

CHAPTER 371

TAXATION

HOUSE BILL 07-1277

BY REPRESENTATIVE(S) Jahn, Buescher, Casso, Frangas, Gallegos, Lambert, Looper, Lundberg, Massey, McFadyen, McKinley, Rice, Riesberg, Rose, Todd, and Witwer;
also SENATOR(S) Veiga.

AN ACT**CONCERNING THE EXEMPTION FROM SALES AND USE TAX OF MACHINERY USED IN CLEANROOM OPERATIONS.**

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

SECTION 1. Part 7 of article 26 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

39-26-722. Cleanrooms - definitions - repeal. (1) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION, FOR FISCAL YEARS COMMENCING ON OR AFTER JULY 1, 2007, BUT PRIOR TO THE FISCAL YEAR COMMENCING ON JULY 1, 2017, ALL SALES, STORAGE, AND USE OF MACHINERY THAT COMPRISES A CLEANROOM, IN EXCESS OF FIVE HUNDRED DOLLARS, THAT IS USED TO PRODUCE TANGIBLE PROPERTY, INCLUDING BUT NOT LIMITED TO COMPUTER COMPONENTS, MICROPROCESSORS, BLANK AND WRITTEN SOFTWARE MEDIA, OTHER HIGH-TECH MANUFACTURING PRODUCTS, BIOTECHNOLOGICAL PRODUCTS, NANOTECHNOLOGICAL PRODUCTS, PHOTONICS PRODUCTS, AND PHARMACEUTICALS SHALL BE EXEMPT FROM TAXATION UNDER THE PROVISIONS OF PARTS 1 AND 2 OF THIS ARTICLE.

(2) (a) AS USED IN THIS SECTION, "CLEANROOMS" MEANS AN ENVIRONMENT WITH A LEVEL OF ENVIRONMENTAL POLLUTANTS SUCH AS DUST, AIRBORNE MICROBES, AEROSOL PARTICLES, AND CHEMICAL VAPORS EQUAL TO OR LESS THAN THE MAXIMUM NUMBER OF PARTICLES PER CUBIC METER AS SPECIFIED BY ISO 14644-1, CLASS 6, OR SUCH OTHER SUCCEEDING DEFINITION ADOPTED BY THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION.

(b) (I) AS USED IN THIS SECTION, "MACHINERY THAT COMPRISES A CLEANROOM" SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO, THE FOLLOWING MACHINERY

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

WITHOUT REGARD TO WHETHER THE MACHINERY IS AFFIXED TO OR INCORPORATED INTO REAL PROPERTY OR ACTUALLY CONTAINED WITHIN THE CLEANROOM: INTEGRATED SYSTEMS, FIXTURES, PROCESS PIPING, VALVES, ELECTRICAL COMPONENTS, CHILLERS, PUMPS, DUCTS, AIR MANAGEMENT SYSTEMS, TANKS, MOTORS, COMPUTERS, OR ANY OTHER RELATED APPARATUS THAT CONSTITUTES AN ASSEMBLAGE OF INTERRELATED MACHINES WITH SEPARATE FUNCTIONS AND THAT COLLECTIVELY OPERATE IN A CONTINUOUS PROCESS TO REDUCE CONTAMINATION OR TO CONTROL AIRFLOW, TEMPERATURE, HUMIDITY, CHEMICAL PURITY, OTHER ENVIRONMENTAL CONDITIONS, OR MANUFACTURING TOLERANCES. "MACHINERY THAT COMPRISES A CLEANROOM" ALSO INCLUDES PRODUCTION EQUIPMENT, MOVEABLE CLEANROOM PARTITIONS, AND CLEANROOM LIGHTING.

(II) AS USED IN THIS SECTION, "MACHINERY THAT COMPRISES A CLEANROOM" SHALL NOT INCLUDE A BUILDING OR A PERMANENT, NONREMOVABLE COMPONENT OF A BUILDING THAT HOUSES THE CLEANROOM.

(3) IF THE REVENUE ESTIMATE PREPARED BY THE STAFF OF THE LEGISLATIVE COUNCIL IN JUNE 2008 AND EACH JUNE THEREAFTER THROUGH JUNE 2016 INDICATES THAT THE AMOUNT OF THE TOTAL GENERAL FUND REVENUES FOR THE FISCAL YEAR WILL NOT BE SUFFICIENT TO MAINTAIN THE LIMIT ON APPROPRIATIONS SPECIFIED IN SECTION 24-75-201.1 (1), C.R.S., THEN THE EXEMPTION AS SPECIFIED IN SUBSECTION (1) OF THIS SECTION FOR THE FISCAL YEAR COMMENCING IMMEDIATELY FOLLOWING THE JUNE REVENUE ESTIMATE SHALL NOT BE ALLOWED.

(4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2018.

SECTION 2. Effective date - applicability. This act shall take effect July 1, 2007, and shall apply to the sales, storage, and use of tangible personal property that comprises or creates a cleanroom on or after said date.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 31, 2007