vehicle will be permanently  
23 licensed and registered outside this state and will be removed from this  
24 state within thirty days after the date of delivery, UNLESS THE  
25 DEPARTMENT OF REVENUE DETERMINES PURSUANT TO SECTION 39-26-730  
26 (2) THAT THE AFFIDAVIT CAN BE CONSOLIDATED WITH ANOTHER FORM OR  
27 ELIMINATED.

1           (2) The following ~~shall be~~ ARE exempt from taxation under the  
2 provisions of part 2 of this ~~article~~ ARTICLE 26:

3           (a) The storage or use of a new or used trailer, semitrailer, truck,  
4 truck tractor, or truck body manufactured within this state if such vehicle  
5 is purchased from the manufacturer for use exclusively outside this state  
6 or in interstate commerce and is delivered by the manufacturer to the  
7 purchaser within this state, if the purchaser drives or moves such vehicle  
8 to any point outside this state within thirty days after the date of delivery,  
9 and if the purchaser furnishes an affidavit to the manufacturer that such  
10 vehicle will be permanently licensed and registered outside this state and  
11 will be removed from this state within thirty days after the date of  
12 delivery, UNLESS THE DEPARTMENT OF REVENUE DETERMINES PURSUANT  
13 TO SECTION 39-26-730 (2) THAT THE AFFIDAVIT CAN BE CONSOLIDATED  
14 WITH ANOTHER FORM OR ELIMINATED;

15           (b) The storage or use of a new or used trailer, semitrailer, truck,  
16 truck tractor, or truck body if such vehicle is purchased for use  
17 exclusively outside this state or in interstate commerce and is delivered  
18 by the manufacturer or licensed Colorado dealer to the purchaser within  
19 this state, if the purchaser drives or moves such vehicle to any point  
20 outside this state within thirty days after the date of delivery, and if the  
21 purchaser furnishes an affidavit to the seller that such vehicle will be  
22 permanently licensed and registered outside this state and will be  
23 removed from this state within thirty days after the date of delivery,  
24 UNLESS THE DEPARTMENT OF REVENUE DETERMINES PURSUANT TO  
25 SECTION 39-26-730 (2) THAT THE AFFIDAVIT CAN BE CONSOLIDATED WITH  
26 ANOTHER FORM OR ELIMINATED; and

27           **SECTION 7.** In Colorado Revised Statutes, 39-26-716, **amend**

1 (4)(f)(II) as follows:

2 **39-26-716. Agriculture and livestock - special fuels -**  
3 **definitions.** (4) The following are exempt from taxation under the  
4 provisions of parts 1 and 2 of this article 26:

5 (f) (II) UNLESS THE DEPARTMENT OF REVENUE DETERMINES  
6 PURSUANT TO SECTION 39-26-730 (2) THAT THE AFFIDAVIT CAN BE  
7 CONSOLIDATED WITH ANOTHER FORM OR ELIMINATED, the lessor or seller  
8 of such farm equipment shall obtain a signed affidavit from the lessee,  
9 renter, or purchaser affirming that the farm equipment will be used  
10 primarily and directly in a farm operation.

11 **SECTION 8.** In Colorado Revised Statutes, 39-26-723, **amend**  
12 (2) as follows:

13 **39-26-723. Colorado wood products - repeal.** (2) For purposes  
14 of the exemption specified in subsection (1) of this section, UNLESS THE  
15 DEPARTMENT OF REVENUE DETERMINES PURSUANT TO SECTION 39-26-730  
16 (2) THAT THE FORM CAN BE CONSOLIDATED WITH ANOTHER FORM OR  
17 ELIMINATED, a wholesaler shall certify on a form prescribed by the  
18 department of revenue that a product is from salvaged trees killed or  
19 infested in Colorado by mountain pine beetles or spruce beetles.

20 **SECTION 9. Act subject to petition - effective date.** This act  
21 takes effect at 12:01 a.m. on the day following the expiration of the  
22 ninety-day period after final adjournment of the general assembly; except  
23 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
24 of the state constitution against this act or an item, section, or part of this  
25 act within such period, then the act, item, section, or part will not take  
26 effect unless approved by the people at the general election to be held in

1 November 2022 and, in such case, will take effect on the date of the  
2 official declaration of the vote thereon by the governor.