

Colorado Department of Revenue



Uniform Sales and Use Tax Base Throughout the State

*Recommendations to the General Assembly to Establish a
Revenue-Neutral Uniform Sales and Use Tax Base
Throughout the State, Required by HB13-1288*

Kevin Bronski
1375 Sherman Street
Denver, Colorado 80203

STATE OF COLORADO

DEPARTMENT OF REVENUE
State Capitol Annex
1375 Sherman Street, Room 409
Denver, Colorado 80261
Phone (303) 866-5610
Fax (303) 866-2400



December 15, 2013

John W. Hickenlooper
Governor

Governor John Hickenlooper
136 State Capitol
Denver CO 80203

Attorney General John W. Suthers
1300 Broadway, 10th Floor
Denver CO 80203

Barbara J. Brohl
Executive Director

Senator Morgan Carroll
President of the Senate
271 State Capitol
Denver CO 80203

Representative Mark Ferrandino
Speaker of the House of Representatives
346 State Capitol
Denver CO 80203

Senator Bill Cadman
Senate Minority Leader
271 State Capitol
Denver CO 80203

Representative Brian DeGrosso
House of Representatives Minority Leader
346 State Capitol
Denver CO 80203

Honorable Leaders of the State of Colorado:

We hereby deliver to you the recommendations to establish a revenue-neutral uniform sale and use tax base throughout the State, as required by HB13-1288. As instructed, we have consulted with representatives of the Colorado Municipal League and Colorado Counties to formulate these recommendations. This report includes: (i) a uniform definition of tangible personal property; (ii) a uniform list of items that are exempt from taxation by the State and local taxing jurisdictions; (iii) uniform definitions of the tax-exempt items; (iv) rate changes that would be necessary to achieve revenue neutrality for the State and any local taxing jurisdiction; and (v) other recommendations pertinent to establishing a revenue neutral uniform sales and use tax base. HB13-1288 directed the Department of Revenue to submit this report to the General Assembly by December 31, 2013.

These recommendations were formulated through the dedication and thoughtful work of Department of Revenue employees. We are pleased to present these recommendations are for your consideration.

Respectfully submitted,

Handwritten signature of Barbara J. Brohl in black ink.

Barbara J. Brohl
Executive Director

Handwritten signature of Kevin Bronski in black ink.

Kevin Bronski
HB13-1288 Project Manager

Uniform Sales and Use Tax Base Throughout the State

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Executive Summary

As part of an effort to reduce the complexity of the existing tax structure in Colorado, the Legislature directed the Department of Revenue, in HB13-1288, to recommend ways to achieve a uniform sales and use tax base. These recommendations are premised on revenue neutrality.

In conducting this study, the Department of Revenue has examined sales and use tax bases throughout the State. A major data collection effort was undertaken in cooperation with the Colorado Municipal League and Colorado Counties Incorporated. For the many taxing jurisdictions, these revenues represent the major portion of their revenue, and, for fiscal year 2012, in the entire State of Colorado, sales and use tax revenues generated \$5,691,985,481.

The recommendations in this report were formulated to create a revenue-neutral model based on a uniform sales and use tax base in Colorado.

This report is the result of a six-month effort undertaken by the Department of Revenue in response to the charge from the Legislature. In three working group meetings, we received stakeholder input from numerous cities, counties, special jurisdictions, and businesses representatives. In addition, we consulted with the Colorado Municipal League, Colorado Counties Incorporated, and the University of Colorado Leeds School of Business. A survey was conducted by the Colorado Municipal League to obtain input from their home rule municipalities. The University of Colorado Leeds School of Business advised the Department of Revenue on our model calculations.

Introduction



Currently, Colorado has nearly 300 taxing authorities with differing sales and use tax bases, but when overlapping boundaries are taken into account, there are over 700 areas with different rates and bases (Appendix B: Taxing Jurisdictions in Colorado lists these entities.). This situation produces a heavy burden on businesses operating in our state.

To address the lack of uniformity among the sales and use tax bases throughout Colorado, while respecting the needs of local taxing jurisdictions, HB13-1288 was proposed by Representative Kathleen Conti, Representative Daniel Kagan, Senator Pat Steadman, and Senator Owen Hill. On May 28th, 2013, HB13-1288 was signed into law by Governor John Hickenlooper.

Charge from the Legislature

HB13-1288 requires the Department of Revenue, with collaboration from organizations that represent counties and municipalities, to prepare a report by December 31, 2013, regarding the establishment of a uniform sales and use tax base throughout the State. This report must include:

- A uniform list of items that are exempt from taxation by the State and local taxing jurisdictions
- Uniform definitions of the tax-exempt items
- Rate changes, including consideration of rates of zero percent that would be necessary to achieve revenue neutrality for the State and any local taxing jurisdiction
- A uniform definition of tangible personal property
- Any other recommendations deemed appropriate by the Department of Revenue regarding the establishment of a revenue neutral sales and use tax base

The key factor considered in formulation of the recommendations in this report is revenue neutrality. HB13-1288 [(b)(I)] defines revenue neutrality:

... a uniform sales and use tax base is revenue neutral if, when substituted for a jurisdiction's prior sales and use tax base, the result is no more than a *de minimis* change in tax revenue for the substituting jurisdiction.

This report is the result of a six-month effort undertaken by the Department of Revenue in response to the charge from the Legislature. In three working group meetings, we received stakeholder input from numerous cities, counties, special jurisdictions, and businesses representatives. In addition, we consulted with the Colorado Municipal League, Colorado Counties Incorporated, and the University of Colorado Leeds School of Business. A survey was conducted by the Colorado Municipal League to obtain input from their home rule municipalities. The University of Colorado Leeds School of Business advised the Department of Revenue on our model calculations.

Complexity of Colorado's Taxing Jurisdictions

There are 294 taxing jurisdictions in Colorado (according to Colorado Department of Revenue, Taxpayer Service Division, DR 1002 (12/31/12)):

- The State of Colorado,
- The Regional Transportation District
- The Scientific and Cultural Facilities District
- 8 Local Improvement Districts
- 3 Mass Transit Districts
- 5 Rural Transportation Authorities
- The Multi-Jurisdictional Housing Authority
- The Public Safety Improvement District
- 2 Metropolitan Districts
- 152 statutory cities and towns
- 51 counties
- 69 home rule cities.

Overlapping boundaries due to cities, counties, and special jurisdictions contribute to a total of 756 areas with different rates and bases.

Many of these local and special jurisdictions rely heavily on the revenues produced by sales and use taxes. Given Colorado's current tax structure, in fact, some jurisdictions depend on sales and use taxes for up to 80% of their revenues. In contrast, the State depends on sales, use, and excise taxes for approximately only 34.6% of its revenues.

Because of their dependence on revenues generated through the sales and use taxes, many of the local jurisdictions have not adopted certain exemptions that are passed on a state level. As a result, the State's sales and use tax base is much narrower than the average local base.

Home rule jurisdictions have exercised their right to establish their own sales and use tax base, including their own definitions. The resulting lack of uniformity among sales and use tax bases throughout the state can be especially cumbersome for businesses operating in multiple jurisdictions in Colorado.

The Taxing Jurisdictions

The State

In the State of Colorado, the Legislature controls the State's sales and use tax base and rates. Its jurisdiction encompasses the entire state, and if a taxable good is sold, a 2.9% sales tax rate is imposed. The State exempts more than any other jurisdiction, with a few trivial exceptions, resulting in having the narrowest sales and use tax base.

Home Rule Jurisdictions

Home rule municipalities may opt to locally collect and administer their own sales and use tax. They control their own bases and may create their own definitions. For the purposes of this report, we consider home rule municipalities that have opted to have the Department of Revenue collect and administer their sales and use taxes statutory jurisdictions. Therefore, there are 69 home rule municipalities.

Statutory Jurisdictions and Special Jurisdictions:

There are 152 statutory municipalities and 51 statutory counties for which the Department of Revenue administers sales and use taxes. Special taxing jurisdictions that impose a sales tax include the Regional Transportation District, the Scientific and Cultural Facilities District, eight Local Improvement Districts, three Mass Transit Districts, five Rural Transportation Authorities, the Multi-Jurisdictional Housing Authority, the Public Safety Improvement District, and two Metropolitan Districts.

The State administers sales and use taxes for these jurisdictions. By statute, they are required to operate with the State's base, but they can opt into 11 different state exemptions. These items, which the state exempts, remain taxable at the local level, unless exempted by a majority vote in that particular statutory jurisdiction:

- 1) Food for home consumption

- 2) Machinery and machine tools
- 3) Gas, electricity, etc. for residential use
- 4) Occasional sales by charitable organizations
- 5) Farm Equipment
- 6) Pesticides (Repealed in 2012)
- 7) Food sold through vending machines
- 8) Low-emitting vehicles (over 10,000 lbs.)
- 9) Renewable energy components
- 10) Beetle wood products
- 11) School-related sales

Comparison: State Base vs. Average Local Base – The Westminster Example

To provide a general view of the discrepancies in the various taxing jurisdictions in Colorado, we compared the State's base to the City of Westminster's base. According to the Colorado Municipal League, Westminster's current base is largely reflective of the local home rule municipalities' bases.

Westminster shares only 45 of these exemptions. Therefore, there are 34 exemptions that have been passed by the Legislature that Westminster has not adopted. Most of these non-common exemptions have a relatively small dollar value to the State per the 2012 Estimates of Sales Tax Exemptions by Statute (Appendix A), except for a few big ticket exemptions such as sales for food for home consumption and residential power. The only item that is taxed by the State but exempt in most local jurisdictions is cigarettes, which has its own particular and unique history. Below is a list of the differences; the items that are bolded yield a relatively larger value to the tax base:

Exempt at the State level but taxed in Westminster:

- Newspaper Advertising Supplements
- **Energy used for industrial, manufacturing, and similar purposes**
- Nuclear fuel when deemed a wholesale sale
- Sales Tax refund for commercial vehicles used in interstate commerce
- Sales of wireless telecommunications equipment
- Sales of biotechnology equipment
- Sales and use tax for clean technology and medical devices
- Sales to residents of a bordering state within 20 miles of the state border if the bordering state does not have a sales tax
- Lodging for permanent residents
- Refractory materials and carbon electrodes used in manufacturing iron and steel, and inorganic chemicals used in processing uranium-vanadium
- Sales of precious metal bullion and coins
- Waste tire fee
- Sales of any essential article, containers, or bags to a retailer or vendor of food if provided to the consumer without a separate charge

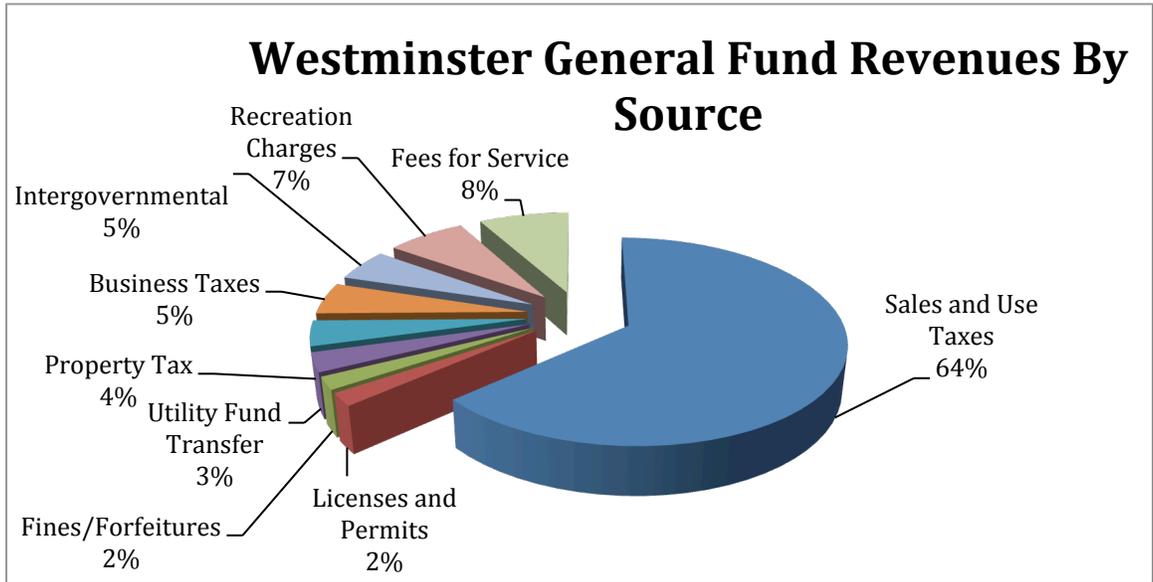
- **Sales of food for off-premises consumption**
- Value of meals furnished to employees of food service establishments for free or at a reduced cost and considered part of their incomes
- Sales of aircraft used or purchased for use in interstate commerce by commercial airlines
- Sales of aircraft component parts
- Sale of a new or used aircraft to a non-resident
- **Leases of personal property for three years or less if tax is paid upon original acquisition**
- Property transferred by a supplier to out of state vendors for use in selling products at wholesale by the supplier
- Sale of tangible personal property for testing, mod, etc
- **Sale of food through vending machines**
- **Sales of fuel for residential heat, light, and power**
- Special event sales by veterans organizations
- Occasional sales by charitable organizations
- Sales of low emitting vehicles
- Sales of bingo and raffle equipment
- Sales of Live fish for stocking
- 48% of purchase price of factory built housing
- Sales, storage, and use of machinery that comprises a cleanroom, in excess of \$500.00 used to produce tangible personal property
- Sales, storage, and use of wood from salvaged trees killed or infested by mountain pine beetles
- Sales, storage, and use of components used in the production of alternating current electricity from a renewable energy source
- Medical Marijuana to indigent patients
- All sales of corrective eyeglasses, contact lenses, or hearing aids.

Exempt in Westminster but taxed by the State:

- **Cigarettes**

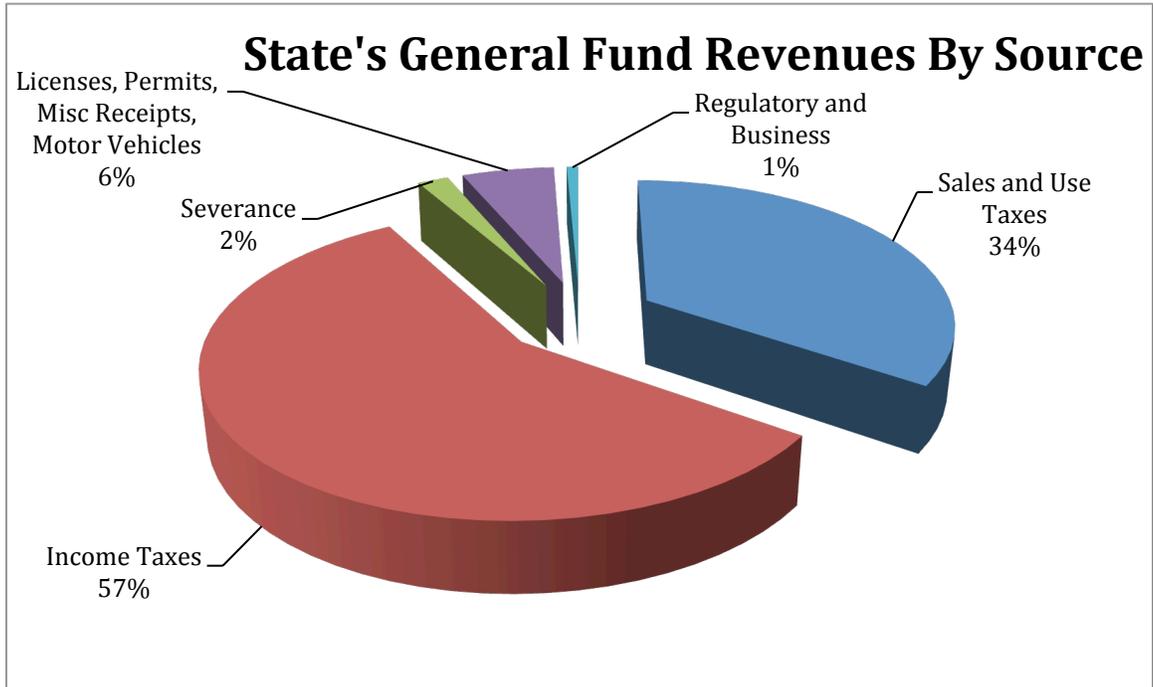
In an effort to understand why the State has a much narrower sales and use tax base than the average home rule jurisdiction, we explored and compared each of the entities' tax revenues. See the charts on the following page. In our example, Westminster currently depends on sales and use tax revenues for 63% of its overall budget, while the State only depends on sales tax revenues for approximately 34.6% of its budget.

Westminster's 2013 General Fund Revenues by Source:



Other *: Includes Admissions Tax, Interest Income, Reimbursements, and Contributions
 Data source: United States of America. City of Westminster. 2013-2014 Adopted Budget

State's General Fund Revenues



How Revenue Sources Contribute to Differences in Tax Bases

The State is far less dependent on revenues from sales and use taxes than Westminster, and the average local taxing jurisdiction, because the State derives the majority of its revenue from income taxes. Local taxing jurisdictions do not receive revenues from income taxes; thus, the Colorado General Assembly has passed exemptions that, were they adopted locally, would leave certain taxing jurisdictions insolvent.

Sales and use taxes are a vital revenue source for many of Colorado's local taxing jurisdictions. Thus, a large majority of local taxing jurisdictions have opted to not exempt items such as food for home consumption and residential power.

Some taxing jurisdictions in Colorado have only a few vendors, and these vendors are predominantly food retail stores and convenience stores. These jurisdictions derive a large portion of their revenues from sales taxes levied on food purchases for home consumption. If Colorado were to exempt food for home consumption in every taxing jurisdiction, many of these local governments would be left insolvent.

In addition, sales taxes levied on residential power are an extremely large revenue source for certain jurisdictions. Similar to an exemption for food, an exemption on residential power in every taxing jurisdiction would leave many jurisdictions insolvent.

Since the State is far less dependent on sales and use tax revenues, special interest groups have been very successful in convincing the Legislature to adopt certain industry-related exemptions. This proliferation of exemptions has caused the State's tax base to be vastly different from local taxing jurisdictions, increasing complexity in Colorado. In 2012, the State's 81 exemptions account for \$2,030,601,068 in potential tax revenue. Appendix A: 2012 Estimates of Sales Tax Exemptions presents the table listing the State Sales Tax Exemptions, their values and statutory reference.

How to Harmonize Sales and Use Tax Bases across Colorado in a Revenue-Neutral Fashion

HB13-1288 requires that the implementation of a uniform sales and use tax base in Colorado must be revenue neutral for each and every taxing jurisdiction. As previously noted, there are certain exemptions in the State's base that serve as vital revenue sources for some of Colorado's local taxing jurisdictions.

In order to follow the criterion to remain TABOR compliant and avoid massive rate increases for certain jurisdictions, the most logical approach would be for the State to adopt a broader base and lower the overall rate.

Recommendations

We have formulated recommendations that meet the requirements to provide:

- A uniform list of items that are exempt from taxation by the State and local taxing jurisdictions
- Uniform definitions of the tax-exempt items
- Rate changes, including consideration of rates of zero percent, that would be necessary to achieve revenue neutrality for the State and any local taxing jurisdiction
- A uniform definition of tangible personal property
- Other recommendations deemed appropriate by the Department of Revenue regarding the establishment of a revenue neutral sales and use tax base

Uniform Sales and Use Tax Base

Data Collection

Determining the effects of various exemptions and taxable items on taxing jurisdictions throughout the State required significant efforts to model tax rates and collect data. The first step in creating a revenue neutral uniform base was to identify what items home rule municipalities tax and which they exempt. Since this data has never been compiled in a central location, we could not make assumptions without consulting directly with the home rule municipalities for their interpretations. This information was obtained in a cooperative effort by the Department of Revenue and the Colorado Municipal League. A survey (see Appendix C: Colorado Municipal League Survey) was distributed by the Colorado Municipal League to its home rule members and returned to the Department of Revenue. This survey asked home rule municipalities to indicate whether they tax or exempt items listed in the State's base. Once data was gathered, a third party, TTR, was commissioned to assist in verifying the validity of the data. This effort was a monumental task undertaken in a very short time frame by TTR. This company undertook this effort to develop Colorado's local sales tax matrix to further refine their commercially available sales tax compliance product. They did so at no cost to the State and under the Department's deadlines. However given the massive effort undertaken by the company under pressing deadlines, it is still possible that minor errors remain in the Department's matrix. Future endeavors have been initiated between TTR, the Colorado Municipal League, and the Department of Revenue to validate this data.

After the Department of Revenue received the data from home rule municipalities and had it verified by TTR, it was able to make a critical assessment on how the home rule municipalities' base and the State's base differ. The table below reveals the percentage of local jurisdictions that tax food for home consumption and residential power and quantifies how much broader local tax bases currently are than the State's base:

	Food for Home Consumption Taxed	Residential Power Taxed
State of Colorado	Exempt	Exempt
Statutory Municipalities	82%	77%
Counties	61%	61%
Home Rule Municipalities	82%	89%

Given the large amount of revenue two these base elements alone provide to local taxing jurisdictions, the most logical approach to achieve revenue neutrality without numerous, large rate increases, would be for the State to adopt a broader base and lower its overall rate.

Tax Rate Model

We have constructed a model of the tax rates that permits us to assess the value of certain elements in each jurisdiction’s tax base so that we could make proper rate recommendations to achieve revenue neutrality.

The model (see Appendix D: Uniform Sales Tax Study Model for a detailed explanation of the methodology employed) allowed us to propose various changes to certain exemptions and analyze the effects. The University of Colorado’s Leeds School of Business provided analysis and consulting to the Department of Revenue throughout the creation of this model, and their critical analysis can be found in Appendix E: University of Colorado Leeds School of Business Report. The graphic on the preceding page illustrates the methodology the Office of Research and Analysis used in modeling the uniform base and determining the value of certain items on sales and use tax bases throughout Colorado.

Impact on State Exemptions

In conformance with TABOR regulations, we were not able to recommend rate increases, so we focused instead on exemptions. Once we adjusted the model to a point at which there were no rate increases, we were able to determine what exemptions must be repealed.

This solution involves the repeal of 35 exemptions on the State level. The Department of Revenue realizes that there are significant political implications regarding the repeal of 35 exemptions; however, the only logical way to harmonize all of the sales and use tax bases in Colorado without recommending rate increases is to repeal some of the current exemptions. The specific uniform base recommendations together with what exemptions must be repealed on a State level can be found in Appendix F: Uniform Base Recommendation.

Rate Changes to Achieve Revenue Neutrality

Since the broader base that we recommend would increase revenues in most jurisdictions, rate recommendations must be made to offset those revenues in order to achieve revenue neutrality. With the implementation of these

recommendations, the State would lower its sales and use tax rate to 2.4% in order to remain revenue neutral. A majority of cities and counties would also have to lower their rates in order to remain revenue neutral, with the exception of a few home rule municipalities whose tax base would not change with the implementation of the uniform sales and use tax base.

See Appendix D: Uniform Sales Tax Study Model for an explanation of the methodology used to model tax rates.

To test the recommendations for a uniform base, we used the model to run numerous simulations to determine the effects of various tax base changes. As an extreme example, one of our simulations required every jurisdiction in Colorado to adopt the State's current (narrow) sales and use tax base. In that scenario, the City of Ault would have had to increase its sales and use tax rate to 47% in order to remain revenue neutral. However, with the uniform base the Department is recommending, Ault would only have to change its rate from 3.0% to 2.7% to remain revenue neutral.

Each jurisdiction's rate recommendation is listed in Appendix G: Rate Changes to Achieve Revenue Neutrality. For brevity we only included the rate recommendation and jurisdiction name. If anyone would like to request specific information concerning any rate recommendation please contact Kevin Bronski at kevin.bronski@state.co.us or the Department of Revenue's Office of Research and Analysis.

Uniform Definition of the Tax-Exempt Items

The numerous stakeholder meetings held throughout the process clearly delineated the political implications of moving forward with a uniform base. This goal may be impossible to achieve due to many factors, including municipal bond covenants. However, HB13-1288 directed the Department of Revenue to provide recommendations for uniform definitions, which have become the main focus of this report. Identifying uniformity throughout the State, determining the effects of certain definitions on various tax bases, and conforming to national standards were all necessary to recommend revenue-neutral uniform definitions throughout the State.

Our specific methodology began with using definitions from the Streamlined Sales and Use Tax Agreement (Streamline), wherever applicable. A majority of States with sales and use taxes has already adopted these definitions, and adopting such definitions would be a significant step towards simplifying Colorado's sales and use tax system. However, Streamline does not define numerous items that must be defined throughout Colorado. Streamline only defines items in particularly complicated areas such as software, food, telecommunications, healthcare, etc.

In our work, if there was no Streamline definition for a particular item that had to be addressed, the Department of Revenue searched for uniformity between the State and local taxing jurisdictions. In 1991, an effort spearheaded by the Colorado Municipal League (CML) and the Colorado Association of Commerce and Industry (CACI) was completed to simplify sales and use tax remittance

throughout the State through uniform definitions. This effort resulted in the Model Sales Tax Simplification Ordinance. Much of this work is still evident in sales and use tax codes throughout Colorado, and we were able to identify much uniformity throughout the taxing jurisdictions. Uniform definition recommendations can be found in Appendix H: Uniform Definitions.

Also, as part of our effort to devise uniform definitions, the Department of Revenue is recommending a uniform set of exemptions that jurisdictions can either tax or exempt while remaining TABOR compliant. Uniform exemptions are also a component of a uniform sales and use tax base. Furthermore, the lack of uniform exemptions throughout the state has resulted in further base variations amongst home rule municipalities and could be viewed as cumbersome by businesses operating in multiple jurisdictions. As an example, let us compare examples from Westminster and Lone Tree.

Comparison: Westminster and Lone Tree

In this example, Westminster takes action on software:

- A. The tax levied by Section 4-2-3(A), Westminster Municipal Code, shall not apply to the following:
 - (60) Modified or customized computer programs, but not including pre-written computer programs.

Westminster then defines the items listed above as:

Modified or Customized Computer Programs shall mean a computer program created or modified for a specific customer where the preparation, modification or selection of the program for the customer's use requires an analysis of the customer's requirements and system by the program vendor or independent consultant; or the program requires adaptation by the vendor to be used in a specific computer hardware environment.

Pre-Written Computer Programs shall mean systems programs or application programs that are not written specifically for the user.

Correspondingly, Lone Tree takes action on software:

- A. SALES TAX. There is hereby levied and there shall be collected and paid a sales tax of one and one-half percent (1.5%) upon the sale of tangible personal property and the furnishing of services as follows, subject to the exemptions specified in this ordinance.
 - 8. Upon the purchase price or charge for data processing equipment and pre-written computer programs, but not including modified or customized computer programs where the modification or customization charge represents more than fifty percent (50%) of the final purchase price or charge of the computer program.

Lone Tree then defines the items listed above as:

Modified or Customized Computer Programs shall mean a computer program created or modified for a specific customer where the preparation, modification or selection of the program for the customer's use requires an analysis of the customer's requirements and system by the program vendor or independent consultant; or the program requires adaptation by the vendor to be used in a specific computer hardware environment.

Pre-Written Computer Programs shall mean systems programs or application programs that are not written specifically for the user.

Both Lone Tree and Westminster define modified or customized computer programs and pre-written computer programs the same way. However, this divergence in the way they exempt or tax software causes these two jurisdictions to have different tax bases in relation to software. This deviation is a root of complexity in sales and use taxes for businesses operating in our state and could be addressed with uniform exemptions.

The uniform exemptions recommended by the Department of Revenue have been crafted in a revenue-neutral fashion and applicable to any taxing jurisdiction in the state. They can be found in Appendix I: Uniform Exemptions.

Uniform Definition of Tangible Personal Property

“Tangible personal property” means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. “Tangible personal property” includes electricity, water, gas, steam, and prewritten computer software.

Creation of a Sales and Use Tax Advisory Board

Adopting uniform definitions and uniform exemptions are not the only steps needed to reduce complexity in Colorado’s tax structure. We must also ensure uniform interpretation. As noted in the uniform definition of tax exempt items section, a great deal of uniformity already exists among the taxing jurisdictions in Colorado. However, it is not uncommon for two jurisdictions to differ in their interpretation of a definition. Hence, the Department of Revenue is recommending the creation of a sales and use tax advisory board to ensure that the intent of uniform definitions can be carried out.

The sales and use tax advisory board will be a quasi-legislative, quasi-judicial body that serves the public interest by effectively ensuring statewide uniformity in the interpretation of the sales and use tax statute throughout Colorado. The sales and use tax commission will promulgate and modify standard definitions, clarify language through rules, and issue tax guidance relating to definitions. It is recommended that the commission comprise members with positions of public trust that are not susceptible to special interest influence.

Appendix A: 2012 Estimates of Sales Tax Exemptions

This table lists the State sales tax exemptions and the estimated amount of exempted revenue in 2012. The total value of State sales tax exemptions in 2012 is estimated to be \$2,030,601,068

Ex #	Colorado Revised Statute Citation	State Sales Tax Exemption Description	2012 Estimated Amount	Enacted Date	Comments
1	§39-26-102(10)(f)	Transfers of assets in certain types of business formations or dissolutions	NA	1977	not available - cannot estimate
2	§39-26-102(15)	Newspapers	\$6,225,382	1943	
3	§39-26-102(15)	Newspaper advertising supplements	\$378,755	1985	
4	§39-26-102(15)	Direct mail advertising materials distributed by persons engaged solely and exclusively in providing cooperative direct mail advertising	NA	1990	repealed
5	§39-26-102(19)	Sales of materials used in the printing process	\$6,225	1992	
6	§39-26-102(20)(a)	Tangible property becoming an ingredient or component part of the product or service manufactured	\$604,191,783	1935	
7	§39-26-102(20)(b)	Property for use in food manufacturing when such property becomes part of the product or is left unfit for further use	\$9,477,348	1982	
8	§39-26-102(21)	Energy used for industrial, manufacturing, and similar purposes	\$17,301,702	1937	
9	§39-26-102(21)	Nuclear fuel when deemed a wholesale sale	NA	1982	not applicable - no nuclear plants in Colorado
10	§39-26-102(21)	Printers ink and newsprint	\$1,386,442	1943	
11	§39-26-104(1)(c)(I)	Cell phone service to customers whose primary use is outside Colorado	NA	2002	not available - cannot estimate
12	§39-26-106(3)(a)	Sales of commercial vehicles over 26,000 gross vehicle weight	NA	2000	repealed

Ex #	Colorado Revised Statute Citation	State Sales Tax Exemption Description	2012 Estimated Amount	Enacted Date	Comments
13	§39-26-113(5)(a)	Sales of motor vehicles by nonresidents purchased for use by nonresidents outside Colorado	\$2,480,207	1977	
14	§39-26-113.5	Sales tax refund for commercial vehicles used in interstate commerce	\$8,596	2009	
15	§39-26-202(1)(c)	Sales of wireless telecommunications equipment	\$1,278,175	1996	
16	§39-26-402(1)	Sales of biotechnology equipment	\$266,808	1999	
17	§39-26-403	Sales and use tax for clean technology and medical devices	NA	2009	not applicable - effectively combines with manuf and will repeal in 2014
18	§39-26-502(2)	Sales of pollution control equipment sold to businesses	NA	2000	repealed
19	§39-26-704(1)	Sales to governmental units	\$132,917,666	1937	19
20	§39-26-704(2)	Sales to residents of a bordering state within 20 miles of the state border if the bordering state does not have a sales tax	NA	1963	all bordering states have a sales tax
21	§39-26-704(3)	Lodging for permanent residents	\$188,792	1959	
22	§39-26-704(4)	Sales to public schools	\$27,215,410	1969	
21	§39-26-704(3)	Lodging for permanent residents	\$188,792	1959	
22	§39-26-704(4)	Sales to public schools	\$27,215,410	1969	
23	§39-26-706(1)(a)	Cigarettes	-\$30,486,622	1959	amount is tax generated NOT exemption value
24	§39-26-706(2)(a)	Internet access service	\$7,051,164	1998	

Ex #	Colorado Revised Statute Citation	State Sales Tax Exemption Description	2012 Estimated Amount	Enacted Date	Comments
25	§39-26-706(3)	Refractory materials and carbon electrodes used in manufacturing iron and steel, and inorganic chemicals used in processing uranium-vanadium ores	\$7,968	1982	
26	§39-26-706(4)	Sales of precious metal bullion and coins	\$1,222,892	1999	
27	§39-26-706(5)	Waste tire fee is tax exempt	\$167,258	2010	
28	§39-26-707(1)(a)	Sales of food purchased with food stamps	\$23,480,435	1987	
29	§39-26-707(1)(b)	Food purchased with funds from the supplemental food program for women, infants, and children (WIC)	\$1,519,761	1987	
30	§39-26-707(1)(c) & (d)	Sales of any article, containers, or bags to a retailer or vendor of food if provided to the consumer without a separate charge	NA	1978	not available - cannot estimate
31	§39-26-707(1)(e)	Sales of food for off-premises consumption	\$247,430,225	1979	
32	§39-26-707(2)(a)	Value of meals furnished to employees of food service establishments for free or at reduced rates and considered part of their incomes	\$460,702	1978	
33	§39-26-708(1)	Sales of construction and building materials for use by contractors on public works projects, tax-exempt organizations (charitable organizations) and public schools	\$75,819,449	1979	
34	§39-26-709(1)	Purchases of machinery or machine tools used in manufacturing process	\$54,858,224	1979	
35	§39-26-710(1)(a)	Sales of construction materials to a common carrier by rail	\$1,305,331	1977	
36	§39-26-710(1)(b) & (c)	Sales of railroad capital equipment (combined with §39-26-710(1)(a))	NA	1992	amount combined with #35

Ex #	Colorado Revised Statute Citation	State Sales Tax Exemption Description	2012 Estimated Amount	Enacted Date	Comments
37	§39-26-711(1)(a)	Sales of aircraft used or purchased for use in interstate commerce by commercial airlines	NA	1984	not available - cannot estimate
38	§39-26-711(1)(b)	Sales of aircraft component parts	\$627,465	1991	
39	§39-26-711.5(1)	Sale of a new or used aircraft to a non resident	\$408,978	2008	
40	§39-26-712(1)(a) & (b)	New and used commercial trucks and trailers purchased in Colorado for use outside Colorado or in interstate commerce and permanently licensed and registered outside this state	\$6,166,235	1976	
41	§39-26-713(1)(a)	Leases of personal property for three years or less if tax is paid upon original acquisition	NA	1977	not available - cannot estimate
42	§39-26-713(1)(b)	Property transferred by a supplier to out-of-state vendors for use in selling products at wholesale by the supplier	\$74,057	1978	
43	§39-26-713(1)(c)	The sale of tangible personal property for testing, modification, inspection, or similar type of activities in the state if the ultimate use of the property in manufacturing or similar type of activities occurs outside of this state and if the test, modification, or inspection period does not exceed ninety days	NA	1977	not available - cannot estimate
44	§39-26-713(1)(d)	Sales and purchases of personal property used as a component part of manufactured goods donated to tax-exempt organizations to the extent that the aggregate value of the goods included in a single donation exceeds \$1,000.	NA	1998	not available - cannot estimate

Ex #	Colorado Revised Statute Citation	State Sales Tax Exemption Description	2012 Estimated Amount	Enacted Date	Comments
45	§39-26-714(1)	Sales of personal property through vending machines of 15 cents or less	NA	1986	not applicable - nothing sold for <\$0.15
46	§39-26-714(2)	Sale of food through vending machines	\$10,781,550	1999	
47	§39-26-715(1)(a)(I)	Gasoline and special fuel	\$284,706,036	1935	
48	§39-26-715(1)(a)(II)	Sales of fuel for residential heat, light, and power	\$95,495,963	1979	
49	§39-26-716(2)(a)	Special fuel for farm vehicles	\$5,090,828	1977	
50	§39-26-716(2)(b) & (3)(b)	Sales of farm equipment	\$6,075,726	1999	
51	§39-26-716(2)(b) & (3)(b)	Sales of farm parts used in the repair or maintenance of farm equipment (combined with §39-26-716(2)(b), sales of farm equipment)	NA	2000	combined with #50
52	§39-26-716(2)(b) & (3)(b)	Sales of dairy equipment	\$75,130	2001	
53	§39-26-716(2)(d)	Sales of agricultural compounds & bull semen	\$4,738,033	1999	
54	§39-26-716(2)(e)	Sales of pesticides	NA	1999	combined with #53
55	§39-26-716(3)(a) & (4)(a)	Sale, storage and use of neat cattle, sheep, lambs, poultry, swine, goats, and horse breeding stock and sales and purchases of livestock and poultry	\$235,077,196	1943	
56	§39-26-716(4)(a)	Farm auction close-out sales	NA	1945	not available - cannot estimate
57	§39-26-716(4)(a)	Sales of live fish for stocking	\$64,177	1970	
58	§39-26-716(4)(b)	Sales of feed for livestock, seeds, and orchard trees	\$63,809,171	1943	
59	§39-26-716(4)(c)	Sales of straw for livestock bedding (combined with §39-26-716(4)(b) , sales of feed for livestock, seeds, and orchard trees)	NA	1961	combined with #58
60	§39-26-716(4)(c)	Sales of straw for poultry bedding (combined with §39-26-716(4)(b) , sales of feed for livestock, seeds, and orchard trees)	NA	1979	combined with #58

Ex #	Colorado Revised Statute Citation	State Sales Tax Exemption Description	2012 Estimated Amount	Enacted Date	Comments
61	§39-26-717(1)(a)	Sales of prescription drugs	\$55,294,203	1965	
62	§39-26-717(1)(b)	Sales of insulin	\$1,426,227	1977	
63	§39-26-717(1)(c)	Sales of glucose for treatment of insulin reactions and insulin measuring and injecting devices	\$886,219	1979	
64	§39-26-717(1)(d)	All sales of urine- and blood-testing kits and materials	\$11,676,958	2011	
65	§39-26-717(1)(e)	All sales of insulin measuring and injecting devices, including hypodermic syringes and needles	NA	2011	combined with #64
66	§39-26-717(1)(f)	All sales of prosthetic devices	NA	2011	combined with #64
67	§39-26-717(1)(g)(I)	All sales of oxygen delivery equipment and disposable medical supplies related to oxygen delivery dispensed pursuant to a prescription.	NA	2011	combined with #64
68	§39-26-717(1)(h)(I)	All sales of medical, feeding, and disposable supplies including any related accessories, for incontinence, infusion, enteral nutrition, ostomy, urology, diabetic care, and wound care dispensed pursuant to a prescription.	NA	2011	combined with #64
69	§39-26-717(1)(i)(I)	All sales of equipment and related accessories for sleep therapy, inhalation therapy, and electrotherapy dispensed pursuant to a prescription.	NA	2011	combined with #64
70	§39-26-717(1)(j)	All sales of durable medical equipment and mobility enhancing equipment.	NA	2011	combined with #64
71	§39-26-717(1)(k)	All sales of drugs or materials when furnished by a doctor as part of professional services provided to a patient.	NA	2011	combined with #64
72	§39-26-717(1)(l)	All sales of corrective eyeglasses, contact lenses, or hearing aids.	\$5,467,784	2011	

Ex #	Colorado Revised Statute Citation	State Sales Tax Exemption Description	2012 Estimated Amount	Enacted Date	Comments
73	§39-26-718(1)(a)	Sales to charitable organizations	\$40,132,040	1937	
74	§39-26-718(1)(a)	Special events sales by veterans' organizations	\$1,224,774	1999	
75	§39-26-718(1)(b)	Occasional sales by charitable organizations (combined with §39-26-718(1)(a), Special events sales by veterans organizations)	NA	1995	combined with #74
76	§39-26-719(1)	Sales of low-emitting vehicles	\$4,144,240	1999	
77	§39-26-720(1)	Sales of bingo and raffle equipment	\$142,031	2001	
78	§39-26-721(1)	Forty-eight percent of purchase price of factory built housing	\$2,789,705	1979	
79	§39-26-718(1)(c)	Sale by an association or organization of parents and teachers of public school students that is a charitable organization	\$6,000	2008	
80	§39-26-722(1)	Sales, storage, and use of machinery that comprises a cleanroom, in excess of \$500.00 used to produce tangible property	\$4,065,489	2007	
81	§39-26-723(1)	Sales, storage, and use of wood from salvaged trees killed or infested in Colorado by mountain pine beetles	\$1,785,117	2008	
82	§39-26-724(1)	Sales, storage, and use of components used in the production of alternating current electricity from a renewable energy source	NA	2007	not available - cannot estimate
83	§39-26-725(2)	Sales that benefit Colorado schools	\$221,981	2008	
84	§39-26-726	Medical marijuana to indigent patients	\$1,987,677	2010	
Total 2012 Value of Sales Tax Exemptions			\$2,030,601,068		

Appendix B: Taxing Jurisdictions in Colorado

The following information has been extracted from DR1002 (07/12/13) [Colorado Sales/ Use Tax Rates. Colorado Department of Revenue]. For the complete tables, consult that document.

Regional Transportation District (RTD)

Boundaries	Sales Tax Rate	Use Tax Rate
Counties of Denver, Boulder, and Jefferson. Generally, Broomfield County (except certain areas immediately adjacent to I-25 and Highway 7 interchange), Adams County (west of Box Elder Creek), Arapahoe County (south of I-70, generally west of Picadilly Rd. to Jewell, then west of Gun Club Rd. to Quincy, then generally west of Monaghan Rd., including Arapahoe Park and Aurora Reservoir), and Douglas County (northern portion consisting of the original city of Lone Tree, the town of Parker, all annexed areas of Lone Tree and the Acres Green area, plus Highlands Ranch), and parts of Weld County that have been annexed by the city of Longmont and the town of Erie since 1994. The area within the boundaries of the town of Castle Rock does not have RTD sales/ use tax. For specific address information, contact RTD at www.RTD-Denver.com or 303-299-6000.	1%	1%

Scientific and Cultural Facilities District (CD)

Boundaries	Sales Tax Rate	Use Tax Rate
All areas within the county boundaries of Adams, Arapahoe, Boulder, Jefferson, Denver and Broomfield. It also includes all of Douglas County except within the boundaries of the town of Castle Rock and Larkspur.	0.1%	0.1%

Local Improvement District Tax (LID)

LID	Boundaries	Sales Tax Rate
Boulder County	Old Town Niwot and Cottonwood Square	1%
Douglas County	Lincoln Station	0.5%
Southeast Jefferson County	Within designated areas of Southeast Jefferson County	0.5%
Southeast Jefferson County within Lakewood City limits	Within designated areas of Southeast Jefferson County within Lakewood City limits	0.43%
Broomfield City and County	Flatirons Crossing Mall area Collected by Broomfield	0.01%
Broomfield City and County	Arista Collected by Broomfield	0.2%

LID	Boundaries	Sales Tax Rate
Mesa County Gateway	Within designated areas of unincorporated Mesa County	1%
Mesa County Whitewater	Within designated areas of unincorporated Mesa County	1%

Mass Transit District Tax (MTS)

MTS	Boundaries	Sales Tax Rate	Use Tax Rate	Use Tax Applies
Eagle County	Eagle County limits	0.5%	None	
Pitkin County	Pitkin County limits	0.5%	0.5%	Motor Vehicles, Building Materials
Summit County	Summit County limits	0.75%	None	

Rural Transportation Authority (RTA)

RTA	Boundaries	Sales Tax Rate	Use Tax Rate
Baptist Road	A portion of the city of Monument	1.0%	1%
Gunnison Valley	Gunnison County limits except the towns of Marble, Ohio, Pitkin and Somerset	0.6%	None
	Gunnison city limits	0.35%	None
Pikes Peak	El Paso County limits except the towns of Calhan, Fountain, Monument and Palmer Lake	1.0%	1%
Roaring Fork	Basalt and New Castle city limits	0.8%	0.8%
	Carbondale and Glenwood Springs limits	1.0%	1%
	Aspen and Snowmass Village city limits, unincorporated Pitkin County	0.4%	0.4%
	Areas of unincorporated Eagle County in the El Jebel area and outside the city limits of Carbondale	0.6%	0.6%
South Platte Valley	Sterling city limits	0.1%	0.1%

Multi-Jurisdictional Housing Authority (MHA)

MHA	Boundaries	Sales Tax Rate	Use Tax Rate
Summit County	Summit County limits	0.125%	0.125% (Vehicles Only)

Public Safety Improvements (PSI)

PSI	Boundaries	Sales Tax Rate
Montrose County	Montrose County limits	0.75%

Metropolitan District Tax (MDT)

MDT	Boundaries	Sales Tax Rate	Use Tax Rate
Aspen Park	In a portion of Conifer in Jefferson	0.25%	0
Bachelor Gulch	In a portion of Eagle County	3%	0

Local Marketing District Tax (LMD)

LMD	Boundaries	LMD Tax Rate	Applies to:
Alamosa County	Alamosa County limits	4%	Hotel and motel rooms
Estes Park	Estes Park and its surrounding area including Drake and Glen Haven	2%	Rooms and accommodations
Gunnison County	Gunnison County limits	4%	Rooms and accommodations
Steamboat Springs	Steamboat Springs city limits	2%	Rooms and accommodations located in the mountain community north of Walton Creek Rd and along Hwy 40 corridor inside the City limits. Contact City for location determination at (970) 871-8233
Vail	Vail town limits	1.4%	Rooms and accommodations

County Lodging District Tax (CLD)

CLD	Boundaries	CLD Tax Rate
Alamosa County	Alamosa County limits	1.9%
Archuleta County	Archuleta County limits (Pagosa Springs omitted)	1.9%
Bent County	Bent County limits	0.9%
Chaffee County	Chaffee County limits	1.9%
Clear Creek County	Clear Creek County limits	2%
Conejos County	Conejos County limits	1.9%
Costilla County	Costilla County limits	1.9%
Custer County	Custer County limits	2%
Delta County	Delta County limits	1.9%
Fremont County	Fremont County limits	2%
Grand County	Grand County limits (Winter Park omitted)	1.8%
Hinsdale County	Hinsdale County limits	1.9%
Huerfano County	Huerfano County limits	2%

CLD	Boundaries	CLD Tax Rate
La Plata	La Plata County limits (Durango omitted)	1.9%
Lake County	Lake County limits	1.9%
Lincoln County	Lincoln County limits	2%
Logan County	Logan County limits (Sterling omitted)	1.9%
Mineral County	Mineral County limits	1.9%
Moffat County	Moffat County limits	1.9%
Montezuma County	Montezuma County Limits (Cortez omitted)	1.9%
Morgan County	Morgan County Limits	1.9%
Prowers County	Prowers County Limits	2%
Rio Blanco County	Rio Blanco County Limits	1.9%
Rio Grande County	Rio Grande County Limits	1.9%
Saguache County	Saguache County Limits	1.9%
San Juan County	San Juan County Limits	2%
San Miguel County	San Miguel County Limits (Mountain Village omitted)	2%

State-Collected City Sales Taxes

City	County in which City is Located	City Sales Tax Rate	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Aguilar	Las Animas	3%	3%	Motor Vehicles, Building Materials
Akron	Washington	2.5%	2.5%	Motor Vehicles, Building Materials
Alma	Park	3%	None	
Antonito	Conejos	4%	None	
Ault	Weld	3%	3%	Motor Vehicles, Building Materials
Basalt	Eagle, Pitkin	3%	None	
Bayfield	La Plata	2%	None	
Bennett	Adams, Arapahoe, Elbert	3%	2%	Building Materials
Berthoud	Larimer, Weld	3%	3%	Motor Vehicles, Building Materials
Blanca	Costilla	3%	None	
Brush	Morgan	3.6%	3.6%	Motor Vehicles, Building Materials
Buena Vista	Chaffee	2.5%	None	
Burlington	Kit Carson	2%	2%	Motor Vehicles, Building Materials

Recommendations for a Uniform Sales and Use Tax Base

City	County in which City is Located	City Sales Tax Rate	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Calhan	El Paso	3%	3%	Motor Vehicles, Building Materials
Castle Pines North	Douglas	2.75%	2.75%	Motor Vehicles, Building Materials
Cedaredge	Delta	2%	2%	Motor Vehicles, Building Materials
Center	Rio Grande, Saguache	2%	None	
Cheyenne Wells	Cheyenne	2%	2%	Motor Vehicles, Building Materials
Collbran	Mesa	2%	None	
Columbine Valley	Arapahoe	3%	3%	Motor Vehicles, Building Materials
Craig	Moffat	2.25%	None	
Crawford	Delta	2%	None	
Creede	Mineral	2%	None	
Crestone	Saguache	3%	None	
Cripple Creek	Teller	2.3%	None	
Dacono	Weld	3%	3%	Motor Vehicles, Building Materials
De Beque	Mesa	2%	None	
Del Norte	Rio Grande	2%	None	
Dillon	Summit	2.5%	None	
Dinosaur	Moffat	2.1%	None	
Dolores	Montezuma	3.5%	None	
Dove Creek	Dolores	2%	1%	Motor Vehicles
Eads	Kiowa	2%	2%	Motor Vehicles, Building Materials
Eagle	Eagle	4%	4%	Building Materials
Eaton	Weld	3%	3%	Building Materials
Elizabeth	Elbert	4%	3%	Motor Vehicles, Building Materials
Empire	Clear Creek	3%	3%	Motor Vehicles, Building Materials
Erie	Boulder, Weld	3.5%	3.5%	Motor Vehicles, Building Materials
Estes Park	Larimer	4%	2%	Motor Vehicles
Fairplay	Park	4%	None	

City	County in which City is Located	City Sales Tax Rate	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Firestone	Weld	2% ⁷	2%	Motor Vehicles, Building Materials
Flagler	Kit Carson	2%	None	
Fleming	Logan	2%	None	
Florence	Fremont	2.5%	2.5%	Motor Vehicles, Building Materials
Fort Lupton	Weld	4%	4%	Motor Vehicles, Building Materials
Fort Morgan	Morgan	3%	3%	Motor Vehicles, Building Materials
Fountain	El Paso	3.75%	2%	Motor Vehicles, Building Materials
Fowler	Otero	3%	2%	Motor Vehicles
Foxfield	Arapahoe	3.75%	3%	Building Materials
Fraser	Grand	4%	4%	Motor Vehicles, Building Materials
Frederick	Weld	2.5%	2.5%	Motor Vehicles, Building Materials
Fruita	Mesa	3%	3%	Motor Vehicles, Building Materials
Garden City	Weld	3%	None	
Georgetown	Clear Creek	3%	3%	Motor Vehicles
Gilcrest	Weld	4%	4%	Motor Vehicles, Building Materials
Granada	Prowers	2%	2%	Motor Vehicles, Building Materials
Granby	Grand	4%	4%	Motor Vehicles, Building Materials
Grand Lake	Grand	4%	4%	Motor Vehicles, Building Materials
Green Mountain Falls	El Paso, Teller	3%	3%	Motor Vehicles, Building Materials
Haxtun	Phillips	2.5%	2.5%	Motor Vehicles, Building Materials
Hayden	Routt	4%	2%	Building Materials
Holly	Prowers	3%	None	
Holyoke	Phillips	1.5%	1.5%	Motor Vehicles, Building Materials
Hooper	Alamosa	2%	None	

City	County in which City is Located	City Sales Tax Rate	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Hot Sulphur Springs	Grand	4%	None	
Hotchkiss	Delta	2%	None	
Hudson	Weld	4%	4%	Building Materials
Hugo	Lincoln	2%	2%	Motor Vehicles, Building Materials
Idaho Springs	Clear Creek	3%	3%	Motor Vehicles, Building Materials
Ignacio	La Plata	2%	None	
Johnstown	Larimer, Weld	3%	3%	Motor Vehicles, Building Materials
Julesburg	Sedgwick	1%	1%	Motor Vehicles, Building Materials
Keenesburg	Weld	2%	2%	Building Materials
Kersey	Weld	3.6%	3.6%	Building Materials
Kiowa	Elbert	1.5%	1.5%	Building Materials
Kit Carson	Cheyenne	2%	2%	Motor Vehicles, Building Materials
Kremmling	Grand	4%	None	
Lakeside ⁷	Jefferson	2.1%	None	
La Jara	Conejos	3%	3%	Motor Vehicles, Building Materials
La Salle	Weld	3.5%	2%	Motor Vehicles, Building Materials
La Veta	Huerfano	3%	None	
Las Animas	Bent	3%	3%	Motor Vehicles, Building Materials
Limon	Lincoln	2%	2%	Motor Vehicles, Building Materials
Lochbuie	Adams, Weld	4%	2%	Motor Vehicles, Building Materials
Log Lane Village	Morgan	3%	3%	Motor Vehicles, Building Materials
Lyons	Boulder	3%	3%	Motor Vehicles, Building Materials
Manassa	Conejos	1%	None	
Mancos	Montezuma	4%	None	
Manitou Springs ³	El Paso	3.9%	3.8%	Motor Vehicles, Building Materials

Recommendations for a Uniform Sales and Use Tax Base

City	County in which City is Located	City Sales Tax Rate	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Manzanola	Otero	2%	2%	Motor Vehicles
Marble	Gunnison	2%	None	
Mead	Weld	2%	2%	Motor Vehicles, Building Materials
Milliken	Weld	2.5%	2.5%	Motor Vehicles, Building Materials
Minturn	Eagle	4%	None	
Moffat	Saguache	2%	None	
Monte Vista	Rio Grande	2%	None	
Montezuma	Summit	2%	None	
Monument	El Paso	3%	2%	Motor Vehicles, Building Materials
Morrison	Jefferson	3.75%	3.75%	Motor Vehicles, Building Materials
Mountain View	Jefferson	4%	3%	Motor Vehicles, Building Materials
Naturita	Montrose	4%	3%	Motor Vehicles, Building Materials
Nederland	Boulder	3.75%	3%	Motor Vehicles, Building Materials
New Castle	Garfield	3.5%	2%	Building Materials
Norwood	San Miguel	3%	None	
Nucla	Montrose	4%	2%	Motor Vehicles
Nunn	Weld	2%	2%	Motor Vehicles, Building Materials
Oak Creek	Routt	3%	None	
Olathe	Montrose	4%	1%	Motor Vehicles, Building Materials
Ordway	Crowley	2%	2%	Motor Vehicles, Building Materials
Otis	Washington	2%	2%	Motor Vehicles, Building Materials
Ouray	Ouray	3%	None	
Ovid	Sedgwick	1%	1%	Motor Vehicles, Building Materials
Palisade	Mesa	2%	None	
Palmer Lake	El Paso	3%	3%	Motor Vehicles, Building Materials
Paonia	Delta	2%	None	

Recommendations for a Uniform Sales and Use Tax Base

City	County in which City is Located	City Sales Tax Rate	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Parachute	Garfield	3.75%	3.75%	Building Materials
Pierce	Weld	2%	2%	Motor Vehicles, Building Materials
Pitkin	Gunnison	3%	None	
Platteville	Weld	3%	2%	Building Materials
Poncha Springs	Chaffee	2%	2%	Building Materials
Red Cliff	Eagle	3%	None	
Rico	Dolores	5%	None	
Rocky Ford	Otero	3%	3%	Motor Vehicles, Building Materials
Romeo	Conejos	1%	None	
Saguache	Saguache	3%	None	
Salida	Chaffee	3%	None	
San Luis	Costilla	3%	None	
Sawpit	San Miguel	3%	3%	Building Materials
Sedgwick	Sedgwick	1%	None	
Seibert	Kit Carson	2%	2%	Motor Vehicles, Building Materials
Severance	Weld	3%	3%	Building Materials
Silt	Garfield	3%	3%	Motor Vehicles, Building Materials
Silver Cliff	Custer	2%	2%	Motor Vehicles, Building Materials
Silver Plume	Clear Creek	3%	None	
Silverton	San Juan	1%	None	
Simla	Elbert	4%	None	
South Fork	Mineral, Rio Grande	2%	None	
Springfield	Baca	2%	None	
Stratton	Kit Carson	2%	None	
Superior	Boulder, Jefferson	3.46%	3.3%	Motor Vehicles, Building Materials
Trinidad	Las Animas	4%	4%	Motor Vehicles, Building Materials
Victor	Teller	3%	None	
Walden	Jackson	1%	None	
Walsenburg	Huerfano	3%	3%	Motor Vehicles, Building Materials

City	County in which City is Located	City Sales Tax Rate	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Walsh	Baca	3%	None	
Ward	Boulder	2%	None	
Wellington	Larimer	3%	3%	Motor Vehicles, Building Materials
Westcliffe	Custer	2%	None	
Wiggins	Morgan	2%	None	
Wray	Yuma	2.5%	2.5%	Motor Vehicles, Building Materials
Yampa	Routt	2%	2%	Motor Vehicles, Building Materials
Yuma	Yuma	3%	3%	Motor Vehicles, Building Materials

State-Collected Colorado County Sales Tax

Broomfield and Denver are self-collected counties. If a county is not listed, that county does not have a sales tax.

County	County Sales Tax Rates	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Adams	0.75%	None	
Alamosa	2%	None	
Arapahoe	0.25%	0.25%	Motor Vehicles, Building Materials
Archuleta	4%	None	
Bent	1%	1%	Motor Vehicles, Building Materials
Boulder	0.8%	0.8%	Motor Vehicles, Building Materials
Chaffee	2%	None	
Clear Creek	1%	None	
Costilla	1%	None	
Crowley	2%	2%	Motor Vehicles, Building Materials
Custer	2%	2%	Motor Vehicles, Building Materials
Delta	2%	None	
Douglas	1%	1%	Motor Vehicles, Building Materials
Eagle	1.5% ⁴	None	
Elbert	1%	1%	Motor Vehicles, Building Materials
El Paso	1.23%	1.23%	Motor Vehicles, Building Materials
Fremont	1.5%	1.5%	Motor Vehicles, Building Materials
Garfield	1%	None	
Grand	1%	None	

County	County Sales Tax Rates	Use Tax Rate	Use Tax (paid to city or county) Applies to:
Gunnison	1%	None	
Hinsdale	5%	4%	Motor Vehicles, Building Materials
Huerfano	2%	None	
Jackson	4%	None	
Jefferson	0.5%	None	
Lake	4%	None	
La Plata	2%	None	
Larimer	0.6%	0.6%	Motor Vehicles, Building Materials
Lincoln	2%	2%	Motor Vehicles, Building Materials
Logan	1%	1%	Motor Vehicles, Building Materials
Mesa	2%	2%	Motor Vehicles, Building Materials
Mineral	2.6% ⁵	2%	Building Materials
Moffat	2%	None	
Montrose	1%	1%	Motor Vehicles, Building Materials
Otero	1%	1%	Motor Vehicles, Building Materials
Ouray	2%	None	
Park	1%	None	
Phillips	1%	1%	Motor Vehicles, Building Materials
Pitkin	3.6% ⁴	0.5% ⁸	Motor Vehicles, Building Materials
Pitkin (in Basalt)	2.6% ⁴	0.5% ⁸	Motor Vehicles, Building Materials
Prowers	1%	1%	Motor Vehicles, Building Materials
Pueblo	1%	1%	Motor Vehicles
Rio Blanco	3.6%	3.6%	Motor Vehicles, Building Materials
Rio Grande	2.6% ⁵	None	
Routt	1%	1%	Motor Vehicles, Building Materials
Saguache	1%	None	
San Juan	5%	None	
San Miguel	1%	1%	Building Materials
Sedgwick	2%	2%	Motor Vehicles, Building Materials
Summit	2.75% ⁴	None	
Teller	1%	1%	Motor Vehicles
Washington	1.5%	1.5%	Motor Vehicles, Building Materials

Home Rule Cities For Which The State Does Not Collect Local Sales Tax

City	County in which City is Located	City Tax Rate
Alamosa	Alamosa	2%
Arvada	Adams, Jefferson	3.46%
Aspen ²	Pitkin	2.4%

City	County in which City is Located	City Tax Rate
Aurora ²	Adams, Arapahoe, Douglas	3.75%
Avon	Eagle	4%
Black Hawk ³	Gilpin	5.5% 4% ⁸
Boulder	Boulder	3.41%
Breckenridge	Summit	2.5%
Brighton	Adams, Weld	3.75%
Broomfield	Broomfield	4.15%
Broomfield Flatiron Improvement District	Broomfield	0.01%
Broomfield Arista Improvement District	Broomfield	0.2%
Canon City	Fremont	2%
Carbondale	Garfield	3.5%
Castle Rock	Douglas	4%
Centennial	Arapahoe	2.5%
Central City	Gilpin	4%
Cherry Hills Village	Arapahoe	3% ⁸ 3.5%
Colorado Springs	El Paso	2.5%
Commerce City	Adams	3.5%
Cortez	Montezuma	4.05%
Crested Butte	Gunnison	4%
Delta	Delta	3%
Denver ²	Denver	3.62% 4% 7.25% ⁵
Durango	La Plata	3%
Edgewater	Jefferson	3.5%
Englewood	Arapahoe	3.5%
Evans	Weld	3.5%
Federal Heights	Adams	4%
Fort Collins	Larimer	3.85% 2.25% ⁴
Frisco	Summit	2%
Glendale ²	Arapahoe	3.75%
Glenwood Springs	Garfield	3.7%
Golden	Jefferson	3%
Grand Junction	Mesa	2.75%
Greeley	Weld	3.46%

Recommendations for a Uniform Sales and Use Tax Base

City	County in which City is Located	City Tax Rate
Greenwood Village ²	Arapahoe	3%
Gunnison	Gunnison	4%
Gypsum	Eagle	4% 3% ⁸
Lafayette	Boulder	3.5%
La Junta	Otero	3%
Lakewood	Jefferson	3%
Lamar	Prowers	3.25%
Larkspur	Douglas	4%
Littleton	Arapahoe Douglas Jefferson	3%
Lone Tree	Douglas	1.8125%
Longmont	Boulder	3.275%
Louisville	Boulder	3.5%
Loveland	Larimer	3%
Montrose	Montrose	3%
Mt. Crested Butte	Gunnison	5% 3% ⁸
Mountain Village	San Miguel	4.5%
Northglenn	Adams, Weld	4% 3% ⁴
Parker	Douglas	3%
Pueblo	Pueblo	3.5%
Ridgway	Ouray	3.6%
Rifle	Garfield	4.25%
Sheridan ²	Arapahoe	3.5%
Silverthorne	Summit	2%
Snowmass Village	Pitkin	3.5%
Steamboat Springs	Routt	4.75%
Sterling	Logan	3%
Telluride	San Miguel	4.5%
Thornton	Adams	3.75%
Timnath	Larimer	3%
Vail	Eagle	4%
Westminster	Adams Jefferson	3.85%
Wheat Ridge	Jefferson	3%
Windsor	Larimer Weld	3.2%
Winter Park	Grand	5%

City	County in which City is Located	City Tax Rate
Woodland Park	Teller	3% 1% ⁸

Footnotes for Home Rule Cities

Direct contact with these home rule cities is suggested to receive up-to-date information.

Appendix C: Colorado Municipal League Survey

Jurisdiction=				
Total Sales Tax Revenue=				
Contact Name=	Please answer with the following=			(Small, Medium, Large)
Colorado Revised Statute	Colorado State Sales Tax Exemption	E=Exempt, T=Taxable	E=Exempt, T=Taxable	
		Is this taxed in Westminster?	Is this taxed in your jurisdiction?	Good faith estimate of impact on revenues. (Small, Medium, Large)
§39-26-102(10)(f)	Transfers of assets in a certain types of business formation or dissolution	E		
§39-26-102(15)	Newspapers	E		
§39-26-102(15)	Newspaper advertising supplements	T		
§39-26-102(15)	Direct mail advertising materials distributed by persons engaged solely and exclusively in providing cooperative direct mail advertising	E		
§39-26-102(19)	Sales of materials used in the printing process	E		
§39-26-102(20)(a)	Tangible property becoming an ingredient or component part of the product or service manufactured	E		
§39-26-102(20)(b)	Property for use in food manufacturing when such property becomes part of the product or is left unfit for further use	E		
§39-26-102(21)	Energy used for industrial, manufacturing, and similar purposes	T		
§39-26-102(21)	Nuclear fuel when deemed a wholesale sale	T		
§39-26-102(21)	Printers ink and newsprint	E		
§39-26-104(1)(c)(i)	Cell phone service to customers whose primary use is outside Colorado	E		
§39-26-106(3)(a)	Sales of commercial vehicles over 26,000 gross vehicle weight	T		
§39-26-113(5)(a)	Sales of motor vehicles by nonresidents purchased for use by nonresidents outside Colorado	E		
§39-26-113.5	Sales tax refund for commercial vehicles used in interstate commerce	T		
§39-26-202(1)(c)	Sales of wireless telecommunications equipment	T		
§39-26-402(1)	Sales of biotechnology equipment	T		
§39-26-403	Sales and use tax for clean technology and medical devices	T		
§39-26-502(2)	Sales of pollution control equipment sold to businesses	T		
§39-26-704(1)	Sales to governmental units	E		
§39-26-704(2)	Sales to residents of a bordering state within 20 miles of the state border if the bordering state does not have a sales tax	T		
§39-26-704(3)	Lodging for permanent residents	T		
§39-26-704(4)	Sales to public schools	E		
§39-26-706(1)(a)	Cigarettes	E		
§39-26-706(2)(a)	Internet access service	E		
§39-26-706(3)	Refractory materials and carbon electrodes used in manufacturing iron and steel, and inorganic chemicals used in processing uranium-vanadium ores	T		
§39-26-706(4)	Sales of precious metal bullion and coins	T		
§39-26-706(5)	Waste tire fee is tax exempt	T		
§39-26-707(1)(a)	Sales of food purchased with food stamps	E		
§39-26-707(1)(b)	Food purchased with funds from the supplemental food program for women, infants, and children (WIC)	E		
§39-26-707(1)(c) & (d)	Sales of any article, containers, or bags to a retailer or vendor of food if provided to the consumer without a separate charge	T		
§39-26-707(1)(e)	Sales of food for off-premises consumption	T		
§39-26-707(2)(a)	Value of meals furnished to employees of food service establishments for free or at reduced rates and considered part of their incomes	T		
§39-26-708(1)	Sales of construction and building materials for use by contractors on public works projects, tax-exempt organizations (charitable organizations) and public schools	E		
§39-26-709(1)	Purchases of machinery or machine tools used in manufacturing process	E		
§39-26-710(1)(a)	Sales of construction materials to a common carrier by rail	E		
§39-26-710(1)(b) & (c)	Sales of railroad capital equipment (combined with §39-26-710(1)(a))	E		
§39-26-711(1)(a)	Sales of aircraft used or purchased for use in interstate commerce by commercial airlines	T		

Recommendations for a Uniform Sales and Use Tax Base

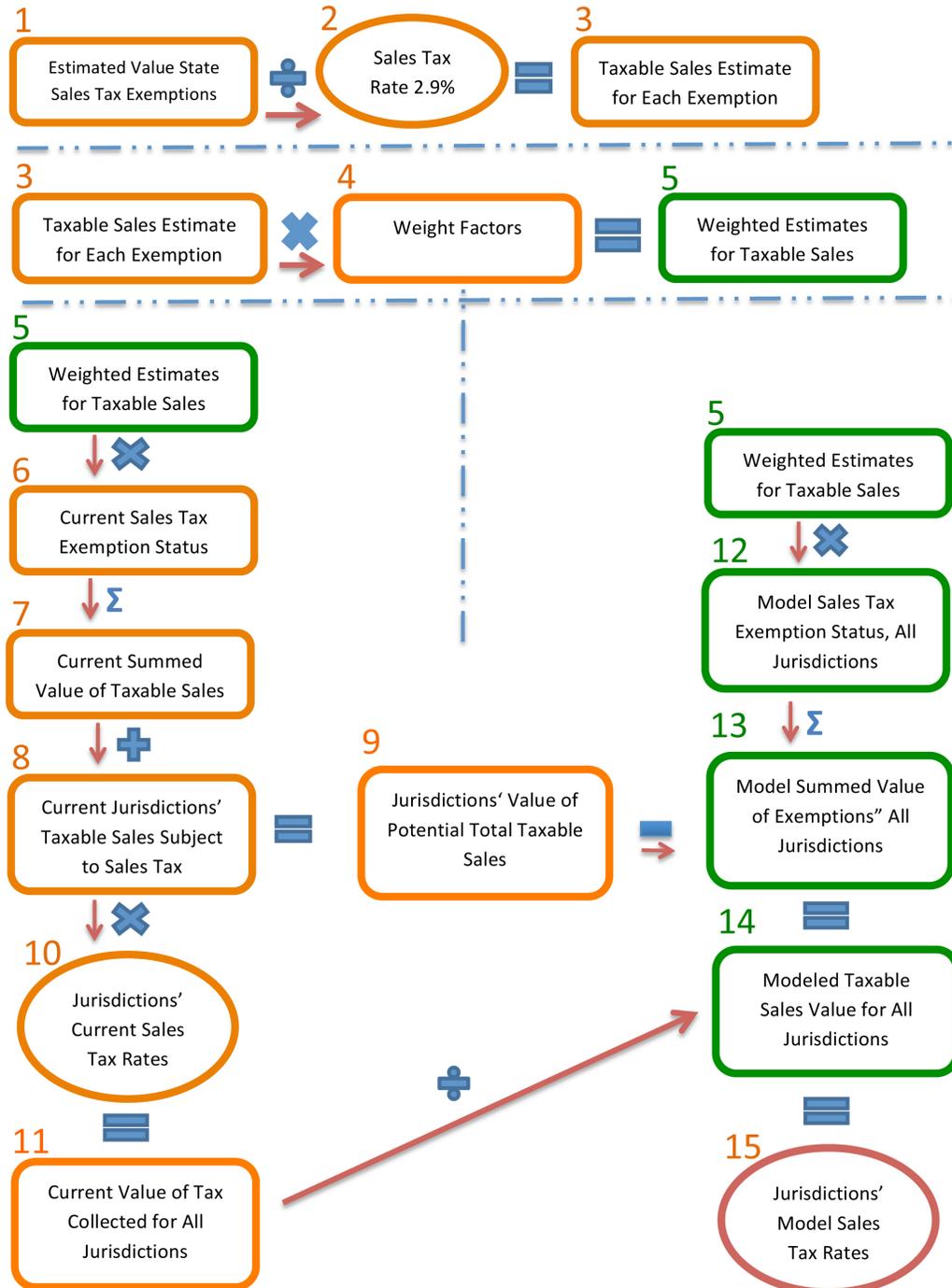
Colorado Revised Statute	Colorado State Sales Tax Exemption	Is this taxed in Westminister?	Is this taxed in your jurisdiction?	Good faith estimate of impact on revenues. (Small, Medium, Large)
§39-26-711(1)(b)	Sales of aircraft component parts		T	
§39-26-711.5 (1)	Sale of a new or used aircraft to a non resident		T	
§39-26-712(1)(a) & (b)	New and used commercial trucks and trailers purchased in Colorado for use outside Colorado or in interstate commerce and permanently licensed and registered outside this state		E	
§39-26-713(1)(a)	Leases of personal property for three years or less if tax is paid upon original acquisition		T	
§39-26-713(1)(b)	Property transferred by a supplier to out-of-state vendors for use in selling products at wholesale by the supplier		T	
§39-26-713(1)(c)	The sale of tangible personal property for testing, modification, inspection, or similar type of activities in the state if the ultimate use of the property in manufacturing or similar type of activities occurs outside of this state and if the test, modification, or inspection period does not exceed ninety days		T	
§39-26-713(1)(d)	Sales and purchases of personal property used as a component part of manufactured goods donated to tax-exempt organizations to the extent that the aggregate value of the goods included in a single donation exceeds \$1,000.		E	
§39-26-714(1)	Sales of personal property through vending machines of 15 cents or less		E	
§39-26-714(2)	Sale of food through vending machines		T	
§39-26-715(1)(a)(I)	Gasoline and special fuel		E	
§39-26-715(1)(a)(II)	Sales of fuel for residential heat, light, and power		T	
§39-26-716(2)(a)	Special fuel for farm vehicles		E	
§39-26-716(2)(b) & (3)(b)	Sales of farm equipment		E	
§39-26-716(2)(b) & (3)(b)	Sales of farm parts used in the repair or maintenance of farm equipment (combined with §39-26-716(2)(b), sales of farm equipment)		E	
§39-26-716(2)(b) & (3)(b)	Sales of dairy equipment		E	
§39-26-716(2)(d)	Sales of agricultural compounds & bull semen		T	
§39-26-716(2)(e)	Sales of pesticides		T	
§39-26-716(3)(a) & (4)(a)	Sale, storage and use of neat cattle, sheep, lambs, poultry, swine, goats, and horse breeding stock and sales and purchases of livestock and poultry		E	
§39-26-716(4)(a)	Farm auction close-out sales		E	
§39-26-716(4)(a)	Sales of live fish for stocking		E	
§39-26-716(4)(b)	Sales of feed for livestock, seeds, and orchard trees		E	
§39-26-716(4)(c)	Sales of straw for livestock bedding (combined with §39-26-716(4)(b) , sales of feed for livestock, seeds, and orchard trees)		E	
§39-26-716(4)(c)	Sales of straw for poultry bedding (combined with §39-26-716(4)(b) , sales of feed for livestock, seeds, and orchard trees)		E	
§39-26-717(1)(a)	Sales of prescription drugs		E	
§39-26-717(1)(b)	Sales of insulin		E	
§39-26-717(1)(c)	Sales of glucose for treatment of insulin reactions and insulin measuring and injecting devices		E	
§39-26-717(1)(d)	All sales of urine- and blood-testing kits and materials		E	
§39-26-717(1)(e)	All sales of insulin measuring and injecting devices, including hypodermic syringes and needles		E	
§39-26-717(1)(f)	All sales of prosthetic devices		E	
§39-26-717(1)(g)(I)	All sales of oxygen delivery equipment and disposable medical supplies related to oxygen delivery dispensed pursuant to a prescription.		E	
§39-26-717(1)(h)(I)	All sales of medical, feeding, and disposable supplies including any related accessories, for incontinence, infusion, enteral nutrition, ostomy, urology, diabetic care, and wound care dispensed pursuant to a prescription.		E	
§39-26-717(1)(i)(I)	All sales of equipment and related accessories for sleep therapy, inhalation therapy, and electrotherapy dispensed pursuant to a prescription.		E	
§39-26-717(1)(j)	All sales of durable medical equipment and mobility enhancing equipment.		E	
§39-26-717(1)(k)	All sales of drugs or materials when furnished by a doctor as part of professional services provided to a patient.		E	
§39-26-717(1)(l)	All sales of corrective eyeglasses, contact lenses, or hearing aids.		T	
§39-26-718(1)(a)	Sales to charitable organizations		E	
§39-26-718(1)(a)	Special events sales by veterans' organizations		T	

Recommendations for a Uniform Sales and Use Tax Base

Colorado Revised Statute	Colorado State Sales Tax Exemption	Is this taxed in Westminster?	Is this taxed in your jurisdiction?	Good faith estimate of impact on revenues. (Small, Medium, Large)
§39-26-718(1)(b)	Occasional sales by charitable organizations (combined with §39-26-718(1)(a), Special events sales by veterans organizations)	T		
§39-26-719(1)	Sales of low-emitting vehicles	T		
§39-26-720(1)	Sales of bingo and raffle equipment	T		
§39-26-721(1)	Forty-eight percent of purchase price of factory built housing	T		
§39-26-718(1)(c)	Sale by an association or organization of parents and teachers of public school students that is a charitable organization	T		
§39-26-722(1)	Sales, storage, and use of machinery that comprises a cleanroom, in excess of \$500.00 used to produce tangible property	T		
§39-26-723(1)	Sales, storage, and use of wood from salvaged trees killed or infested in Colorado by mountain pine beetles	T		
§39-26-724(1)	Sales, storage, and use of components used in the production of alternating current electricity from a renewable energy source	T		
§39-26-725(2)	Sales that benefit Colorado schools	T		
§39-26-726	Medical Marijuana to Indigent Patients	T		
	Please List Any Exemptions your jurisdiction has that is not listed above:			
1)				
2)				
3)				
4)				
5)				
6)				
7)				
8)				
9)				
10)				

Appendix D: Uniform Sales Tax Study Model

Uniform Sales Tax Study Model



Model Description and Technique

Flowchart Key

- Boxes: Tables or Matrices of Values or Status
- Ovals: Tables or Matrices (or constants) of Tax Rates
- Orange Coloring: Current or existing values, status, or rates. This color represents the status quo.
- Green Coloring: Model or proposed values, status, or rates. This color represents model recommendations.
- Red Arrows: Show the flow and steps through the data of the model to reach the desired outcome.
- Blue Equation Shapes: Indicate a mathematical transformation during a particular step of the model.

Modeling the Current Situation: Values and Revenue Foregone of Current Exemptions for All Jurisdictions

1. **State current sales tax exemption values** (Box 1) are organized into a 1 x 86 matrix consisting of the estimated values of the sales tax exemptions for the state. These estimates are based on the most recent, full calendar year of data available (2012). The values are estimates of the actual tax foregone by the state for each exemption.
2. **State current sales tax rate – 2.9%** (Oval 2) is a constant value, 2.9%, the current state sales tax rate.
3. **State current taxable sales values** (Box 3) are organized into a 1 x 86 matrix consisting of the estimated values of the taxable sales for each exemption of the state. This matrix results from dividing the State current sales tax exemption values by the State current sales tax rate, 2.9%.
 - **Division step:** The resultant matrix is divided by a constant (the State sales tax rate) in order to convert the estimated tax values of each exemption into a taxable sales estimate for each exemption.

State Current Sales Tax Exemption Values (Box 1)	÷	State Current Sales Tax Rate: 2.9% (Oval 2)	=	State Current Taxable Sales Values (Box 3)
--	---	---	---	--

Weight Factors for Jurisdictions (Box 4) are organized into a 299 x 1 matrix consisting of apportioning factors to estimate the potential value of taxable sales for each jurisdiction and for each exemption. The apportioning factors are based on the proportion of retail sales for a jurisdiction compared to the overall state retail sales. (See Assumption information for more detail.)

4. **Weighted Estimates for Taxable Sales Value of All Jurisdictions and Exemptions** (Box 5) is the result of the multiplication of weight factors for jurisdictions (Box 4) and State current taxable sales values (Box

3): a 299 x 86 matrix consisting of estimated values of taxable sales for each exemption across all jurisdictions (including the State).

- **Multiplication step:** Matrix multiplication (expansion) of the weight factors for jurisdictions by the State current taxable sales values to create weighted estimates for taxable sales value of all jurisdictions and exemptions.

State Current Taxable Sales Values (Box 3)	×	Weight Factors for Jurisdictions (Box 4)	=	Weighted Estimates for Taxable Sales Value of All Jurisdictions and Exemptions (Box 5)
--	---	--	---	--

5. **Current Sales Tax Exemption Status, All Jurisdictions (Box 6)** indicators are organized into a 299 x 86 matrix containing the current status of sales tax exemptions for each exemption across all jurisdictions (including the State). A value of “1” indicates that the jurisdiction exempts a certain item while a value of “0” indicates that a jurisdiction includes the item as part of the sales tax base.
6. **Current Summed Value of Taxable Sales, All Jurisdictions and All Exemptions (Box 7)** values are organized into a 299 x 1 matrix consisting of the sum of the taxable sales value of all current exemptions for each jurisdiction. This represents the taxable sales that would be used to calculate revenue foregone by each jurisdiction given their existing exemptions.

- **Multiplication step:** corresponding rows and columns of each matrix (Box 5 and Box 6) are multiplied. For example: row 1, column 1 of Box 5 is multiplied by row 1, column 1 of Box 6.
- **Summation step:** the values of each row after the previous multiplication step are summed (taxable sales subject to exemption across each jurisdiction individually) in order to create a matrix of current summed value of taxable sales, all jurisdictions and all exemptions (Box 7).

Weighted Estimates for Taxable Sales Value of All Jurisdictions and Exemptions (Box 5)	×	Current Sales Tax Exemption Status, All Jurisdictions (Box 6)	Σ	Current Summed Value of Taxable Sales, All Jurisdictions and All Exemptions (Box 7)
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7. **Current Jurisdictions’ Taxable Sales Subject to Sales Tax (Box 8)** are organized into a 299 x 1 matrix consisting of the current value of taxable

sales in each jurisdiction that is subject to sales tax. This value is calculated by using the actual amount distributed to each jurisdiction (for the jurisdictions collected by the Department of Revenue) and divided by the sales tax rate for each jurisdiction in order to determine the taxable sales. For those not collected by the Department, we used sales and use tax collected (in the most recent year available, 2010) as compiled by the Department of Local Affairs in the County and Municipal Financial Compendium.

8. **Jurisdictions' Value of Potential Total Taxable Sales** (Box 9) are organized into a 299 x 1 matrix consisting of the current total potential value of taxable sales for each jurisdiction based on the taxable sales for the tax they actually collected plus the taxable sales of the exemptions they allowed for the year. This matrix will be used later as the first major step in determining revenue neutrality.
 - **Addition step:** the current summed value of taxable sales, all jurisdictions and all exemptions (Box 7) are added to the current jurisdictions taxable sales subject to sales tax (Box 8) to create the jurisdictions' value of potential total taxable sales (Box 9).

Current Summed Value of Taxable Sales, All Jurisdictions and All Exemptions (Box 7)	+	Current Jurisdictions Taxable Sales Subject to Sales Tax (Box 8)	=	Jurisdictions' Value of Potential Total Taxable Sales (Box 9)
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9. **Jurisdictions' current sales tax rates** (Oval 10) are organized into a 299 x 1 matrix consisting of the current sales tax rate in each jurisdiction.
10. **Current Value of Tax Collected for All Jurisdictions (using current exemptions)** (Box 11) is a 299 x 1 matrix consisting of the current tax collected for each jurisdiction in spite of current exemptions. This box represents the last step in estimating the existing revenue condition of the status quo. This revenue collected will have to remain the same after modeling, even as the taxable base it can be taken from is reduced or increased.
 - **Multiplication step:** The jurisdictions' value of potential total taxable sales (Box 9) is multiplied by the jurisdictions' current sales tax rates (Oval 10) to produce the current value of tax collected for all jurisdictions (Box 11).

Jurisdictions' Value of Potential Total Taxable Sales	×	Jurisdictions' Current Sales Tax Rates	=	Current Value of Tax Collected for All Jurisdictions (using current
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(Box 9)	(Oval 10)	exemptions) (Box 11)
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Modeling Recommendations: Values and Revenue Foregone of Proposed Exemptions for All Jurisdictions

5. **Weighted Estimates for Taxable Sales Value of All Jurisdictions and Exemptions** (Box 5) is the result of the multiplication of weight factors for jurisdictions (Box 4) and State current taxable sales values (Box 3): a 299 x 86 matrix consisting of estimated values of taxable sales for each exemption across all jurisdictions (including the State).
12. **Model Sales Tax Exemption Status, All Jurisdictions** (Box 12) indicators are organized into a 299 x 86 matrix containing the model or proposed status of sales tax exemptions for each exemption across all jurisdictions (including the State). A value of “1” indicates that the jurisdiction would exempt a certain item while a value of “0” indicates that a jurisdiction would include the item as part of the sales tax base.
13. **Model Summed Value of Exemptions: All Jurisdictions** (Box 13) values are organized into a 299 x 1 matrix consisting of the sum of the taxable sales value of all model or proposed exemptions for each jurisdiction. This matrix represents the taxable sales that would be used to calculate revenue foregone by each jurisdiction given suggested model exemptions.
 - **Multiplication step:** corresponding rows and columns of each matrix (Box 5 and Box 12) are multiplied. For example: row 1, column 1 of Box 5 is multiplied by row 1, column 1 of Box 12.
 - **Summation step:** the values of each row after the previous multiplication step are summed (taxable sales subject to exemption across each jurisdiction individually) in order to create the matrix of the model summed value of exemptions for all jurisdictions (Box 13).

Weighted Estimates for Taxable Sales Value of All Jurisdictions and Exemptions (Box 5)	×	Model Sales Tax Exemption Status, All Jurisdictions (Box 12)	Σ	Model Summed Value of Exemptions, All Jurisdictions (Box 13)
--	---	--	---	--

14. **Modeled Taxable Sales Value for All Jurisdictions** (Box 14) values are organized into a 299 x 1 matrix consisting of the new value of taxable sales upon which a sales tax could be levied based on the changes made to the sales tax base to make it uniform across all jurisdictions. This value is the total potential value of taxable sales (based on both sales collected and sales exempted actually) less the amount that would be exempt under the new modeled assumptions. It is assumed that in order to keep revenue neutral, the value of currently collected tax (Box 11) would have to be equal

to the modeled taxable sales value for all jurisdictions (Box 14) multiplied by a new (adjusted) sales tax rate for each jurisdiction.

- **Subtraction step:** the values of the total potential taxable sales universe (Box 9) minus the values of the new taxable sales that would be exempted under the model (Box 13) in order to create the modeled taxable sales value for all jurisdictions (Box 14).

Jurisdictions' Value of Potential Total Taxable Sales (Box 9)	–	Model Summed Value of Exemptions, All Jurisdictions (Box 13)	=	Modeled Taxable Sales Value for All Jurisdictions (Box 14)
---	---	--	---	--

Creating Revenue Neutrality: Final Steps

In order to reach revenue neutrality, the results of the multiplication of the modeled taxable sales value for all jurisdictions (Box 14) by a matrix of adjusted rates (Oval 15) must be equal to the current value of tax collected for all jurisdictions (Box 11). In other words, the necessary result requires that the multiplication of the current jurisdictions taxable sales subject to sales tax (Box 8) by the jurisdictions' current sales tax rates (Oval 10) be equal to the result of the modeled taxable sales value for all jurisdictions (Box 14) multiplied by the jurisdictions' model sales tax rates (Oval 15).

15. **Jurisdictions Model Sales Tax Rates** (Oval 15) will be calculated such that the current value of tax collected for all jurisdictions (Box 11) divided by the values in the modeled taxable sales value for all jurisdictions (Box 14) will be equal to the jurisdictions' model sales tax rates (Oval 15). Given a set of assumptions about unifying exemptions across all jurisdictions, rates for each jurisdiction must be adjusted from their current values (Oval 10) to a set of adjusted values (Oval 15) in order to ensure that the changes in tax base do not result in a net increase or decrease to revenue for any given jurisdiction.

Current Jurisdictions Taxable Sales Subject to Sales Tax (Box 8)	×	Jurisdictions' Current Sales Tax Rates (Oval 10)	=	Modeled Taxable Sales Value for All Jurisdictions (Box 14)	×	Jurisdictions' Model Sales Tax Rates (Oval 15)
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Methodology Assumptions

1. The estimated value of state sales tax exemptions is valid to estimate the value of local sales tax exemptions.

2. One year of estimated exemption values is sufficient for this analysis. CY2012 data are used throughout. In addition, the model does not incorporate any growth factors for future periods.
3. Retail sales are the best choice to weight jurisdictions because they are:
 - a broad measure;
 - tracked consistently across the state and all local jurisdictions; and
 - readily available.(Exception: retail sales for the Broomfield Local Improvement Districts are unavailable, so taxable sales will be used.)
Note: The sum of weighted values will be greater than the state retail sales total (the denominator) because many jurisdictions overlap.
4. Estimated exemption values within jurisdictions have the same weight.
5. Rural Transportation Authorities (RTAs) should be included in the analysis even though HB13-1288 does not specifically include them in the definition of “local taxing jurisdiction” under §39-26-128(1)(c), C.R.S. The absence of RTAs is an oversight.
6. The impact of state and local vendor fees are not material for purposes of this analysis and are not being incorporated into the model.
7. In order to achieve revenue neutrality and a uniform tax base, both the state and local sales tax rates will need to change.
8. Use tax across local jurisdictions mirrors that of sales tax, and thus, no separate use tax calculation is necessary or useful.

Methodology Explanations: Food for Home Consumption and Residential Heat

Food for Home Consumption (#31)

1. Obtain amount spent on food at home from the 2012 Consumer Expenditure Survey.
Result: \$4,272
2. Obtain Money Income before taxes from the 2012 Consumer Expenditure Survey.
Result: \$69,700
3. Calculate the proportion of Money Income spent on food at home by dividing food at home amount into total Money Income.
Result: 6.13%
4. Obtain Colorado Household Income from the American Community Survey.
Result: \$149,761,098,757
5. Multiply the proportion of Money Income spent on food at home by the Household Income.
Result: \$9,179,044,676
6. Multiply Household Income by 0.432% to adjust for candy and soft drinks. The 0.432% is the proportion of Money Income spent on candy and soft drinks according the fiscal note prepared for HB10-1191. (The same

methodology was used to estimate the value of sales tax on candy and soft drinks.)

Result: \$646,967,947

7. Subtract candy and soft drinks amount from total Household Income.

Result: \$8,532,076,729

8. Multiply the results above by 2.9%.

Result: \$247,430,225

Residential Heat (#48)

1. From the U.S. Energy Information Administration, obtain 2011 Colorado expenditures from Table ET3: Residential Sector Energy Price and Expenditure Estimates, 1970-2011.

Result: \$3,514,100,000

2. Multiply the results by 2.9% to obtain the sales tax foregone.

Result: \$101,908,900

3. Obtain the Denver/Boulder/Greeley CPI for household energy from the BLS for 2012 and 2011.

Result: 145.278 and 155.034, respectively

4. Multiply the foregone sales tax by the 2012 CPI over the 2011 CPI.

Result: \$95,495,963

Data Sources Used to Estimate Sales Tax Exemptions

- Colorado Department of Revenue
 - Sales tax returns
 - Refunds records
 - Cigarette excise tax returns
 - Fuel excise tax returns
 - Colorado State Title and Registration System (CSTARS)
 - Waste tire fees
 - Internal accounting system
- United States Government
 - Department of Commerce
 - Bureau of Economic Analysis
 - Census Bureau
 - Consumer Expenditure Survey
 - Economic Census
- Department of Labor
 - Bureau of Labor Statistics
- Department of Agriculture
 - Census of Agriculture
 - National Agricultural Statistics Service
 - Food and Nutrition Service
- Department of Health and Human Services
 - Centers for Medicare and Medicaid Services
 - Centers for Disease Control and Prevention
- Department of Transportation
 - Surface Transportation Board
- General Services Administration

- Federal Procurement Data System
- Internal Revenue Service
- Energy Information Administration
- Federal Communications Commission
- Colorado Department of Local Affairs
- Colorado Secretary of State
- National Multi Housing Council
- JD Power & Associates
- Colorado School Districts & Boards of Cooperative Services
- Vendingmarketwatch.com
- National Center for Charitable Statistics

Appendix E: University of Colorado Leeds School of Business Report

Uniform Tax Base Analysis – Assessment of Methodology

Assessment of the Colorado Department of Revenue Tax Base Analysis Model

This brief report provides an assessment of the methodology and technical approach used by the Colorado Department of Revenue (DOR) to estimate required tax rate changes that would occur under a revenue-neutral, uniform tax base exercise for the state.

Conducted by:

Business Research Division
Leeds School of Business
University of Colorado Boulder
420 UCB
Boulder, CO 80309-0420
Telephone: 303.492.3307
leeds.colorado.edu/brd

December 2013



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Assessment of the Colorado Department of Revenue Tax Base Analysis Model

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1. Overview and Background

In response to HB 13-1288, the Colorado Department of Revenue (DOR) is required to estimate the change in tax rates that would be necessary to implement a uniform sales and use tax base across each of Colorado’s 299 tax districts.

The DOR’s research task is challenging because a significant portion of required data is not readily available. For example, the existing sales tax base is not always reported to the DOR by local tax district officials. In other districts, revenues are reported, but the corresponding sales are not. Similarly, the value of goods that are exempted is unknown, because sales are not typically reported if they are not taxed. In order to provide an estimate to the legislature, the DOR has made a number of estimations by

Uniform Tax Base Analysis – Assessment of Methodology



using sales tax indicators and by soliciting additional data from each Colorado tax district, especially the “home rule” districts where local officials administer the revenue system separately from the state.

The proposed uniform tax base used by the DOR is intended to be broader than the original tax base, which implies that tax revenues would rise in most counties if the current rate were combined with the broader base. The DOR computes an estimate for the additional revenues that would be collected using the new base and then calculates a change (usually, a reduction) to each district’s existing rate that would return revenues to their base-year level.

2. General Assessment of Methodology

We have reviewed the DOR’s methodology as described in its report to the legislature, titled “*Uniform Sales and Use Tax Base Throughout the State.*” We have reviewed the draft dated November 15th, 2013.

In general, we find the DOR’s modeling approach to be reasonable and to produce results that are accurate enough to inform legislators and policymakers about the single tax base rule. We reviewed each of the DOR’s specific assumptions related to the overall methodology and also their estimation of the tax base, and found that the assumptions are generally well-founded and reasonable.

It is possible to improve upon the methods and assumptions made by the DOR, but these improvements would incur further time and resource costs. Therefore, the current level of accuracy is acceptable, given the time and resource limits placed upon the DOR research department.

Our review focused upon the two main tasks taken upon the DOR staff:

1. Identify a potential tax base that would be adopted by each tax district in the state.
2. Then, using this proposed tax base, determine the change in the district sales tax rate necessary to achieve the same revenues that were collected using the original tax base for that district.

The remainder of the review looks into each specific assumption, then reviews the XLS worksheet calculations, and finally it provides examples of potential improvements to the methodology and results.

2.A Review of DOR Stated Assumptions

As part of the estimation process, the DOR staff listed some assumptions that were made during the estimation process. We review each assumption here.

1. *Use of Colorado’s state tax exemption profile as a proxy for all districts.*

It is reasonable to assume that spending patterns for Colorado as a state are similar to patterns within sub-districts of the state. Moreover, the data at the state level are more complete and robust, which makes the state-level tax base the best indicator to use as a model compared to smaller tax districts.

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However, a small bias is caused when the state tax collection profile is applied to each individual tax district. For 28 of the exempt items, the state tax base is estimated to be zero, and consequently, each district's tax base for that item is also assumed to be zero.

This effect can be seen in Table 7 of the DOR Excel workbook, titled "*Model_Excel.xlsx*". Among the 86 tax-exempted items, 28 of the items have zero estimated tax base for the state. They are zero either because they could not be estimated or because they are (for valid reasons) assumed to be zero. Exemption #9, for example, relates to the sale of "Nuclear Fuel," but there are no nuclear power plants in Colorado.

The bias occurs because it is possible that some tax was foregone at the district level, but not at the state level. For example, exemption #56, "Farm Auction Close Out Sales," is zero in the state profile, but might be relatively large for specific farm-dominated tax districts.

If Item #56 were no longer exempt, then revenues in certain counties would increase more than the DOR model would indicate. The amount of the bias is expected to be small, and the difficulty to obtain an estimate is expected to be large, so the DOR was correct to set these 28 items to zero.

2. *One-year period for exemption values.*

This assumption is reasonable. The results of a single-year analysis provide the discrete change that will occur as the result of a single, discrete change to the tax law. The rate of change and other growth factors are unlikely to be impacted by the one-time shift to a uniform tax base.

3. *Total retail sales are used to estimate changes to tax revenues.*

This assumption is acceptable, because retail sales are used for both the numerator (district level sales) and the denominator (state-level sales). In fact, retail sales is a superior measure for the tax-base analysis, because it provides a more consistent measure of the true tax base (total retail sales) than taxable sales because the tax base is currently different in each district.

4. *Estimated exemption values are weighted identically as the state exemption values.*

This assumption is a consequence of Assumption number 1 above. Because state levels are used, the weighting must adopt the state-level structure. For some counties, the exemption rates are likely to be very different from the state profile; however, this is the best assumption that can be made within the limited time-frame and budget offered by the legislature.

A potential improvement would be to categorize tax districts into five to six groups related to their geography and economy. One group, for example, would be the "resort area" tax districts that seem to have a similar profile. Western Slope counties also share a similar rural profile, and Eastern counties are farm intensive compared to Front Range counties. This extension would improve the

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accuracy of the analysis, but only marginally compared to the required time and effort needed to implement the improvement.

5. *Rural Transportation Authorities (RTAs)* should be included, even though HB 13-1288 does not include them.

As mentioned by the DOR, this appears to be an oversight on the part of the legislative staff, and the RTAs should be included.

6. *State and local vendor fees are omitted.*

We agree that the value of state and local vendor fees is not material to this analysis and can be omitted without significantly distorting the results.

7. *Both state and local tax district rates are changed.*

If the DOR is mandated to compute a completely “revenue neutral” tax base, and if the rate is chosen as the best instrument to achieve neutrality, then both the state and local rates must be changed in order to achieve revenue neutrality in each tax district.

An alternative objective for the DOR is to identify a uniform tax base where revenues are neutral at the state level, so that the state tax rate is unchanged. This objective would imply that more districts (about half of them) would need to *raise* their tax rates rather than lower them. The current objective is designed so that almost all counties can lower tax rates to achieve revenue neutrality.

If revenues can be redistributed, then fewer rate changes would be necessary, but the level of redistribution would take the place of the rate issue.

8. *If the use tax is identical to the sales tax, then the results from the sales tax analysis can also be applied to the use tax revenues.*

Use taxes are more volatile than sales taxes. We believe that use taxes are different enough to warrant a separate discussion by the DOR. The use tax analysis could begin by using the sales tax review as a starting point.

2.B Review of Statements in the Draft Report

In general, the draft report clearly describes the goals, methods, and results related to the uniform tax base exercise. We understand that the draft report has been written for a specific, legislative audience. For that reason, the structure and layout of the findings follow a required format.

A few statements need some review, or an asterisk, because are different than the data that was reviewed by the BRD team:

Uniform Tax Base Analysis – Assessment of Methodology



1. According to the report, the State tax district is presented as having the most-narrow tax base and the most exemptions. This is stated on page 11 of the November 15th draft. *“Since the State currently has more exemptions than any other taxing jurisdiction, the State must adopt a broader base and lower the overall rate.”*

We agree that the state-level tax regime is a logical starting point for the uniform tax-base exercise. But the DOR may wish to “soften” this claim. A ranking of the exemptions using Table 6 in the XLS file shows that 24 other tax districts have more exemptions than the state (e.g., “Centennial” district has 84 exemptions). This finding does not invalidate the conclusion, but it is worth adding a note that – technically – some districts have a higher number of exemptions, even if these exemptions are not meaningful.

Accompanying this report, the “Tables and Inserts” XLS workbook contains the ranking, with the “count-value” of exemption items and also a “share” value of exemptions, using the State district exemption profile. Issues related to the *share* value are discussed next.

Table 1: Selected Tax Districts and Exemption Share Rankings, by Value-Share and by Count of Exemptions

<i>Dist. #</i>	<i>Share</i>	<i>Count</i>	<i>District</i>
28	82%	76	De Beque
137	81%	76	Simla
131	80%	76	Seibert
202	79%	72	Summit County
52	78%	76	Frederick
		...	
252	49%	43	Louisville
148	49%	73	Wellington
1	49%	81	Colorado
261	49%	49	Rifle
166	49%	74	Douglas County
239	48%	66	Grand Junction
		...	
221	23%	48	Central City
207	22%	42	Aspen
263	22%	48	Silverthorne
264	19%	39	Snowmass Village
212	16%	46	Breckenridge
215	0.07%	61	Broomfld. Flatiron LID
216	0.07%	61	Broomfld. Arista LID

2. Similar to point #1, when the State exemption profile is compared to other tax districts, and weighted by the value of the of the tax foregone (or by the base of the exempted item), the reader might assume the State district has the most forgiving exemption profile.

We find that if the exemptions are weighted by the value of foregone revenue, done in Table 7, then the State exempts 49% potential retail sales tax base. This places district in 115th position out of 299 districts. one-third of all districts have more exemptions when measured in value terms compared to the State, while two-thirds of districts have fewer exemptions. At the endpoints, the Broomfield special local improvement districts (LIDs) have 61 exemptions, yet only 0.07% is exempted in value terms (according to the XLS tables).

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Table 1 below shows that while the number of exemptions is important, it is really the *structure* of exempted taxable base that really matters.



2.C Review of DOR Estimates of Foregone Revenue

In addition to the general assumptions listed in the DOR analysis, the estimate for the tax base of exempted items is described by the DOR in the document “DOR Base Methods and Assumptions”. In this document, the DOR describes several assumptions that were made in order to estimate the sales tax base for exempted items. This is an arduous process, because there are 86 exempted categories.

However, these descriptions are an excellent start to a more general characterization of the Colorado State tax base. If possible, they should be maintained and used for future tax policy questions and issues. We review some of the estimation techniques for the largest exempted items. Below is an assessment for the larger exempted items described in the DOR estimation documents.

1. *Food for Home Consumption (Exemption #31)*: Estimating Food Spent for Home Consumption and associated tax foregone. DOR’s approach uses the 2012 Consumer Expenditure Survey to identify spending on food for home consumption and then compare that to household income. The result is that 6.13% of household *money income* is assumed to be spent on food. This percentage would be higher if *after tax* income or disposable income were used rather than before tax income during step 2. This ratio is acceptable if the “total money income” amount used in step 4 is also before-tax income.
2. *Residential heating (Exemption #48)* costs are estimated in a reasonable fashion. DOR uses US Energy Information Agency expenditures as the tax base, and then adjusts foregone tax revenues using the CPI for energy. Interestingly, according to the report, 2012 heating prices are lower than 2011 prices—the household energy component of the CPI, an index of prices, fell from 155 in 2011, to 145 in 2012¹.
3. *Cigarettes (Exemption #23)*: Actual tax revenues are known at the state level. So this component, which is exempt in many districts, does not need to be estimated. There are several exemption categories similar to cigarettes listed in the DOR Base Methods and Assumptions document.
4. *Components for Renewable Energy (Exemption #82)*: Foregone revenues for this item are were not available to the DOR at the time of writing. There exist approximately 15 other categories that were also unavailable for the analysis. It would be useful if, over time, the analysts attempted later to complete the table. A lower bound could be computed by using data from a renewable energy lab, such as the National Renewable Energy Lab, located in

¹ The base year value for this index is 100, so an index value of 155 indicates a 55 percent rise in household energy costs.

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Golden, Colorado. Information related to the number of solar installations and the estimated cost are generally available to the public.

2.D Tax Model Cleanup

1. *Broomfield LIDs:* The Broomfield home-rule tax districts (Flatirons and Arista) have a count of 61 exemptions, yet they only exempt 0.07% of all income in value-terms. Some explanation of this issue may be useful. It may be useful to indicate if these districts simply did not provide a response to DOR requests in time for the write-up.
2. *Redundant table:* Table 11 in the XLS workbook calculates information that already exists in Table 9, namely, the total tax revenue reported by each district. This is fine if it was intentional for exposition purposes, but it adds an extra sheet that is not necessary in the XLS workbook.
3. *Spreadsheet errors:* Table 5 was the source of an error that filtered through the linked worksheets in the DOR model. This error caused errors for approximately 180 of the 299 districts. The error was identified because some districts were given an “N/A” status in the results table of the Excel workbook.

The root of the error was found on Row 216, in Table #5. In that worksheet, the Broomfield LIDs are listed and two rows were added, which offset the rows for the remaining tax districts. This error on Table 5 filtered through to all of the remaining tables and to the final results. If this error is corrected (the row numbers are reset to match each other), then all of the remaining results are conforming.

The results were cross-checked using a separate computing system (GAMS Algebraic Modeling Software) and verified. The GAMS algebraic equations are submitted as an annex to this report, in case the DOR wishes to cross-check their results.

2.E Additional Findings

Some additional facts and findings from the tax base exercise are interesting, but could also be “contentious” issues that pose an unnecessary risk of misinterpretation.

One example is the share of the tax base that is exempted before and after the reform. In the process of making these calculations, the DOR group is also estimating the relationship between taxable base and tax rate. See Table 2 below for an example.

Table 2: Tax districts where the tax rate must rise under the new tax base regime, because the new exempted share is larger than the original exempted share

Dist#	Bench%	Scen%	Change	Bench#	Scen#	Change	District
212	15.8%	18.1%	-2.4%	46	45	1	Breckenridge
257	35.7%	36.5%	-0.7%	43	45	-2	Northglenn
211	36.1%	36.8%	-0.7%	41	45	-4	Boulder
231	62.3%	63.0%	-0.7%	40	45	-5	Englewood
271	33.9%	34.6%	-0.6%	43	45	-2	Westminster
207	22.5%	23.0%	-0.6%	42	45	-3	Aspen
259	45.4%	45.9%	-0.5%	43	45	-2	Pueblo

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205	61.1%	61.4%	-0.3%	47	45	2	Alamosa
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Bench%: Share of taxable base that is exempted before proposed reforms.

Scen%: Share of taxable base that is exempted after proposed reforms.

Change: Change in the share of taxable base, negative values indicate a smaller tax base after proposed reforms.

Bench#: Number of exempted items before proposed reforms.

Scen#: Number of exempted items after proposed reforms.

Change: Change in the number of exempted items, before and after.

Table 2 shows a selection of districts where the taxable base is smaller after the reforms. Only eight districts experience a decline in the taxable base, but it is worth noting that the tax rate would not decline for all districts in the state. It is probably not possible to have rates decline in all districts unless all items in the tax base are eliminated from exemption.



3. Ideas for Improvement

While the current methodology is acceptable for the purposes of exploring the impact of HB 13-1288, small changes could be made in several areas that would increase the accuracy and the robustness of the DOR tax-base model for future use.

3.A Simplified Description of the Uniform Base Exercise

A differently written “overview” of the *Uniform Base* exercise can help reduce the number of questions from legislators and reporters. The current description is accurate and linear, but grows confusing as it progresses. A simplified description could begin “at the end” by describing the end-goal, and then use a modular approach to describe how the DOR gets there. Here is a possible outline for the simplified exposition:

Description of Goal: Identify district revenues under a uniform tax base, and re-compute the tax rate for each district to obtain a “revenue neutral” system.

Description of Challenges:

- a. The actual tax base is not known, indicators must be used instead.
- b. Among the 299 districts, each district has its own profile among 86 possible exempted items.

DOR Approach:

Step 1: Estimate district-level sales tax base for exempted items (1-86):

- a. For each category, foregone revenues are estimated at the state level.
- b. The ratio of foregone revenue is compared to total revenue.
- c. This ratio is used to compute foregone revenue for each district, where the exemption is in effect.

Step 2: Compute the current tax base, including sales for the 86 exempted items:

- a. Determine the taxable base for each district: current revenues divided by current sales tax rate.
- b. Exempted (non-taxed) base: use the ratios from step 1 and the district’s base to compile each item’s total tax base.
- c. Add the two bases together for the “total” tax base (exempt + non-exempt).

Step 3: Compute the new base and rate using the proposed (uniform) exemption structure:

- a. Apply new exemption structure to the total tax base.
- b. Scale each district’s tax rate accordingly, to achieve the original tax revenue level.

Of course, this exposition is verbal and is not graphic. While the graphics are easier to see, they are more difficult to comprehend in a single view, because the procedure is not trivial. In our view, it may not be possible to simplify exposition the DOR procedure because it requires several steps and is somewhat complicated.



3.B Tax Base Cross-Validation

To the authors' best knowledge, Colorado's tax revenue system is currently "un-checked." This means that there are no "checks and balances" to indicate the size or nature of Colorado state's *true* tax base.

A more accurate and systematic cross-validation of the state's tax base compared to published economic indicators, such as employment, migration, income levels, production, and asset prices, would help the DOR to estimate the true tax base and to understand how changes to this base will impact revenues within certain tax districts.

In order to better understand key drivers for state and district tax revenues, the DOR should develop a statistical model that correlates tax revenue levels with observable economic drivers. Economic theory finds that consumption of many items is relatively constant and predictable.

The efforts made during this analysis can be used as a starting point to estimate the true tax base each year or quarter. By comparing the change in revenues against the change in observable economic indicators, the DOR would quickly have a reliable and credible tax base dataset that would be useful for future tax policy questions.

In addition, these cross-validated tax base estimates will allow the DOR to identify trends in consumption patterns and possible anomalies in tax revenues that may not be currently understood. Erosion of the retail sales tax base due to internet sales is one such example that would reveal trends in state and district sales tax bases.

A complimentary action is to solicit volunteer tax respondents who are willing to provide deeper sales information. Many vendors maintain detailed records related to the sales value for key taxable items. If they are willing to volunteer some of this information, perhaps anonymously, the state's true taxable base would be improved considerably.

3.C Tax District "Grouping"

During the Tax Base analysis, DOR experts found that a few exempt items represented a large share of potential revenues. Examples include heat, electric power, food items for home consumption (groceries), and other staple goods that are taxable at the district level, but exempt by the State district.

These sales items were found to be important in general, but some sub-categories may be more important for different districts. For example, the share of agricultural and farm-related sales items is likely to be higher in the far east and far west of the state, where most ranching and farming occurs. Conversely, sales of hotel and tourist goods are more important for the mountain-region districts, where ski and summer resorts are key components of the economy. Finally, the Front Range metropolitan area has its own unique sales profile, more similar to out-of-state metropolitan cities, than to the surrounding counties of Colorado.

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By grouping the tax districts by category, it may be easier to see how changes to the tax base or rate would impact certain types of constituents.

3.D Tax Optimization

By using the GAMS software, it is possible to *optimize* the choice of tax base, or tax rates, and to achieve specific goals. Even if the target goals are not politically-feasible, the process of optimization would help experts at the DOR to better understand the trade-offs between different tax regimes.

For example, it would be possible to choose a tax-profile that minimizes the difference between each district's current tax rate, and new tax rate. The objective function could be weighted according to district size, or un-weighted, using a simple sum of the total difference. Moreover, a constraint could be added, so that no district sees an increase in tax rates (all districts would have a broader base). It would also be possible to use a combination of tax base and tax rates in order to target a particular level of revenues.

The process of optimizing rates and the taxable base often leads to much greater insight about the specific trade-offs between tax regimes, or to particular weaknesses in the current tax regime. Even if the optimal tax regime is not suitable for political purposes, the "revenue cost" of choosing sub-optimal tax regimes can be computed and presented as the opportunity cost of such programs. These optimization examples can be computed relatively easily using optimization software such as GAMS, Matlab, or R. Results from these systems can be transferred back to MS Excel for exposition purposes.

Recommendations for a Uniform Sales and Use Tax Base

Exemptions - as a share of the Taxable Base, measured by Value and by Number of Exemptions						
	Value-Share	Number	Value-share	Number	Change in Value-Share	
	Bench%	Bench#	Scen%	Scen#	Dirr:	District
215	0.07	61	0.07	45	0	Broomfield Flatiron Improv
216	0.07	61	0.07	45	0	Broomfield Arista Improven
212	15.79	46	18.14	45	-2.35	Breckenridge
264	19.07	39	18.91	45	0.16	Snowmass Village
263	21.9	48	21.64	45	0.26	Silverthorn
207	22.46	42	23.02	45	-0.56	Aspen
221	22.52	48	22.14	45	0.38	Central City
222	24.69	44	24.23	45	0.46	Cherry Hills Village
255	26.9	49	23.8	45	3.1	Mt. Crested Butte
60	28.19	72	27.37	45	0.82	Green Mountain Falls
235	29.37	45	29.03	45	0.34	Frisco
38	29.95	72	29.1	45	0.85	Empire
267	30.03	46	26.15	45	3.88	Telluride
112	30.34	72	29.48	45	0.86	Ouray
85	30.37	72	29.51	45	0.86	Lochbuie
270	30.56	47	30.05	45	0.51	Vail
135	30.69	72	29.82	45	0.87	Silver Plume
143	30.77	76	25.63	45	5.14	Victor
248	31.2	83	28.29	45	2.91	Larkspur
199	31.47	72	30.6	45	0.87	San Juan County
4	31.62	72	30.74	45	0.88	Alma
90	31.86	72	30.98	45	0.88	Manitou Springs
30	31.89	72	31.01	45	0.88	Dillon
79	32.05	72	31.16	45	0.89	Lakeside
226	32.28	45	31.9	45	0.38	Crested Butte
268	32.59	42	32.32	45	0.27	Thornton
40	32.84	72	31.94	45	0.9	Estes Park
293	32.87	82	27.29	45	5.58	Bachelor Gulch
269	32.93	41	32.63	45	0.3	Timnath
59	33.04	72	32.14	45	0.9	Grand Lake
279	33.09	72	32.19	45	0.9	Pitkin County MTS
51	33.28	72	32.38	45	0.9	Fraser
141	33.83	72	32.91	45	0.92	Superior
271	33.93	43	34.56	45	-0.63	Westminster
280	34.01	72	33.1	45	0.91	Summit County MTS
230	34.03	53	33.29	45	0.74	Edgewater
188	34.08	72	33.17	45	0.91	Ouray County
298	34.14	83	27.19	45	6.95	Mesa Gateway LID
214	34.45	61	33.46	45	0.99	Broomfield
258	34.74	59	34.19	45	0.55	Parker
219	34.88	68	33.35	45	1.53	Castle Rock
57	34.94	72	34.01	45	0.93	Granada

Recommendations for a Uniform Sales and Use Tax Base

57	34.94	72	34.01	45	0.93	Granada
174	34.97	72	34.04	45	0.93	Hinsdale County
257	35.72	43	36.45	45	-0.73	Northglenn
125	35.8	72	34.86	45	0.94	Romeo
116	36	72	35.06	45	0.94	Paonia
136	36.03	80	30.18	45	5.85	Silverton
211	36.09	41	36.81	45	-0.72	Boulder
191	36.11	72	35.17	45	0.94	Pitkin County
287	36.12	82	30.24	45	5.88	Roaring Fork - Aspen, Snowmass Village, Uninc pitkin
7	36.13	72	35.19	45	0.94	Basalt
24	36.31	72	35.37	45	0.94	Creede
157	36.37	72	35.43	45	0.94	Archuleta County
206	36.37	50	35.03	45	1.34	Arvada
67	36.4	72	35.46	45	0.94	Hotchkiss
218	36.41	62	35.43	45	0.98	Carbondale
26	36.51	72	35.57	45	0.94	Cripple Creek
172	36.51	72	35.56	45	0.95	Grand County
2	36.62	72	35.68	45	0.94	Aguilar
178	36.64	72	35.7	45	0.94	Lake County
123	36.64	72	35.69	45	0.95	Rico
256	37.37	83	31.97	45	5.4	Mountain Village
217	37.44	53	36.87	45	0.57	Canon City
158	37.53	72	36.57	45	0.96	Bent County
275	37.53	46	36.3	45	1.23	Woodland Park
77	37.76	72	36.8	45	0.96	Kit Carson
274	37.81	56	36.46	45	1.35	Winter Park
103	37.85	72	36.89	45	0.96	Nederland
149	37.94	72	36.98	45	0.96	Westcliffe
236	38.11	45	37.67	45	0.44	Glendale
71	38.25	72	37.29	45	0.96	Ignacio
254	38.32	51	37.43	45	0.89	Montrose
160	38.36	73	37.31	45	1.05	Chaffee County
144	38.48	72	37.52	45	0.96	Walden
88	38.53	72	37.56	45	0.97	Manassa
127	38.94	72	37.97	45	0.97	Salida
61	39.11	72	38.14	45	0.97	Haxtun
5	39.25	72	38.28	45	0.97	Antonito
265	39.31	45	38.09	45	1.22	Steamboat Springs
184	39.43	72	38.45	45	0.98	Mineral County
200	39.5	76	33.6	45	5.9	San Miguel County
161	39.52	72	38.55	45	0.97	Clear Creek County
44	39.58	80	36.37	45	3.21	Fleming
107	39.59	72	38.62	45	0.97	Nunn
55	39.73	72	38.75	45	0.98	Georgetown
250	40.4	52	39.02	45	1.38	Lone Tree
70	40.47	72	39.49	45	0.98	Idaho Springs
29	40.49	72	39.51	45	0.98	Del Norte
54	40.49	72	39.5	45	0.99	Garden City

Recommendations for a Uniform Sales and Use Tax Base

97	40.66	72	39.68	45	0.98	Monte Vista
210	40.7	66	37.97	45	2.73	Black Hawk
297	40.75	83	33.14	45	7.61	Jefferson within Lakewood LID
241	40.79	51	40.07	45	0.72	Greenwood Village
37	40.92	72	39.94	45	0.98	Elizabeth
92	40.94	72	39.96	45	0.98	Marble
142	40.96	72	39.97	45	0.99	Trinidad
186	41.24	72	40.25	45	0.99	Montrose County
291	41.42	72	40.43	45	0.99	Montrose County PSI
295	41.47	83	33.8	45	7.67	Douglas Lincoln Station LID
163	41.53	72	40.54	45	0.99	Crowley County
11	41.56	75	38.51	45	3.05	Blanca
165	41.67	73	40.59	45	1.08	Delta County
266	41.73	72	40.74	45	0.99	Sterling
105	41.75	73	39.42	45	2.33	Norwood
251	41.85	54	37.13	45	4.72	Longmont
242	41.88	52	40.43	45	1.45	Gunnison
17	41.94	73	39.61	45	2.33	Cedaredge
162	42.04	72	41.04	45	1	Costilla County
176	42.07	72	41.08	45	0.99	Jackson County
22	42.13	72	41.14	45	0.99	Craig
78	42.22	72	41.23	45	0.99	Kremmling
45	42.27	72	41.28	45	0.99	Florence
101	42.4	72	41.4	45	1	Mountain View
278	42.45	77	36.32	45	6.13	Eagle County MTS
13	42.57	72	41.57	45	1	Buena Vista
110	42.6	72	41.6	45	1	Ordway
177	42.66	72	41.66	45	1	Jefferson County
58	42.85	72	41.85	45	1	Granby
128	42.86	73	38.54	45	4.32	San Luis
104	42.91	72	41.91	45	1	New Castle
253	42.99	64	42.01	45	0.98	Loveland
223	43.05	45	42.03	45	1.02	Colorado Springs
227	43.07	50	39.06	45	4.01	Delta
108	43.2	72	42.2	45	1	Oak Creek
83	43.22	72	42.22	45	1	Las Animas
98	43.23	72	42.23	45	1	Montezuma
228	43.31	42	40.51	45	2.8	Denver
155	43.35	72	42.34	45	1.01	Alamosa County
290	43.47	82	37.09	45	6.38	Summit County MHA
139	43.64	72	42.63	45	1.01	Springfield
35	43.75	72	42.74	45	1.01	Eagle
192	43.91	72	42.9	45	1.01	Pitkin County (In Basalt)
64	44.08	72	43.07	45	1.01	Holyoke
225	44.2	47	43.44	45	0.76	Cortez
233	44.43	52	42.89	45	1.54	Federal Heights

Recommendations for a Uniform Sales and Use Tax Base

296	44.44	83	36.56	45	7.88	Jefferson LID
193	44.54	72	43.53	45	1.01	Prowers County
244	44.61	46	43.19	45	1.42	Lafayette
138	44.65	73	42.28	45	2.37	South Fork
273	44.72	68	43.76	45	0.96	Windsor
260	44.9	58	43.34	45	1.56	Ridgway
134	44.91	72	43.9	45	1.01	Silver Cliff
175	44.97	72	43.95	45	1.02	Huerfano County
87	45.04	72	44.03	45	1.01	Lyons
173	45.16	72	44.15	45	1.01	Gunnison County
151	45.18	72	44.17	45	1.01	Wray
119	45.25	72	44.24	45	1.01	Pitkin
229	45.26	53	44.55	45	0.71	Durango
259	45.41	43	45.86	45	-0.45	Pueblo
234	45.45	56	41.14	45	4.31	Fort Collins
118	45.51	74	43.7	45	1.81	Pierce
32	45.56	72	44.55	45	1.01	Dolores
80	45.65	72	44.64	45	1.01	La Jara
153	45.71	72	44.69	45	1.02	Yuma
47	45.75	72	44.74	45	1.01	Fort Morgan
288	45.89	82	39.4	45	6.49	Roaring Fork - Uninc Eagle
94	46.06	72	45.04	45	1.02	Milliken
8	46.13	72	45.11	45	1.02	Bayfield
145	46.13	72	45.11	45	1.02	Walsenburg
281	46.18	82	39.69	45	6.49	Baptist Road
129	46.32	72	45.3	45	1.02	Sawpit
126	46.36	72	45.34	45	1.02	Saguache
133	46.43	72	45.42	45	1.01	Silt
197	46.56	76	40.31	45	6.25	Routt County
284	46.73	82	40.21	45	6.52	Pikes Peak
62	47	72	45.98	45	1.02	Hayden
179	47.1	78	45.9	45	1.2	La Plata County
196	47.12	72	46.1	45	1.02	Rio Grande County
283	47.23	82	40.69	45	6.54	Gunnison Valley city
247	47.28	57	45.52	45	1.76	Lamar
169	47.38	76	41.11	45	6.27	El Paso County
299	47.45	83	39.42	45	8.03	Mesa Whitewater LID
106	47.73	72	46.71	45	1.02	Nucla
31	47.73	74	45.33	45	2.4	Dinosaur
208	47.87	49	44.12	45	3.75	Aurora
96	47.99	77	45.3	45	2.69	Moffat
86	48.06	72	47.04	45	1.02	Log Lane Village
240	48.08	41	47.78	45	0.3	Greeley
209	48.16	46	47.7	45	0.46	Avon
182	48.22	74	47.1	45	1.12	Logan County
239	48.31	66	42.08	45	6.23	Grand Junction
166	48.51	74	42.87	45	5.64	Douglas County

Recommendations for a Uniform Sales and Use Tax Base

	261	48.58	49	47.22	45	1.36	Rifle		
	1	48.62	81	42.4	45	6.22	Colorado		
	148	48.71	73	46.3	45	2.41	Wellington		
	252	48.72	43	47.97	45	0.75	Louisville		
	246	48.73	51	44.75	45	3.98	Lakewood		
	130	49.03	75	45.86	45	3.17	Sedgwick		
	238	49.1	43	48.53	45	0.57	Golden		
	243	49.32	82	46.59	45	2.73	Gypsum		
	89	49.45	72	48.43	45	1.02	Mancos		
	95	49.47	72	48.45	45	1.02	Minturn		
	245	49.49	49	48.16	45	1.33	La Junta		
	132	49.49	73	47.08	45	2.41	Severance		
	180	49.64	80	43.07	45	6.57	Larimer County		
	122	49.7	72	48.68	45	1.02	Red Cliff		
	272	49.82	40	49.47	45	0.35	Wheat Ridge		
	41	49.9	73	45.44	45	4.46	Fairplay		
	34	49.94	72	48.91	45	1.03	Eads		
	48	50.26	76	43.93	45	6.33	Fountain		
	185	50.33	76	49.18	45	1.15	Moffat County		
	277	50.46	79	44.68	45	5.78	Scientific and Cultural Facilities District (CD)		
	237	50.49	48	48.61	45	1.88	Glenwood Springs		
	49	50.65	75	47.47	45	3.18	Fowler		
	56	50.7	72	49.67	45	1.03	Gilcrest		
	203	50.79	76	44.45	45	6.34	Teller County		
	12	50.99	72	49.96	45	1.03	Brush		
	99	50.99	76	44.64	45	6.35	Monument		
	9	51.04	72	50.02	45	1.02	Bennett		
	100	51.21	72	50.19	45	1.02	Morrison		
	276	51.4	82	44.77	45	6.63	Regional Transportation District (RTD)		
	33	51.52	73	49.11	45	2.41	Dove Creek		
	74	51.7	73	47.22	45	4.48	Keenesburg		
	170	52.33	80	45.73	45	6.6	Fremont County		
	189	52.4	77	46.05	45	6.35	Park County		
	167	52.48	76	46.13	45	6.35	Eagle County		
	183	52.59	82	45.96	45	6.63	Mesa County		
	164	52.66	76	46.3	45	6.36	Custer County		
	50	52.89	76	46.54	45	6.35	Foxfield		
	25	52.9	72	51.88	45	1.02	Crestone		
	285	53.07	82	46.44	45	6.63	Roaring Fork - Basalt and New Castle		
	115	53.08	73	48.6	45	4.48	Palmer Lake		
	289	53.39	82	46.76	45	6.63	South Platte Valley		
	232	53.57	61	52.05	45	1.52	Evans		
	27	53.58	72	52.56	45	1.02	Dacono		
	73	53.74	72	52.72	45	1.02	Julesburg		
	159	53.91	75	47.55	45	6.36	Boulder County		
	201	54.24	72	53.22	45	1.02	Sedgwick County		
	23	54.31	72	53.29	45	1.02	Crawford		

Recommendations for a Uniform Sales and Use Tax Base

18	54.44	72	53.42	45	1.02	Center
82	54.66	72	53.64	45	1.02	La Veta
102	54.72	72	53.71	45	1.01	Naturita
63	54.77	72	53.75	45	1.02	Holly
171	55.32	76	48.97	45	6.35	Garfield County
156	55.81	81	49.22	45	6.59	Arapahoe County
65	55.86	73	53.46	45	2.4	Hooper
146	55.97	72	54.96	45	1.01	Walsh
190	56.01	73	54.9	45	1.11	Phillips County
14	56.04	76	49.71	45	6.33	Burlington
194	56.07	76	49.74	45	6.33	Pueblo County
150	56.33	72	55.32	45	1.01	Wiggins
147	56.42	72	55.41	45	1.01	Ward
20	56.65	76	50.32	45	6.33	Collbran
39	56.84	76	53.7	45	3.14	Erie
168	56.86	80	50.29	45	6.57	Elbert County
72	57.08	72	56.07	45	1.01	Johnstown
213	57.36	53	56.83	45	0.53	Brighton
124	57.39	72	56.38	45	1.01	Rocky Ford
81	57.6	72	56.6	45	1	La Salle
53	57.8	74	53.31	45	4.49	Fruita
19	57.85	77	51.55	45	6.3	Cheyenne Wells
121	58.17	72	57.17	45	1	Poncha Springs
93	58.24	76	51.95	45	6.29	Mead
42	58.29	75	53.18	45	5.11	Firestone
46	58.36	72	57.36	45	1	Fort Lupton
249	58.41	46	57.73	45	0.68	Littleton
286	58.56	82	52.01	45	6.55	Roaring Fork - Carbondale and Glenwood Springs
16	58.57	75	52.96	45	5.61	Castle Pines North
294	58.74	83	50.64	45	8.1	Boulder LID
140	58.82	77	52.55	45	6.27	Stratton
114	59.13	76	52.87	45	6.26	Palisade
109	59.14	72	58.14	45	1	Olathe
220	59.75	84	53.23	45	6.52	Centennial
10	60.17	72	59.18	45	0.99	Berthoud
66	60.28	76	54.06	45	6.22	Hot Sulphur Springs
152	60.32	75	55.89	45	4.43	Yampa
84	60.48	74	59.41	45	1.07	Limon
21	60.49	76	54.27	45	6.22	Columbine Valley
282	60.54	82	54.05	45	6.49	Gunnison Valley county
117	60.81	72	59.83	45	0.98	Parachute
205	61.1	47	61.35	45	-0.25	Alamosa
75	61.32	72	60.34	45	0.98	Kersey
36	61.73	72	60.76	45	0.97	Eaton
231	62.28	40	62.98	45	-0.7	Englewood
292	62.32	82	55.91	45	6.41	Aspen Park
120	63.04	72	62.08	45	0.96	Platteville
187	63.14	77	56.98	45	6.16	Otero County

Recommendations for a Uniform Sales and Use Tax Base

187	63.14	77	56.98	45	6.16	Otero County
15	63.36	76	57.28	45	6.08	Calhan
195	63.37	76	61.01	45	2.36	Rio Blanco County
198	63.71	77	57.57	45	6.14	Saguache County
181	63.87	72	62.92	45	0.95	Lincoln County
113	64.33	72	63.39	45	0.94	Ovid
224	65.21	40	62.65	45	2.56	Commerce City
204	65.72	79	60.66	45	5.06	Washington County
154	66.33	80	60.19	45	6.14	Adams County
262	68.56	69	64.64	45	3.92	Sheridan
3	68.57	75	65.77	45	2.8	Akron
91	68.87	76	63.17	45	5.7	Manzanola
76	69.23	72	68.35	45	0.88	Kiowa
43	70.14	75	67.41	45	2.73	Flagler
69	71.97	74	70.46	45	1.51	Hugo
68	72.26	73	68.53	45	3.73	Hudson
6	72.77	72	71.96	45	0.81	Ault
111	74.21	72	73.42	45	0.79	Otis
52	78.34	76	73.71	45	4.63	Frederick
202	78.59	72	77.89	45	0.7	Summit County
131	79.53	76	77.38	45	2.15	Seibert
137	80.88	76	76.63	45	4.25	Simla
28	82.03	76	77.97	45	4.06	De Beque

Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD
Example Counties - Sorted by Share of Possible Exemptions				Districts where Tax rates would rise as part of the exercise:									
Dist. #	Share	Count	District	Dist#	Bench%	Scen%	Change	Bench#	Scen#	Change	District		
28	82%	76	De Beque	212	15.8%	18.1%	-2.4%	46	45	1	Breckenridge		
137	81%	76	Simla	257	35.7%	36.5%	-0.7%	43	45	-2	Northglenn		
131	80%	76	Seibert	211	36.1%	36.8%	-0.7%	41	45	-4	Boulder		
202	79%	72	Summit County	231	62.3%	63.0%	-0.7%	40	45	-5	Englewood		
52	78%	76	Frederick	271	33.9%	34.6%	-0.6%	43	45	-2	Westminster		
		...		207	22.5%	23.0%	-0.6%	42	45	-3	Aspen		
252	49%	43	Louisville	259	45.4%	45.9%	-0.5%	43	45	-2	Pueblo		
148	49%	73	Wellington	205	61.1%	61.4%	-0.3%	47	45	2	Alamosa		
1	49%	81	Colorado	Bench#: Share of taxable base that is exempted before proposed reforms.									
261	49%	49	Rifle	Scen#: Share of taxable base that is exempted after proposed reforms.									
166	49%	74	Douglas County	Change: Change in the share of taxable base, negative values indicate a smaller tax base after proposed reforms.									
239	48%	66	Grand Junction	Bench#: Number of exempted items before proposed reforms.									
		...		Scen#: Number of exempted items after proposed reforms.									
221	23%	48	Central City	Change: Change in the number of exempted items, before and after.									
207	22%	42	Aspen										
263	22%	48	Silverthorn	215	0.1%	0.1%	0.0%	61	45	16	Broomfld. Flatiron LID		
264	19%	39	Snowmass Village	216	0.1%	0.1%	0.0%	61	45	16	Broomfld. Arista LID		
212	16%	46	Breckenridge	264	19.1%	18.9%	0.2%	39	45	-6	Snowmass Village		
215	0.07%	61	Broomfld. Flatiron LID	263	21.9%	21.6%	0.3%	48	45	3	Silverthorn		
216	0.07%	61	Broomfld. Arista LID										

Appendix F: Uniform Base Recommendation

Exemption Status	Exemption #	Description
remain exempt	1	Transfers of assets in a certain types of business formation or dissolution
remain exempt	2	Newspapers
remain exempt	3	Newspaper advertising supplements
repeal	4	Direct mail advertising materials distributed by persons engaged solely and exclusively in providing cooperative direct mail advertising
remain exempt	5	Sales of materials used in the printing process
remain exempt	6	Tangible property becoming an ingredient or component part of the product or service manufactured
remain exempt	7	Property for use in food manufacturing when such property becomes part of the product or is left unfit for further use
repeal	8	"Energy used for industrial, manufacturing, and similar purposes"
repeal	9	Nuclear fuel when deemed a wholesale sale
remain exempt	10	Printers ink and newsprint
remain exempt	11	Cell phone service to customers whose primary use is outside Colorado
repeal	12	"Sales of commercial vehicles over 26,000 gross vehicle weight"
remain exempt	13	Sales of motor vehicles by nonresidents purchased for use by nonresidents outside Colorado
repeal	14	Sales tax refund for commercial vehicles used in interstate commerce
repeal	15	Sales of wireless telecommunications equipment
repeal	16	Sales of biotechnology equipment
repeal	17	Sales and use tax for clean technology and medical devices
repeal	18	Sales of pollution control equipment sold to businesses
remain exempt	19	Sales to governmental units
remain exempt	20	Sales to residents of a bordering state within 20 miles of the state border if the bordering state does not have a sales tax
remain exempt	21	Lodging for permanent residents
remain exempt	22	Sales to public schools
repeal	23	Cigarettes
remain exempt	24	Internet access service

Exemption Status	Exemption #	Description
repeal	25	"Refractory materials and carbon electrodes used in manufacturing iron and steel, and inorganic chemicals used in processing uranium-vanadium ores"
repeal	26	Sales of precious metal bullion and coins
remain exempt	27	Waste tire fee is tax exempt
remain exempt	28	Sales of food purchased with food stamps
remain exempt	29	"Food purchased with funds from the supplemental food program for women, infants, and children (WIC)"
repeal	30	"Sales of any article, containers, or bags to a retailer or vendor of food if provided to the consumer without a separate charge"
repeal	31	Sales of food for off-premises consumption
repeal	32	Value of meals furnished to employees of food service establishments for free or at reduced rates and considered part of their incomes
remain exempt	33	"Sales of construction and building materials for use by contractors on public works projects, tax-exempt organizations (charitable organizations) and public schools"
repeal	34	Purchases of machinery or machine tools used in manufacturing process
remain exempt	35	Sales of construction materials to a common carrier by rail
remain exempt	36	Sales of railroad capital equipment (combined with §39-26-710(1)(a))
repeal	37	Sales of aircraft used or purchased for use in interstate commerce by commercial airlines
repeal	38	Sales of aircraft component parts
repeal	39	Sale of a new or used aircraft to a non resident
remain exempt	40	New and used commercial trucks and trailers purchased in Colorado for use outside Colorado or in interstate commerce and permanently licensed and registered outside this state
repeal	41	Leases of personal property for three years or less if tax is paid upon original acquisition
remain exempt	42	Property transferred by a supplier to out-of-state vendors for use in selling products at wholesale by the supplier
repeal	43	"The sale of tangible personal property for testing, modification, inspection, or similar type of activities in the state if the ultimate use of the property in manufacturing or similar type of activities occurs outside of this state and if the test, modification, or inspection period does not exceed ninety days"
remain exempt	44	"Sales and purchases of personal property used as a component part of manufactured goods donated to tax-exempt organizations to the extent that the aggregate value of the goods included in a single donation exceeds \$1,000."
remain exempt	45	Sales of personal property through vending machines of 15 cents or less

Exemption Status	Exemption #	Description
repeal	46	Sale of food through vending machines
remain exempt	47	Gasoline and special fuel
repeal	48	"Sales of fuel for residential heat, light, and power"
remain exempt	49	Special fuel for farm vehicles
repeal	50	Sales of farm equipment
repeal	51	"Sales of farm parts used in the repair or maintenance of farm equipment (combined with §39-26-716(2)(b), sales of farm equipment)"
repeal	52	Sales of dairy equipment
repeal	53	Sales of agricultural compounds & bull semen
repeal	54	Sales of pesticides
remain exempt	55	"Sale, storage and use of neat cattle, sheep, lambs, poultry, swine, goats, and horse breeding stock and sales and purchases of livestock and poultry"
remain exempt	56	Farm auction close-out sales
remain exempt	57	Sales of live fish for stocking
remain exempt	58	"Sales of feed for livestock, seeds, and orchard trees"
remain exempt	59	"Sales of straw for livestock bedding (combined with §39-26-716(4)(b) , sales of feed for livestock, seeds, and orchard trees)"
remain exempt	60	"Sales of straw for poultry bedding (combined with §39-26-716(4)(b) , sales of feed for livestock, seeds, and orchard trees)"
remain exempt	61	Sales of prescription drugs
remain exempt	62	Sales of insulin
remain exempt	63	Sales of glucose for treatment of insulin reactions and insulin measuring and injecting devices
remain exempt	64	All sales of urine- and blood-testing kits and materials
remain exempt	65	"All sales of insulin measuring and injecting devices, including hypodermic syringes and needles"
remain exempt	66	All sales of prosthetic devices
remain exempt	67	All sales of oxygen delivery equipment and disposable medical supplies related to oxygen delivery dispensed pursuant to a prescription.
remain exempt	68	"All sales of medical, feeding, and disposable supplies including any related accessories, for incontinence, infusion, enteral nutrition, ostomy, urology, diabetic care, and wound care dispensed pursuant to a prescription."

Exemption Status	Exemption #	Description
remain exempt	69	"All sales of equipment and related accessories for sleep therapy, inhalation therapy, and electrotherapy dispensed pursuant to a prescription."
remain exempt	70	All sales of durable medical equipment and mobility enhancing equipment.
remain exempt	71	All sales of drugs or materials when furnished by a doctor as part of professional services provided to a patient.
remain exempt	72	"All sales of corrective eyeglasses, contact lenses, or hearing aids."
remain exempt	73	Sales to charitable organizations
repeal	74	Special events sales by veterans' organizations
repeal	75	"Occasional sales by charitable organizations (combined with §39-26-718(1)(a), Special events sales by veterans organizations)"
repeal	76	Sales of low-emitting vehicles
repeal	77	Sales of bingo and raffle equipment
repeal	78	Forty-eight percent of purchase price of factory built housing
repeal	79	Sale by an association or organization of parents and teachers of public school students that is a charitable organization
repeal	80	"Sales, storage, and use of machinery that comprises a cleanroom, in excess of \$500.00 used to produce tangible property"
repeal	81	"Sales, storage, and use of wood from salvaged trees killed or infested in Colorado by mountain pine beetles"
repeal	82	"Sales, storage, and use of components used in the production of alternating current electricity from a renewable energy source"
repeal	83	Sales that benefit Colorado schools
repeal	84	Medical Marijuana to Indigent Patients
repeal	86	LIDS ONLY: LIDS exempt telephone/telegraph services.

Appendix G: Rate Changes to Achieve Revenue Neutrality

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
Colorado (State)	2.900000%	2.396750%	-0.503250%
State-Collected City Sales Taxes			
Aguilar	3.000000%	2.931953%	-0.068047%
Akron	2.500000%	1.983300%	-0.516700%
Alma	3.000000%	2.945295%	-0.054705%
Antonio	4.000000%	3.898822%	-0.101178%
Ault	3.000000%	2.709170%	-0.290830%
Basalt	3.000000%	2.933372%	-0.066628%
Bayfield	2.000000%	1.933507%	-0.066493%
Bennet	3.000000%	2.879443%	-0.120557%
Berthoud	3.000000%	2.828415%	-0.171585%
Blanca	3.000000%	2.765183%	-0.234817%
Brush	3.600000%	3.455633%	-0.144367%
Buena Vista	2.500000%	2.427728%	-0.072272%
Burlington	2.000000%	1.554584%	-0.445416%
Calhan	2.000000%	1.440249%	-0.559751%
Castle Pines North	2.750000%	2.135259%	-0.614741%
Cedaredge	2.000000%	1.875303%	-0.124697%
Center	2.000000%	1.908423%	-0.091577%
Cheyenne Wells	2.000000%	1.528604%	-0.471396%
Collbran	2.000000%	1.546033%	-0.453967%
Columbine Valley	3.000000%	2.232060%	-0.767940%
Craig	2.250000%	2.186074%	-0.063926%
Crawford	2.000000%	1.908865%	-0.091135%
Creede	2.000000%	1.955238%	-0.044762%
Crestone	3.000000%	2.870531%	-0.129469%
Cripple Creek	2.300000%	2.248072%	-0.051928%
Dacano	3.000000%	2.867073%	-0.132927%
De Beque	2.000000%	0.987112%	-1.012888%
Del Norte	2.000000%	1.946800%	-0.053200%
Dillon	2.500000%	2.453861%	-0.046139%
Dinosaur	2.100000%	1.937176%	-0.162824%
Dolores	3.500000%	3.386189%	-0.113811%
Dove Creek	2.000000%	1.821755%	-0.178245%
Eads	2.000000%	1.922967%	-0.077033%
Eagle	4.000000%	3.878860%	-0.121140%
Eaton	3.000000%	2.817470%	-0.182530%
Elizabeth	4.000000%	3.891727%	-0.108273%
Empire	3.000000%	2.949363%	-0.050637%

Recommendations for a Uniform Sales and Use Tax Base

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
Erie	3.500000%	3.024439%	-0.475561%
Estes Park	4.000000%	3.922971%	-0.077029%
Fairplay	4.000000%	3.438407%	-0.561593%
Firestone	2.000000%	1.585217%	-0.414783%
Flagler	2.000000%	1.561860%	-0.438140%
Fleming	2.000000%	1.845801%	-0.154199%
Florence	2.500000%	2.428579%	-0.071421%
Fort Lupton	4.000000%	3.786823%	-0.213177%
Fort Morgan	3.000000%	2.901714%	-0.098286%
Fountain	3.750000%	3.055974%	-0.694026%
Fowler	2.000000%	1.781661%	-0.218339%
Foxfield	3.750000%	2.994435%	-0.755565%
Fraser	4.000000%	3.921441%	-0.078559%
Frederick	2.500000%	1.379219%	-1.120781%
Fruita	3.000000%	2.442515%	-0.557485%
Garden City	3.000000%	2.920220%	-0.079780%
Georgetown	3.000000%	2.922634%	-0.077366%
Gilcrest	3.000000%	2.881017%	-0.118983%
Granada	2.000000%	1.957783%	-0.042217%
Granby	4.000000%	3.883089%	-0.116911%
Grand Lake	4.000000%	3.922280%	-0.077720%
Green Mountain Falls	3.000000%	2.953429%	-0.046571%
Haxtun	2.500000%	2.437123%	-0.062877%
Hayden	4.000000%	3.862468%	-0.137532%
Holly	1.000000%	0.953621%	-0.046379%
Holyoke	1.500000%	1.453980%	-0.046020%
Hooper	2.000000%	1.791337%	-0.208663%
Hot Sulphur Springs	4.000000%	2.982548%	-1.017452%
Hotchkiss	2.000000%	1.955061%	-0.044939%
Hudson	4.000000%	2.803029%	-1.196971%
Hugo	2.000000%	1.692882%	-0.307118%
Idaho Springs	3.000000%	2.920262%	-0.079738%
Ignacio	2.000000%	1.951454%	-0.048546%
Johnstown	3.000000%	2.847913%	-0.152087%
Julesburg	1.000000%	0.955431%	-0.044569%
Keenesburg	2.000000%	1.701434%	-0.298566%
Kersey	3.600000%	3.384532%	-0.215468%
Kiowa	1.500000%	1.375704%	-0.124296%
Kit Carson	2.000000%	1.952425%	-0.047575%
Kremmling	4.000000%	3.885959%	-0.114041%
Lakeside	2.100000%	2.060959%	-0.039041%

Recommendations for a Uniform Sales and Use Tax Base

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
La Jara	3.000000%	2.902105%	-0.097895%
La Salle	3.500000%	3.318924%	-0.181076%
La Veta	3.000000%	2.861457%	-0.138543%
Las Animas	3.000000%	2.911006%	-0.088994%
Limon	2.000000%	1.874780%	-0.125220%
Lochbuie	4.000000%	3.931156%	-0.068844%
Log Lane Village	3.000000%	2.892521%	-0.107479%
Lyons	3.000000%	2.904403%	-0.095597%
Manassa	1.000000%	0.975446%	-0.024554%
Mancos	4.000000%	3.848795%	-0.151205%
Manitou Springs	3.900000%	3.828103%	-0.071897%
Manzanola	2.000000%	1.335778%	-0.664222%
Marble	2.000000%	1.945822%	-0.054178%
Mead	2.000000%	1.522790%	-0.477210%
Milliken	2.500000%	2.417124%	-0.082876%
Minturn	4.000000%	3.848667%	-0.151333%
Moffat	2.000000%	1.826815%	-0.173185%
Monte Vista	2.000000%	1.946429%	-0.053571%
Montezuma	2.000000%	1.940641%	-0.059359%
Monument	3.000000%	2.431569%	-0.568431%
Morrison	3.750000%	3.598304%	-0.151696%
Mountain View	4.000000%	3.885157%	-0.114843%
Naturita	4.000000%	3.814822%	-0.185178%
Nederland	3.750000%	3.660489%	-0.089511%
New Castle	3.500000%	3.397453%	-0.102547%
Norwood	3.000000%	2.814327%	-0.185673%
Nucla	4.000000%	3.858488%	-0.141512%
Nunn	2.000000%	1.948708%	-0.051292%
Oak Creek	3.000000%	2.911083%	-0.088917%
Olathe	4.000000%	3.780304%	-0.219696%
Ordway	2.000000%	1.942109%	-0.057891%
Otis	2.000000%	1.792801%	-0.207199%
Ouray	3.000000%	2.948432%	-0.051568%
Ovid	1.000000%	0.932453%	-0.067547%
Palisade	2.000000%	1.509288%	-0.490712%
Palmer Lake	3.000000%	2.530623%	-0.469377%
Paonia	2.000000%	1.955823%	-0.044177%
Parachute	3.750000%	3.530015%	-0.219985%
Pierce	2.000000%	1.888526%	-0.111474%
Pitkin	3.000000%	2.903624%	-0.096376%
Platteville	3.000000%	2.807700%	-0.192300%

Recommendations for a Uniform Sales and Use Tax Base

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
Poncha Springs	2.000000%	1.894202%	-0.105798%
Red Cliff	3.000000%	2.885485%	-0.114515%
Rico	5.000000%	4.886525%	-0.113475%
Rocky Ford	3.000000%	2.846058%	-0.153942%
Romeo	1.000000%	0.978097%	-0.021903%
Saguache	3.000000%	2.899381%	-0.100619%
Salida	3.000000%	2.925098%	-0.074902%
San Luis	3.000000%	2.671403%	-0.328597%
Sawpit	3.000000%	2.899536%	-0.100464%
Sedgwick	1.000000%	0.896981%	-0.103019%
Seibert	2.000000%	1.366295%	-0.633705%
Severance	3.000000%	2.751806%	-0.248194%
Silt	3.000000%	2.899073%	-0.100927%
Silver Cliff	2.000000%	1.936593%	-0.063407%
Silver Plume	3.000000%	2.947592%	-0.052408%
Silverton	1.000000%	0.884160%	-0.115840%
Simla	4.000000%	2.050822%	-1.949178%
South Fork	2.000000%	1.861730%	-0.138270%
Springfield	2.000000%	1.939692%	-0.060308%
Stratton	2.000000%	1.514018%	-0.485982%
Superior	3.460000%	3.390400%	-0.069600%
Trinidad	4.000000%	3.891569%	-0.108431%
Victor	3.000000%	2.727526%	-0.272474%
Walden	1.000000%	0.975491%	-0.024509%
Walsenburg	3.000000%	2.900261%	-0.099739%
Walsh	3.000000%	2.854299%	-0.145701%
Ward	2.000000%	1.901139%	-0.098861%
Wellington	3.000000%	2.758788%	-0.241212%
Westcliffe	2.000000%	1.952072%	-0.047928%
Wiggins	2.000000%	1.901485%	-0.098515%
Wray	2.500000%	2.419894%	-0.080106%
Yampa	2.000000%	1.595777%	-0.404223%
Yuma	3.000000%	2.901897%	-0.098103%
State-Collected Colorado County Sales Taxes			
Adams	0.750000%	0.514386%	-0.235614%
Alamosa	2.000000%	1.940374%	-0.059626%
Arapahoe	0.250000%	0.193226%	-0.056774%
Archuleta	4.000000%	3.910226%	-0.089774%
Bent	1.000000%	0.976442%	-0.023558%
Boulder	0.800000%	0.633504%	-0.166496%
Chaffee	2.000000%	1.947121%	-0.052879%

Recommendations for a Uniform Sales and Use Tax Base

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
Clear Creek	1.000000%	0.974427%	-0.025573%
Costilla	1.000000%	0.971696%	-0.028304%
Crowley	2.000000%	1.944527%	-0.055473%
Custer	2.000000%	1.600030%	-0.399970%
Delta	2.000000%	1.939541%	-0.060459%
Douglas	1.000000%	0.839029%	-0.160971%
Eagle	1.500000%	1.201706%	-0.298294%
Elbert	1.000000%	0.765429%	-0.234571%
El Paso	1.000000%	0.831710%	-0.168290%
Fremont	1.500000%	1.194925%	-0.305075%
Garfield	1.000000%	0.782332%	-0.217668%
Grand	1.000000%	0.977432%	-0.022568%
Gunnison	1.000000%	0.967989%	-0.032011%
Hindsdale	5.000000%	4.894309%	-0.105691%
Huerfano	2.000000%	1.936457%	-0.063543%
Jackson	4.000000%	3.886636%	-0.113364%
Jefferson	0.500000%	0.485493%	-0.014507%
Lake	4.000000%	3.909195%	-0.090805%
La Plata	2.000000%	1.919453%	-0.080547%
Larimer	0.700000%	0.569455%	-0.130545%
Lincoln	2.000000%	1.867398%	-0.132602%
Logan	1.000000%	0.960843%	-0.039157%
Mesa	2.000000%	1.588885%	-0.411115%
Mineral	2.600000%	2.533769%	-0.066231%
Moffat	2.000000%	1.913186%	-0.086814%
Montrose	1.000000%	0.972583%	-0.027417%
Otero	1.000000%	0.719993%	-0.280007%
Ouray	2.000000%	1.959317%	-0.040683%
Park	1.000000%	0.801657%	-0.198343%
Phillips	1.000000%	0.947370%	-0.052630%
Pitkin	3.600000%	3.520112%	-0.079888%
Pitkin (In Basalt)	2.600000%	2.520758%	-0.079242%
Prowers	1.000000%	0.968750%	-0.031250%
Pueblo	1.000000%	0.777065%	-0.222935%
Rio Blanco	3.600000%	3.090591%	-0.509409%
Rio Grande	2.600000%	2.510172%	-0.089828%
Routt	1.000000%	0.836268%	-0.163732%
Saquache	1.000000%	0.715032%	-0.284968%
San Juan	4.000000%	3.927555%	-0.072445%
San Miguel	1.000000%	0.872058%	-0.127942%
Sedgwick	2.000000%	1.909130%	-0.090870%

Recommendations for a Uniform Sales and Use Tax Base

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
Summit	2.750000%	2.396771%	-0.353229%
Teller	1.000000%	0.811697%	-0.188303%
Washington	1.500000%	1.090683%	-0.409317%
Home Rule Cities for Which the State Does Not Collect Local Sales Taxes			
Alamosa	2.000000%	2.033552%	No change
Arvada	3.460000%	3.350661%	-0.109339%
Aspen	2.100000%	2.119992%	No change
Aurora	3.750000%	3.322608%	-0.427392%
Avon	4.000000%	3.932203%	-0.067797%
Black Hawk	5.500000%	5.120320%	-0.379680%
Boulder	3.410000%	3.471879%	No change
Breckenridge	2.500000%	2.588354%	No change
Brighton	3.750000%	3.644870%	-0.105130%
Broomfield	4.150000%	4.058161%	-0.091839%
Broomfield Flatiron Improvement District	0.200000%	0.199994%	-0.000006%
Broomfield Arista Improvement District	0.200000%	0.199994%	-0.000006%
Canon City	2.000000%	1.971770%	-0.028230%
Carbondale	3.500000%	3.419074%	-0.080926%
Castle Rock	4.000000%	3.863950%	-0.136050%
Centennial	2.500000%	1.879514%	-0.620486%
Central City	4.000000%	3.974614%	-0.025386%
Cherry Hills Village	3.500000%	3.471866%	-0.028134%
Colorado Springs	2.500000%	2.425501%	-0.074499%
Commerce City	3.500000%	2.923656%	-0.576344%
Cortez	4.050000%	3.955348%	-0.094652%
Crested Butte	4.000000%	3.967157%	-0.032843%
Delta	3.000000%	2.689240%	-0.310760%
Denver	3.620000%	3.342718%	-0.277282%
Durango	3.000000%	2.931732%	-0.068268%
Edgewater	3.500000%	3.441489%	-0.058511%
Englewood	3.500000%	3.684715%	No change
Evans	3.500000%	3.276373%	-0.223627%
Federal Heights	4.000000%	3.814309%	-0.185691%
Fort Collins	3.850000%	3.393814%	-0.456186%
Frisco	2.000000%	1.986541%	-0.013459%
Glendale	3.750000%	3.707732%	-0.042268%
Glenwood Springs	3.700000%	3.445705%	-0.254295%
Golden	3.000000%	2.935628%	-0.064372%
Grand Junction	2.750000%	2.276710%	-0.473290%

Recommendations for a Uniform Sales and Use Tax Base

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
Greeley	3.460000%	3.421286%	-0.038714%
Greenwood Village	3.000000%	2.940289%	-0.059711%
Gunnison	4.000000%	3.839864%	-0.160136%
Gypsum	4.000000%	3.633251%	-0.366749%
Lafayette	3.500000%	3.348445%	-0.151555%
La Junta	3.000000%	2.854700%	-0.145300%
Lakewood	3.000000%	2.630481%	-0.369519%
Lamar	3.250000%	3.062314%	-0.187686%
Larkspur	4.000000%	3.776636%	-0.223364%
Littleton	3.000000%	2.888395%	-0.111605%
Lone Tree	1.812500%	1.745930%	-0.066570%
Longmont	3.275000%	2.900518%	-0.374482%
Louisville	3.500000%	3.403988%	-0.096012%
Loveland	3.000000%	2.913744%	-0.086256%
Montrose	3.000000%	2.932309%	-0.067691%
Mt. Crested Butte	5.000000%	4.736810%	-0.263190%
Mountain Village	4.500000%	3.993368%	-0.506632%
Northglenn	4.000000%	4.072576%	No change
Parker	3.000000%	2.961931%	-0.038069%
Pueblo	3.500000%	3.553775%	No change
Ridgway	3.600000%	3.428239%	-0.171761%
Rifle	3.500000%	3.332791%	-0.167209%
Sheridan	3.500000%	2.586172%	-0.913828%
Silverthorn	2.000000%	1.991285%	-0.008715%
Snowmass Village	3.500000%	3.491474%	-0.008526%
Steamboat Springs	4.750000%	4.600459%	-0.149541%
Sterling	3.000000%	2.916135%	-0.083865%
Telluride	4.500000%	4.185963%	-0.314037%
Thornton	3.750000%	3.727957%	-0.022043%
Timnath	3.000000%	2.980630%	-0.019370%
Vail	4.000000%	3.958279%	-0.041721%
Westminster	3.850000%	3.907244%	No change
Wheat Ridge	3.000000%	2.959945%	-0.040055%
Windsor	3.200000%	3.103466%	-0.096534%
Winter Park	5.000000%	4.834443%	-0.165557%
Woodland Park	3.000000%	2.910664%	-0.089336%
Other Jurisdictions			
Regional Transportation District (RTD)	1.000000%	0.802145%	-0.197855%
Scientific and Cultural Facilities District (CD)	0.100000%	0.082603%	-0.017397%

Recommendations for a Uniform Sales and Use Tax Base

Jurisdiction	Current Sales Tax Rate (to 6 decimal places)	New Required Sales Tax Rate to Reach Revenue Neutrality (to 6 decimal places)	Change in Rate
MTS, Eagle County	0.500000%	0.428275%	-0.071725%
MTS, Pitkin County	0.500000%	0.490264%	-0.009736%
MTS, Summit County	0.750000%	0.734790%	-0.015210%
RTA, Baptist Road	1.000000%	0.833207%	-0.166793%
RTA, Gunnison Valley (county ex some towns)	0.600000%	0.441874%	-0.158126%
RTA, Gunnison Valley (city of Gunnison)	0.350000%	0.289556%	-0.060444%
RTA, Pikes Peak	1.000000%	0.830131%	-0.169869%
RTA, Roaring Fork (Basalt/New Castle)	0.800000%	0.633037%	-0.166963%
RTA, Roaring Fork (Carbondale/Glenwood)	1.000000%	0.752057%	-0.247943%
RTA, Roaring Fork (Aspen/Snowmass Village)	0.400000%	0.353396%	-0.046604%
RTA, Roaring Fork (unincorporated areas)	0.600000%	0.500913%	-0.099087%
RTA, South Platte Valley	0.100000%	0.078911%	-0.021089%
MHA, Summit County	0.125000%	0.105989%	-0.019011%
PSI, Montrose County	0.750000%	0.729292%	-0.020708%
MDT, Aspen Park	0.250000%	0.180392%	-0.069608%
MDT, Bachelor Gulch	3.000000%	2.692517%	-0.307483%
LID, Boulder County	1.000000%	0.715408%	-0.284592%
LID, Douglas County	0.500000%	0.417359%	-0.082641%
LID, Southeast Jefferson County	0.500000%	0.408660%	-0.091340%
LID, Southeast Jefferson County (Lakewood)	0.430000%	0.360672%	-0.069328%
Mesa Gateway LID	1.000000%	0.873495%	-0.126505%
Mesa Whitewater LID	1.000000%	0.798525%	-0.201475%

Appendix H: Uniform Definitions

As required by HB13-2288, we provide in this appendix the list of uniform definitions of items that are exempt from taxation by the State and local taxing jurisdictions. The definitions provided here were used to compile the list of tax-exempt items provided in Appendix H.

“Tangible personal property” means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses. “Tangible personal property” includes electricity, water, gas, steam, and prewritten computer software.

Pursuant to these definitions:

- 1) 800 service means a telecommunications service that allows a caller to dial a toll-free number without incurring a charge for the call. The service is typically marketed under the name 800, 855, 866, 877, and 888 toll-free calling, and any subsequent numbers designated by the Federal Communications Commission.
- 2) 900 service means an inbound toll telecommunications service purchased by a subscriber that allows the subscriber’s customers to call in to the subscriber’s prerecorded announcement or live service. 900 service does not include the charge for: collection services provided by the seller of the telecommunications services to the subscriber, or service or product sold by the subscriber to the subscriber’s customer. The service is typically marketed under the name 900 service, and any subsequent numbers designated by the Federal Communications Commission.
- 3) Agricultural compounds means:
 - a. Insecticides, fungicides, growth-regulating chemicals, enhancing compounds, vaccines, and hormones;
 - b. Drugs, whether dispensed in accordance with a prescription or not, that are used for the prevention or treatment of disease or injury in livestock;
 - c. Animal pharmaceuticals that have been approved by the food and drug administration.
- 4) Aircraft means any contrivance now known or hereafter invented, used, or designed for navigation or flight through the air and designed to carry at least one person. Aircraft shall not include aircraft parts.
- 5) Aircraft parts means tangible personal property that is to be permanently affixed or attached as a component part of an aircraft. Aircraft parts include, but are not limited to expendable aircraft parts and rotatable aircraft parts.
- 6) Airline Company means any operator who engages in the carriage by aircraft of persons or property as a common carrier for compensation or hire, or the carriage of mail, or any aircraft operator who operates regularly between two (2) or more points and publishes a flight schedule. Airline Company shall not include operators whose aircraft are all certified for a gross takeoff weight of twelve thousand five hundred (12,500) pounds or less and who do not engage in scheduled service or mail carriage service.

- 7) Alcoholic Beverages means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume. (Streamline)
- 8) Ancillary services means services that are associated with or incidental to the provision of telecommunications services, including but not limited to detailed telecommunications billing, directory assistance, vertical service, and voice mail services. (Streamline)
- 9) Auction shall mean any sale where tangible personal property is sold by an auctioneer who is either the agent for the owner of such property or is, in fact, the owner thereof. (Uniform)
- 10) Automobile Vehicle shall mean any vehicle or device in, upon, or by which any person or property is or may be transported or drawn upon a public highway, or any device used or designed for aviation or flight in the air. Automotive vehicle includes, but is not limited to, motor vehicles, trailers, semi-trailers, or mobile homes. Automotive vehicle shall not include devices moved by human power or used exclusively upon stationary rails or tracks. (Uniform)
- 11) Bingo equipment means: With respect to bingo or lotto, the receptacle and numbered objects drawn from it, the master board upon which such objects are placed as drawn, the cards or sheets bearing numbers or other designations to be covered and the objects used to cover them, the board or signs, however operated, used to announce or display the numbers or designations as they are drawn, public address system, and all other articles essential to the operation, conduct, and playing of bingo or lotto; or, with respect to raffles, implements, devices, and machines designed, intended, or used for the conduct of raffles and the identification of the winning number or unit and the ticket or other evidence or right to participate in raffles. Bingo equipment includes electronic devices used as aids in the game of bingo.
- 12) Bingo-raffle licensee means any qualified organization to which a bingo-raffle license has been issued by the licensing authority.
- 13) Bottled water means water that is placed in a safety sealed container or package for human consumption. Bottled water is calorie free and does not contain sweeteners or other additives except that it may contain: (i) antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and (vii) only those flavors, extracts, or essences derived from a spice or fruit. Bottled water includes water that is delivered to the buyer in a reusable container that is not sold with the water. (Streamline)
- 14) A bundled transaction is the retail sale of two or more products, except real property and services to real property, where (1) the products are otherwise distinct and identifiable, and (2) the products are sold for one non-itemized price. A bundled transaction does not include the sale of any products in which the sales price varies, or is negotiable, based on the selection by the purchaser of the products included in the transaction.
 - a. Distinct and identifiable products does not include:
 - i. Packaging – such as containers, boxes, sacks, bags, and bottles – or other materials – such as wrapping, labels,

- tags, and instruction guides – that accompany the retail sale of the products and are incidental or immaterial to the retail sale thereof. Examples of packaging that are incidental or immaterial include grocery sacks, shoeboxes, dry cleaning garment bags and express delivery envelopes and boxes.
- ii. A product provided free of charge with the required purchase of another product. A product is provided free of charge if the sales price of the product purchased does not vary depending on the inclusion of the product provided free of charge.
 - iii. Items included in the member state's definition of sales price, pursuant to Appendix C of the Agreement.
(Streamline)
- 15) Candy means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. Candy shall not include any preparation containing flour and shall require no refrigeration.
(Streamline)
- 16) Cigarette means a well-known, recognized and definite article consisting of tobacco of a peculiar kind distinguished by its light color and mildness and rolled in a paper wrapper and does not include an article consisting of a cylindrical roll of cigar-leaf tobacco.
- 17) Cleanroom 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.
- 18) Coin-Operated Device shall mean any device operated by coins or currency or any substitute therefor. (Westminster)
- 19) Coins means monetized bullion or other forms of money manufactured from gold, silver, platinum, palladium or other such metals now, in the future or heretofore designated as a medium of exchange under the laws of this State, the United States or any foreign nation.
- 20) Computer means an electronic device that accepts information in digital or similar form and manipulates it for a result based on a sequence of instructions. (Streamline)
- 21) Computer software means a set of coded instructions designed to cause a computer or automatic data processing equipment to perform a task.
- 22) Conference bridging service means an ancillary service that links two or more participants of an audio or video conference call and may include the provision of a telephone number. Conference bridging service does not include the telecommunications services used to reach the conference bridge.
- 23) Construction Equipment shall mean any equipment used by a person in making improvements or building structures. (Uniform)
- 24) Construction and building materials means tangible personal property which, when combined with other tangible property, loses its identity to

become an integral and inseparable part of a structure or project, and the term includes public and private improvements to real property.

Construction and building materials include, but are not limited to, such things as: asphalt, bricks, builders' hardware, caulking material, cement, concrete, conduit, electric wiring and connections, fireplace inserts, electrical heating and cooling equipment, flooring, glass, gravel, insulation, lath, lead, lime, lumber, macadam, millwork, mortar, oil, paint, piping, pipe valves and pipe fittings, plaster, plumbing fixtures, putty, reinforcing mesh, road base, roofing, sand, sanitary sewer pipe, sheet metal, site lighting, steel, stone, stucco, tile, trees, shrubs and other landscaping materials, wall board, wall coping, wall paper, weather stripping, wire netting and screen, water mains and meters, and wood preserver. The above materials, when used for forms, or other items which do not remain as an integral or inseparable part of a structure or project are not construction materials.

(Uniform)

- 25) Consumer shall mean any individual person or person engaged in business in the taxing jurisdiction who uses, stores, distributes or otherwise consumes in the taxing jurisdiction tangible personal property or taxable services purchased from sources inside or outside the taxing jurisdiction.

(Uniform)

- 26) Dairy equipment means any item that is used at a farm dairy in connection with the production of raw milk and not at a commercial dairy in connection with the production of pasturized, separated milk products for retail sale, including, without limitation, milking claws, shells, inflators, pulsators, meters, cow identification systems, transponders, automatic takeoffs, piping, receiver jars, pumps, filter assemblies, milk containment tanks, cooling compressors, wash vats, clean in place assemblies, wash lines, wash control units, pulsator controls, milking system controls, programmable logical control systems, vacuum pumps, vacuum distribution tanks, backflush and related valves, rubber and similar hoses, rubber and similar gaskets, and any other similar or related item used in any farm dairy facility or farm dairy operation or in the production of raw milk, regardless of whether or not the item has become a fixture. To the extent the farm dairy is also involved in the production of pasturized, separated milk products for retail sale, only the equipment used exclusively in the production of raw milk constitutes dairy equipment for purposes of this section.

- 27) Delivered electronically means delivered to the purchaser by means other than tangible storage media. (Streamline)

- 28) Detailed telecommunications billing service means an ancillary service of separately stating information pertaining to individual calls on a customer's billing statement.

- 29) Dietary supplement means any product, other than tobacco, intended to supplement the diet that:

a. Contains one or more of the following dietary ingredients:

- i. A vitamin;
- ii. A mineral;
- iii. An herb or other botanical;
- iv. An amino acid;

- v. A dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or
 - vi. A concentrate, metabolite, constituent, extract, or combination of any ingredient described in above; and
 - b. Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such a form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and
 - c. Is required to be labeled as a dietary supplement, identifiable by the Supplemental Facts box found on the label and as required pursuant to 21 C.F.R § 101.36. (Streamline)
- 30) Directory assistance means an ancillary service of providing telephone number information, and/or address information.
- 31) Drug means a compound, substance or preparation, and any component of a compound, substance or preparation, other than food and food ingredients, dietary supplements or alcoholic beverages:
- a. Recognized in the official United State Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them; or
 - b. Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or
 - c. Intended to affect the structure or any function of the body. (Streamline)
- 32) Durable medical equipment means equipment including repair and replacement parts for same, but does not include mobility enhancing equipment, which:
- a. Can withstand repeated use; and
 - b. Is primarily and customarily used to serve a medical purpose; and
 - c. Generally is not useful to a person in the absence of illness or injury; and
 - d. Is not worn in or on the body. (Streamline)
- 33) Electronic means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities. (Streamline)
- 34) Engaged in Business shall mean performing or providing services or selling, leasing, renting, delivering or installing tangible personal property for storage, use or consumption within the taxing jurisdiction. Engaged in business in the taxing jurisdiction includes, but is not limited to, any one of the following activities by a person:
- a. Directly, indirectly, or by a subsidiary maintains a building, store, office, salesroom, warehouse, or other place of business within the taxing jurisdiction;
 - b. Sends one (1) or more employees, agents or commissioned sales persons into the taxing jurisdiction to solicit business or to install, assemble, repair, service, or assist in the use of its products, or for demonstration or other reasons;
 - c. Maintains one (1) or more employees, agents or commissioned sales persons on duty at a location within the taxing jurisdiction;
 - d. Owns, leases, rents or otherwise exercises control over real or personal property within the taxing jurisdiction; or

- e. Makes more than one (1) delivery into the taxing jurisdiction within a twelve- (12) month period. (Uniform)
- 35) Farm Closeout Sale shall mean full and final disposition of all tangible personal property previously used by a farmer or rancher in farming or ranching operations that are being abandoned. (Uniform)
- 36) Farm equipment means any farm tractor, as defined in section 42-1-102 (33), C.R.S., any implement of husbandry, as defined in section 42-1-102 (44), C.R.S., and irrigation equipment having a per unit purchase price of at least one thousand dollars. Farm equipment also includes, regardless of purchase price, farm equipment attachments and bailing wire, binders twine, and surface wrap used primarily and directly in any farm operation. On and after July 1, 2000, farm equipment also includes, regardless of purchase price, parts that are used in the repair or maintenance of the farm equipment described in this paragraph, all shipping pallets, crates, or aids paid for by a farm operation, and aircraft designed or adapted to undertake agricultural applications. On and after July 1, 2001, farm equipment also includes, regardless of purchase price, dairy equipment. Except for shipping pallets, crates, or aids used in the transfer or shipping of agricultural products, farm equipment does not include:
 - a. Vehicles subject to the registration requirements of section 42-3-103, C.R.S., regardless of the purpose for which such vehicles are used;
 - b. Machinery, equipment, materials, and supplies used in a manner that is incidental to a farm operation;
 - c. Maintenance and janitorial equipment and supplies; and
 - d. Tangible personal property used in any activity other than farming, such as office equipment and supplies and equipment and supplies used in the sale or distribution of farm products, research, or transportation.
- 37) Farm equipment attachments means any equipment or machinery added to an exempt farm tractor or implement of husbandry that aids or enhances the performance of such tractor or implement.
- 38) Farm operation means the production of any of the following products for profit, including, but not limited to, a business that hires out to produce or harvest such product.
- 39) Food means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food does not include alcoholic beverages, tobacco, bottled water, candy, dietary supplements, or soft drinks.
- 40) Food sold through vending machines means food dispensed from a machine or other mechanical device that accepts payment. (Streamline)
- 41) Gasoline means any flammable liquid used primarily as a fuel for the propulsion of motor vehicles, motor boats, or aircraft. Gasoline does not include diesel engine fuel, kerosene, liquefied petroleum gas, natural gas, and products, including kerosene, specially prepared, sold, and used in aircraft operated by scheduled air carriers or commuter airline operators exempt from the federal aviation fuels tax; except that gasoline does include products, including kerosene, specially prepared, sold, and used in any other aircraft. Except as otherwise provided in this definition.

- 42) Grooming and hygiene products are soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, regardless of whether the items meet the definition of over-the-counter-drugs. (Streamline)
- 43) Internet access services means services that provide or enable computer access by multiple users to the internet, but shall not include that portion of packaged or bundled services providing phone or television cable services when the package or bundle includes the sale of internet access services.
- 44) Livestock means cattle, horses, mules, burros, sheep, lambs, poultry, swine, ostrich, llama, alpaca, and goats, regardless of use, and any other animal which is raised primarily for food, fiber, or hide production. Livestock shall also mean alternative livestock as defined under section 35-41.5-102, C.R.S. Livestock shall not mean a pet animal as defined under section 35-80-102 (10), C.R.S.(5.6).
- 45) Load and leave means delivery to the purchaser by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser. (Streamline)
- 46) Long-term power purchase agreement means an agreement executed between one or more independent power producers and a provider of retail electric service for a term of no less than ten years, pursuant to which the independent power producer or producers agree to sell all of the production offered for sale from a particular power generation facility for a specified price over a specified term.
- 47) Machinery means any apparatus consisting of interrelated parts used to produce an article of tangible personal property. The term includes both the basic unit and any adjunct or attachment necessary for the basic unit to accomplish its intended function.
- 48) Machinery that comprises a cleanroom shall include, but shall not be limited to, the following machinery 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. Machinery that comprises a cleanroom shall not include a building or a permanent, nonremovable component of a building that houses the cleanroom.
- 49) Manufacturing means the operation of producing a new product, article, substance, or commodity different from and having a distinctive name, character, or use from raw or prepared materials.
- 50) Mobility enhancing equipment means equipment including repair and replacement parts to same, but does not include durable medical equipment, which:

- a. Is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either in a home or a motor vehicle; and
 - b. Is not generally used by persons with normal mobility; and
 - c. Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer. (Streamline)
- 51) Motor vehicle means any self-propelled vehicle required to be licensed or subject to licensing for operation upon the highways of this state, including a vehicle that uses a hybrid propulsion system.
- 52) Newspaper Every newspaper printed and published daily, or daily except Sundays and legal holidays, or on each of any five days in every week excepting legal holidays and including or excluding Sundays shall be considered and held to be a daily newspaper; every newspaper printed and published at regular intervals three times each week shall be considered and held to be a triweekly newspaper; every newspaper printed and published at regular intervals twice each week shall be considered and held to be a semiweekly newspaper; and every newspaper printed and published at regular intervals once each week shall be considered and held to be a weekly newspaper. No publication, no matter how frequently published, shall be considered a legal publication unless it has been admitted to the United States mails with periodicals mailing privileges. (Uniform)
- 53) Occasional sales means retail sales of tangible personal property, including concessions, for fund-raising purposes if:
- a. The sale of tangible personal property or concessions by the charitable organization takes place no more than twelve days, whether consecutive or not, during any one calendar year;
 - b. The funds raised by the charitable organization through these sales are retained by the organization to be used in the course of the organization's charitable service; and
 - c. The funds raised by the charitable organization through these sales do not exceed twenty-five thousand dollars during any one calendar year.
- 54) Over-the-counter-drug means a drug that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66. A member state may exclude grooming and hygiene products from this definition. The over-the-counter-drug label includes:
- a. A Drug Facts panel; or
 - b. A statement of the active ingredient(s) with a list of those ingredients contained in the compound, substance or preparation. (Streamline)
- 55) Parent means a parent of a student.
- 56) Parts used for converting shall mean the wiring, fuel lines, engine coolant system, fuel storage containers, fuel control system, and other components associated with reducing the emissions characteristics of an engine or motor.
- 57) Power source for any motor vehicle means the engine or motor and associated wiring, fuel lines, engine coolant system, fuel storage containers, and miscellaneous components.

- 58) Precious Metal Bullion means any precious metal, including but not limited to gold, silver, platinum and palladium, that has been put through a process of refining and is in such a state or condition that its value depends upon its precious metal content and not its form.
- 59) Prepackaged for repeated sale or license means computer software that is prepackaged for repeated sale or license in the same form to multiple users without modification. (Streamline)
- 60) Prepaid calling service means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.
- 61) Prepaid wireless calling service means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunications services including the download of digital products delivered electronically, content and ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount.
- 62) Prepress preparation material means all materials used by those in the printing industry including, but not limited to, airbrush color photos, color keys, dies, engravings, light-sensitive film, light-sensitive paper, masking materials, Mylar, plates, proofing materials, tape, transparencies, and veloxes, which are used by printers in the preparation of customer specific layouts or in plates used to fill customers' printing orders, which are eventually sold to a customer, either in their original purchase form or in an altered form, and for which a sales or use tax is demonstrably collected from the printer's customer, if applicable, either separately from the printed materials or as part of the inclusive price therefor. Materials sold to a printer which are used by the printer for the printer's own purposes, and are not sold, either directly or in an altered form, to a customer, are not included within this definition.
- 63) Preprinted newspaper supplements means inserts, attachments or supplements circulated in newspapers that: 1.) Are primarily devoted to advertising; and 2.) The distribution, insertion, or attachment of which is commonly paid for by the advertiser. (Uniform)
- 64) Prepared food means:
- a. Food sold in a heated state or heated by the seller;
 - b. Two or more food ingredients mixed or combined by the seller for sale as a single item; or
 - c. Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food.
- Prepared food in (b) does not include food that is only cut, repackaged, or pasteurized by the seller, and eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the Food and Drug Administration in chapter 3, part 401.11 of its Food Code so as to prevent food borne illnesses. (Streamline)

- 65) Prescription means an order, formula or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed practitioner authorized by the laws of the member state. (Streamline)
- 66) Prewritten computer software means computer software, including prewritten upgrades which is not designed and developed by the author or other creator to the specifications of a specific purchaser. The combining of two or more prewritten computer software programs or prewritten portions thereof does not cause the combination to be other than prewritten computer software. Prewritten computer software includes software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the specific purchaser. Where a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of such person's modifications or enhancements. Prewritten computer software or a prewritten portion thereof that is modified or enhanced to any degree, where such modification or enhancement is designed and developed to the specifications of a specific purchaser, remains prewritten computer software; provided, however, that where there is a reasonable, separately stated charge or an invoice or other statement of the price given to the purchaser for such modification or enhancement, such modification or enhancement shall not constitute prewritten computer software. (Streamline)
- 67) Private communications service means a telecommunications service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.
- 68) Prosthetic device means a replacement, corrective, or supportive device including repair and replacement parts for same worn on or in the body to:
- a. Artificially replace a missing portion of the body;
 - b. Prevent or correct physical deformity or malfunction; or
 - c. Support a weak or deformed portion of the body. (Streamline)
 - d. Corrective eyeglasses;
 - e. Contact lenses;
 - f. Hearing aids; and
 - g. Dental prosthesis.
- 69) Public school means a public school of a school district in this state or an institute charter school.
- 70) Retail sale or Sale at retail means any sale, lease, or rental for any purpose other than for resale, sublease, or subrent.
- 71) Sale or sale and purchase includes installment and credit sales and the exchange of property as well as the sale thereof for money; every such transaction, conditional or otherwise, for a consideration, constituting a sale; and the sale or furnishing of electrical energy, gas, steam, telephone, or telegraph services taxable under the terms of this article. Neither term includes:

- a. A division or partnership or limited liability company assets among the partners or limited liability company members according to their interests in the partnership or limited liability company;
- b. The formation of a corporation by the owners of a Business and the transfer of their Business assets to the corporation in exchange for all the corporation's outstanding stock, except qualifying shares, in proportion to the assets contributed;
- c. The transfer of assets of shareholders in the formation or dissolution of professional corporations;
- d. The dissolution and the pro rata distribution of the corporation's assets to its stockholders;
- e. The transfer of assets from a parent corporation to a subsidiary corporation or corporations which are owned at least eighty percent (80%) by the parent corporation, which transfer is solely in exchange for stock or securities of the subsidiary corporation;
- f. The transfer of assets from a subsidiary corporation or corporations which are owned at least eighty percent (80%) by the parent corporation to a parent corporation or to another subsidiary which is owned at least eighty percent (80%) by the parent corporation, which transfer is solely in exchange for stock or securities of the parent corporation or the subsidiary which received the assets;
- g. A transfer of a limited liability company or partnership interest;
- h. The transfer in a reorganization qualifying under section 368(a)(1) of the Internal Revenue Code of 1986, as amended;
- i. The formation of a limited liability company or partnership by the transfer of assets to the limited liability company or partnership or transfers to a limited liability company or partnership in exchange for proportionate interests in the limited liability company or partnership;
- j. The repossession of personal property by a chattel mortgage holder or foreclosure by a lienholder; or
- k. The transfer of assets between parent and Closely Held Subsidiary Corporations, or between subsidiary corporations closely held by the same parent corporation, or between corporations which are owned by the same shareholders in identical percentage of stock ownership amounts, computed on a share-by-share basis, when a tax imposed by this Article was paid by the transferor corporation at the time it acquired such assets, except to the extent provided by (i).
 - i. Except as otherwise provided in (i), the sales tax is imposed on the full purchase price of articles sold after manufacture or after having been made to order and includes the full purchase price for material used and the service performed in connection therewith, excluding, however, such articles as are otherwise exempted in this article. In connection with the transactions referred to in paragraph (k) of subsection (43) of this section, the sales tax is imposed only on the amount of any increase in the fair market value of such assets resulting from the manufacturing, fabricating, or physical changing of the assets by the transferor

corporation. Except as otherwise provided in (i), the sales price is the gross value of all materials, labor, and service, and the profit thereon, included in the price charged to the user or consumer.

- 72) Sales Price applies to the measure subject to sales or use tax and means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:
- a. The seller's cost of the property sold;
 - b. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
 - c. Charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
 - d. Delivery charges;
 - e. Installation charges; and
 - f. Credit for any trade-in, as determined by state law. (Streamline)
- 73) Sale that benefits a Colorado school means a sale of a commodity or service from which all proceeds of the sale, less only the actual cost of the commodity or service to the person or entity described in subsection (2) of this section, are donated to a school or a school-approved student organization.
- 74) Special fuel means diesel engine fuel, kerosene, liquefied petroleum gas and natural gas used for the generation of power to propel a Motor Vehicle on the highways of the State, but does not include gasoline.
- 75) Specified price means a price set by a long-term power purchase agreement that is not dependent on either the cost of production or the market price of electricity; except that a specified price may provide for a percentage increase over time so long as the percentage increase is specified in the original long-term power purchase agreement and is also not dependent on either the cost of production or the market price of electricity.
- 76) Spray adjuvants means products that are used to increase the effectiveness of a pesticide.
- 77) Soft drinks means non-alcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages that contain milk or milk products, soy, rice or similar milk substitutes, or greater than fifty percent of vegetable or fruit juice by volume. (Streamline)
- 78) Solar thermal system means a system whose primary purpose is to use energy from the sun to produce heat or cold for:
- a. Heating or cooling a residential or commercial building;
 - b. Heating or cooling water; or
 - c. Any industrial, commercial, or manufacturing process.
- 79) Telecommunications service means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term telecommunications service includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission,

conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added.

Telecommunications service does not include:

- a. Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an electronic transmission to a purchaser where such purchaser's primary purpose for the underlying transaction is the processed data or information;
- b. Installation or maintenance of wiring or equipment on a customer's premises;
- c. Tangible personal property;
- d. Advertising, including but not limited to directory advertising.
- e. Billing and collection services provided to third parties;
- f. Internet access service;
- g. Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include but not be limited to cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 CFR 20.3;
- h. Ancillary services; or
- i. Digital products delivered electronically, including but not limited to software, music, video, reading materials or ring tones.

- 80) Tangible personal property means personal property that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses.
- 81) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco. (Streamline)
- 82) Vertical service means an ancillary service that is offered in connection with one or more telecommunications services, which offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including conference bridging services.
- 83) Voice mail service means an ancillary service that enables the customer to store, send or receive recorded messages. Voice mail service does not include any vertical services that the customer may be required to have in order to utilize the voice mail service.
- 84) Wholesaler means a person doing a regularly organized wholesale or jobbing business, and known to the trade as such and selling to retail merchants, jobbers, dealers, or other wholesalers, for the purpose of resale.
- 85) Wholesale sale means a sale by wholesalers to retail merchants, jobbers, dealers, or other wholesalers for resale and does not include a sale by wholesalers to users or consumers not for resale.

Appendix I: Uniform Exemptions

Items That Jurisdictions Can Either Tax or Exempt for Sales Tax Only

Software

1. All sales and purchases of Non-prewritten computer software
2. All sales and purchases of Prewritten computer software
3. All sales and purchases of Prewritten computer software delivered electronically or via load and leave.

Telecommunications

4. Telecommunications service.
 - a. Mobile telecommunications service shall be subject to the tax imposed by this Chapter only if the service is provided by a home service provider to a customer whose place of primary use is within the taxing jurisdiction and the service originates within the taxing jurisdiction; further, the tax shall be collected in accordance with the provisions of the Act.
 - b. As used in this subsection, unless the context otherwise requires:
 - i. Act means the federal Mobile Telecommunications Sourcing Act, 4 U.S.C. Secs. 116 to 126, as amended.
 - ii. Customer means customer as defined in Section 124(2) of the Act.
 - iii. Home Service Provider means home service provider as defined in Section 124(5) of the Act.
 - iv. Mobile Telecommunications Service means mobile telecommunications service as defined in section 124(7) of the Act.
 - v. Place of Primary Use means the place of primary use as defined in Section 124(8) of the Act.
 - c. Telecommunication service shall include 800 service and 900 service.
5. Prepaid calling service.
6. Prepaid wireless calling service.
7. Private communications service.

Healthcare

8. All sales and purchases of durable medical equipment dispensed pursuant to a prescription.
9. Sales and purchases of prosthetic devices.
10. All sales and purchases of prosthetic devices dispensed pursuant to a prescription.
11. All sales and purchases of drugs dispensed pursuant to a prescription.
12. Sales and purchases of Mobility enhancing equipment
13. All sales and purchases of Mobility enhancing equipment dispensed pursuant to a prescription.

14. All sales and purchases of over-the-counter drugs dispensed pursuant to a prescription.
15. Sales and purchases of insulin, in all forms.
16. All sales and purchases of insulin, in all forms, dispensed pursuant to a prescription
17. Sales and purchases of glucose useable for treatment of insulin reactions.
18. All sales and purchases of glucose useable for treatment of insulin reactions dispensed pursuant to a prescription.
19. Sales and purchases of urine- and blood testing kits and materials.
20. All sales and purchases of urine- and blood testing kits and materials dispensed pursuant to a prescription.
21. Sales and purchases of Insulin measuring and injecting devices, including hypodermic syringes and needles.
22. All sales and purchases of Insulin measuring and injecting devices, including hypodermic syringes and needles dispensed pursuant to a prescription.

Food

23. All sales and purchases of Food that is not prepared food.
24. All sales and purchases of Prepared food.
25. All sales and purchases of Food sold by a seller whose proper primary NAICS classification is manufacturing in sector 311, except subsector 3118 (bakeries).
26. All sales and purchases of Food sold in an unheated state by weight or volume as a single item.
27. All sales and purchases of Bottled water.
28. All sales and purchases of Candy.
29. All sales and purchases of Dietary supplements.
30. All sales and purchases of Soft drinks.
31. All sales and purchases of Food sold through vending machines.
32. All sales and purchases of Prepared food for employees.
33. Storage, use, or consumption of food or prepared food that are provided to employees of the places such as: restaurants, cafes, lunch counters, cafeterias, hotels, drugstores, social clubs, nightclubs, cabarets, resorts, snack bars, caterers, carryout shops and other like places of business at which prepared food or drink is regularly sold, including sales from pushcarts, motor vehicles and other mobile facilities, if such are provided to such employees at no charge or at a reduced charge.
34. All sales of food purchased with food stamps. For the purposes of this paragraph, food shall have the same meaning as provided in 7 U.S.C. sec. 2012 (g), as such section exists on October 1, 1987, or is thereafter amended.
35. All sales of food purchased with funds provided by the special supplemental food program for women, infants, and children, as provided for in 42 U.S.C. sec. 1786. For the purposes of this paragraph, food shall have the same meaning as provided in 42

U.S.C. sec. 1786, as such section exists on October 1, 1987, or is thereafter amended.

36. Any sale of any container or bag to a retailer or vendor of food, meals or beverages, which container or bag is to be furnished to a consumer or user for the purpose of packaging or bagging articles of tangible personal property purchased at retail, if a separate charge is not made for the container or bag to the consumer or user, if such container or bag becomes the property of the consumer and if a tax is paid on the retail sale as required by Subsections 4-2-210(1) or (5) of this Article.
37. All sales and purchases of Food sold through vending machines.

All Other Items

38. All sales and purchases of newspapers.
39. All sales and purchases of Preprinted Newspaper Supplements.
40. Direct mail advertising materials that are distributed in Colorado by any person engaged solely and exclusively in the business of providing cooperative direct mail advertising.
41. All sales and purchases of Prepress preparation material
42. All sales and purchases of Tangible personal property sold to a person engaged in manufacturing or processing for sale when the product being manufactured or processed is transformed in fact by the addition of the property, and such property becomes a constituent part of the finished product.
43. All sales and purchases of Tangible person property entered into the processing of food when:
 - a. It is intended that such property become an integral or constituent part of food which is intended to be sold ultimately at retail for human consumption; or
 - b. Such property, whether or not it becomes an integral or constituent part of a food, is a chemical, solvent, agent, mold, skin casing, or other material; is used for the purpose of producing or inducing a chemical or physical change in food or is used for the purpose of placing food in a more marketable condition; and is directly utilized and consumed, dissipated, or destroyed, to the extent it is rendered unfit for further use, in the processing of food which is intended to be sold ultimately at retail for human consumption.
44. Sales and purchases of electricity, coal, gas, fuel oil, steam, coke, or nuclear fuel, for use in processing, manufacturing, mining, refining, irrigation, construction, telegraph, telephone, and radio communication, street and railroad transportation services, and all industrial uses.
45. All sales and purchases of Newsprint and printer's ink for use by publishers, newspapers and commercial printers.
46. The sale of a new or used automotive vehicle to a purchaser who is a nonresident of the jurisdiction and who purchases such automotive vehicle for use outside of the jurisdiction.

47. All sales and purchases of Automotive vehicles and parts and accessories therefor when used or engaged in interstate commerce.
48. The transfer of wireless telecommunication equipment as an inducement to enter into or continue a contract for telecommunication services.
49. All sales to the United States government and to the state of Colorado, its departments and institutions, and the political subdivisions thereof in their governmental capacities only.
50. All sales that this taxing jurisdiction is prohibited from taxing under the constitution or laws of the United States or the state of Colorado and all retail sales within a distance of twenty miles within the boundaries of this state to persons resident, excluding corporations, of adjoining states, which adjoining states do not impose or levy a retail sales tax on such sales, if the residents of the adjoining states are in this state for the express purpose of making purchases and not as tourists.
51. All sales to any occupant who is a permanent resident of any hotel, apartment hotel, lodging house, motel, guest house, guest ranch, or any other place that provides sleeping rooms or facilities, and who enters into or has entered into a written agreement and has subsequently paid for occupancy of a room or rooms or accommodations for a period of at least thirty (30) consecutive days.
52. All sales made to schools, other than schools held or conducted for private or corporate profit.
53. All sales and purchases of Cigarettes
54. All sales and purchases of Internet access services.
55. All sales and purchases of and the storage, use, or consumption of refractory materials and carbon electrodes used by a person manufacturing iron and steel for sale or profit and all sales and purchases of and the storage, use, or consumption of inorganic chemicals used in the processing of vanadium-uranium ores.
56. All sales and purchases of Precious metal bullion and coins.
57. All sales of Construction and building materials to contractors and subcontractors in the building, erection, alteration, or repair of structures, highways, roads, streets, and other public works owned and used by The United States government, the state of Colorado, its departments and institutions, and the political subdivisions thereof in their governmental capacities only.
58. All sales of Construction and building materials to contractors and subcontractors in the building, erection, alteration, or repair of structures, highways, roads, streets, and other public works owned and used by charitable organizations in the conduct of their regular charitable functions and activities.
59. All sales of Construction and building materials to contractors and subcontractors in the building, erection, alteration, or repair of structures, highways, roads, streets, and other public works owned and used by schools, other than schools held or conducted for private or corporate profit.
60. Machinery and Machine Tools:

- a. Sales and Purchases of Machinery or machine tools, or parts thereof, when used in manufacturing. To qualify for this exemption, the machinery must meet all of the following:
 - i. Be used in this taxing jurisdiction.
 - ii. Be used directly and predominately to manufacture Tangible Personal Property for sale or profit. Direct use in Manufacturing is deemed to begin for items normally manufactured from inventoried raw material at the point at which raw material is moved from plant inventory on a contiguous plant site and to end at a point at which Manufacturing has altered the raw material to its completed form, including packaging, if required. Machinery used during the Manufacturing process to move material from one (1) direct production step to another in a continuous flow and Machinery used in testing during the Manufacturing process is deemed to be directly used in Manufacturing. Each individual component of a system is considered to act directly on the manufacture of a product if it is a constituent part of Machinery that acts upon and has a positive effect on the product. Predominately means more than fifty percent (50%).
 - iii. Be of a nature that would have qualified for the Federal Investment Tax Credit under the definition of Section 38, property found, in the Internal Revenue Code of 1954, as amended. This includes Tangible Personal Property with a useful life of one (1) year or more and limits qualifying purchases of used equipment to a maximum of one hundred fifty thousand dollars (\$150,000.00) annually.
 - iv. Be included on a purchase order or invoice totaling more than five hundred dollars (\$500.00).
 - v. Be capitalized.
- b. Sales and Purchases of Machinery, machine tools and parts thereof and materials for the construction or repair of Machinery or machine tools in excess of five hundred dollars (\$500.00), to be used solely and exclusively in an enterprise zone in manufacturing tangible personal property for sale or profit do not have to be capitalized to qualify for the exemption set forth in Subparagraph a. above. For the purpose of this exemption, manufacturing shall include Manufacturing and refining, blasting, exploring, mining and mined land reclamation, quarrying for, processing and beneficiation or otherwise extracting from the earth or from waste or stockpiles or from pits or banks any natural resource.
- c. Purchases of Machinery and machine tools, or parts thereof, used in the production of electricity in a facility for which a

Long-Term Power Purchase Agreement was fully executed between February 5, 2001, and November 7, 2006, whether or not such purchases are capitalized or expensed.

- d. In order to qualify for the exemption under this Paragraph (17), a purchase shall be of such nature that it would have qualified for the investment tax credit against federal income tax as was provided by Section 38 of the federal Internal Revenue Code of 1954, as amended. To receive this exemption, a declaration of entitlement shall be filed by the Purchaser with the vendor of the Machinery or machine tools, or parts thereof, and with this taxing jurisdiction.
61. The sale of construction and building materials to a common carrier by rail operating in interstate or foreign commerce for use by the common carrier in construction and maintenance of its railroad tracks.
 62. The sale of tangible personal property that is to be affixed or attached as a component part of a locomotive, a freight car, railroad work equipment, or other railroad rolling stock.
 63. The sale of locomotives, freight cars, railroad work equipment, and other railroad rolling stock used or purchased for use in interstate commerce by a railroad company.
 64. The sale of aircraft used or purchased for use in interstate commerce by an airline company.
 65. Aircraft parts.
 66.
 - a. The sale of a new or used aircraft if:
 - i. The aircraft is sold to a person who is not a resident of the state;
 - ii. The aircraft will be removed from the state within one hundred twenty days after the date of the sale; and
 - iii. The aircraft will not be in the state more than seventy-three days in any of the three calendar years following the calendar year in which the aircraft is removed from the state pursuant to paragraph (b).
 - b. An aircraft that is hangared or parked overnight shall be considered to be in the state for purposes of this section.
 67. (a) The sale of a new or used trailer, semitrailer, truck, truck tractor, or truck body manufactured within this jurisdiction if such vehicle is purchased from the manufacturer for use exclusively outside this jurisdiction or in interstate commerce and is delivered by the manufacturer to the purchaser within this jurisdiction, if the purchaser drives or moves such vehicle to any point outside this state within thirty days after the date of delivery, and if the purchaser furnishes an affidavit to the manufacturer that such vehicle will be permanently licensed and registered outside this jurisdiction and will be removed from this jurisdiction within thirty days after the date of delivery; and
(b) The sale of a new or used trailer, semitrailer, truck, truck tractor, or truck body if such vehicle is purchased for use exclusively outside this jurisdiction or in interstate commerce and is delivered by the

manufacturer or licensed Colorado dealer to the purchaser within this jurisdiction, if the purchaser drives or moves such vehicle to any point outside this jurisdiction within thirty days after the date of delivery, and if the purchaser furnishes an affidavit to the seller that such vehicle will be permanently licensed and registered outside this jurisdiction and will be removed from this jurisdiction within thirty days after the date of delivery.

68. Any right to the continuous possession or use for three years or less of any article of tangible personal property under a lease or contract, if the lessor has paid to the state of Colorado a sales or use tax on such tangible personal property upon its acquisition. The taxing jurisdiction may permit a lessor of Tangible Personal Property leased for a period of three (3) years or less to acquire the property free of sales or use tax if the lessor agrees to collect sales tax on all lease payments received on the property. The transfer of tangible personal property without consideration, other than the purchase, sale, or promotion of the transferor's product, to an out-of-state vendee for use outside of this state in selling products normally sold at wholesale by the transferor.
69. The sale of tangible personal property for testing, modification, inspection, or similar type of activities in this state if the ultimate use of the property in manufacturing or similar type of activities occurs outside of this state and if the test, modification, or inspection period does not exceed ninety days.
70. All sales and purchases of tangible personal property by a manufacturer that uses the property as a component part of goods that it manufactures, including, but not limited to, high technology goods, and that donates such goods to the United States government; the state of Colorado or any department, institution, or political subdivision thereof; or any organization exempt from federal income taxes pursuant to section 501 (c) (3) of the Internal Revenue Code of 1986, as amended, to the extent that the aggregate value of the goods included in a single donation exceeds one thousand dollars.
71. All commodities upon which there has been accrued or paid either the gasoline tax or special fuel tax required by Article 27 of Title 39, C.R.S., and that is not subject to refund.
72. All sales and purchases of electricity, coal, wood, gas, fuel oil, or coke sold, but not for resale, to occupants of residences, whether owned, leased, or rented by said occupants, for the purpose of operating residential fixtures and appliances that provide light, heat, and power for such residences.
73. The sale of special fuel used for the operation of farm vehicles when such vehicles are being used on farms and ranches.
74. All sales and purchases of farm equipment.
75. Any farm equipment under lease or contract, if the fair market value of the equipment is at least one thousand dollars and the equipment is rented or leased for use primarily and directly in any farm operation.

76. All sales and purchases of agricultural compounds to be consumed by, administered to or otherwise used in caring for livestock.
77. All sales and purchases of bull semen for agricultural and ranching purposes.
78. All sales and purchases of spray adjuvants.
79. All sales and purchases of pesticides that are registered by the commissioner of agriculture for use in the production of agricultural and livestock products pursuant to the provisions of the Pesticide Act, article 9 of title 35, C.R.S., as amended, and offered for sale by dealers licensed to sell such pesticides pursuant to section 35-9-115, C.R.S., as amended.
80. All sales and purchases of livestock.
81. All sales and purchases of live fish for stocking purposes.
82. All farm closeout sales.
83. All sales and purchases of straw and other bedding for use in the care of livestock.
84. All sales made to charitable organizations, in the conduct of their regular charitable functions and activities.
85. Any sales made by veterans' organization that qualifies as a charitable organization pursuant to section 39-26-102 (2.5) C.R.S only for the purpose of sponsoring a special event, meeting, or other function in this jurisdiction that is not part of the organization's regular activities in the state.
86. Occasional sales made by a charitable organization.
87. The sale of any motor vehicle, power source for any motor vehicle, or parts used for converting the power source for any motor vehicle, if the gross vehicle weight rating of the motor vehicle is greater than ten thousand pounds and if the motor vehicle, power source, or parts used for converting the power source are certified by the federal environmental protection agency or any state as provided in the Federal Clean Air Act as meeting an emission standard equal to or more stringent than the low-emitting vehicle emission standard.
88. All sales of bingo equipment to a bingo-raffle license
89. Forty-eight percent of the purchase price of factory-built housing, as such housing is defined in section 24-32-703(3), C.R.S., as amended, except that the entire purchase price in any subsequent sale of a manufactured home, as such vehicle is defined in section 42-1-102(106)(b), C.R.S., as amended, after such manufactured home has been once subject to the payment of sales tax by virtue of section 39-26-113, C.R.S., as amended.
90. Sales by an association or organization of parents and teachers of public school students that is a charitable organization, if the association or organization uses the funds raised through the sale for the benefit of a public school or an organized public school activity or to pay the reasonable expenses of the association or organization.
91. All sales and purchases 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.

92. All sales and purchases of wood from salvaged trees killed or infested in Colorado by mountain pine beetles or spruce beetles, including but not limited to products such as lumber, furniture built from the salvaged trees, and wood chips or wood pellets generated from the salvaged trees.
93. All sales and purchases of components used in the production of alternating current electricity from a renewable energy source, including but not limited to wind.
 - a. Components used in the production of alternating current electricity from a renewable energy source shall include, but shall not be limited to, wind turbines, rotors and blades, solar modules, trackers, generating equipment, supporting structures or racks, inverters, towers and foundations, balance of system components such as wiring, control systems, switchgears, and generator step-up transformers, and concentrating solar power components that include, but are not limited to, mirrors, plumbing, and heat exchangers. Components used in the production of alternating current electricity from a renewable energy source shall not include any components beyond the point of generator step-up transformers located at the production site, labor, energy storage devices, or remote monitoring systems.
94. All sales and purchases of components used in solar thermal systems.
 - a. Components used in solar thermal systems shall include, but shall not be limited to:
 - i. Solar collectors, including flat-plate collectors, evacuated tube collectors, solar air collectors, and concentrating solar thermal collectors;
 - ii. Tanks for the storage of gases or liquids that have been heated or cooled by solar-generated energy;
 - iii. Pumps, impellers, and fans for the circulation of gases or liquids that have been heated or cooled by solar-generated energy;
 - iv. Heat exchangers used to transfer solar-generated energy;
 - v. Support structures, racks, and foundations for any components listed in subparagraphs (i) to (iv); and
 - vi. Any other system components such as piping, valves, gauges, fittings, insulation, and controls for any components listed in subparagraphs (i) to (iv).
95. A sale of a commodity or service from which all proceeds of the sale, less only the actual cost of the commodity or service to the person or entity described below, are donated to a school or a school-approved student organization if the sale is made by any of the following:

- a. A public school;
 - b. An association or organization of parents and school teachers;
 - c. A booster club or other club, group, or organization whose primary purpose is to support a school activity; or
 - d. A school class or student club, group, or organization.
96. All sales of medical marijuana to a patient who is determined to be indigent for purposes of waiving the fee required by section 25-1.5-106, C.R.S., shall be exempt from taxation under part 1 of this article. If the patient is determined to be indigent the state health agency shall mark his or her registry identification card as such and the patient shall present the card to the licensed medical marijuana center to receive the tax exemption.

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