A BILL FOR AN ACT

CONCERNING A SALES AND USE TAX EXEMPTION FOR EQUIPMENT USED
BY A TELECOMMUNICATIONS PROVIDER IN THE PROVISION OF
TELECOMMUNICATIONS SERVICES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

The bill creates a sales and use tax exemption for a telecommunications provider's equipment that is used directly in the provision of telephone service, cable television service, broadband communications service, or mobile telecommunications service.
Statutory towns, cities, and counties are currently authorized to create a similar sales and use tax exemption. The bill does not change this authority, but the law is reorganized to be consistent with other instances where a local government has authority to enact an exemption based on a state exemption.

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

SECTION 1. In Colorado Revised Statutes, add 39-26-709.5 as follows:

39-26-709.5. Telecommunications provider - equipment - legislative declaration. (1) The General Assembly hereby declares that the intended purpose of the tax expenditure in this section is to increase access to technology for people living in rural areas in order to promote economic development and to facilitate the advancement of telehealth and assessment testing for students in kindergarten through twelfth grade.

(2) A sale to a telecommunications provider of equipment that is used directly in the provision of telephone service, cable television service, broadband communications service, or mobile telecommunications service is exempt from taxation under part 1 of this article. The telecommunications provider's storage or use of this equipment is exempt from taxation under part 2 of this article.

SECTION 2. In Colorado Revised Statutes, 29-2-105, amend (1) (d) (I) (K) and (1) (d) (I) (L); repeal (10); and add (1) (d) (I) (M) as follows:

29-2-105. Contents of sales tax ordinances and proposals - repeal. (1) The sales tax ordinance or proposal of any incorporated town, city, or county adopted pursuant to this article shall be imposed on the
sale of tangible personal property at retail or the furnishing of services, as provided in paragraph (d) of this subsection (1). Any countywide or incorporated town or city sales tax ordinance or proposal shall include the following provisions:

(d) (I) A provision that the sale of tangible personal property and services taxable pursuant to this article shall be the same as the sale of tangible personal property and services taxable pursuant to section 39-26-104, C.R.S., except as otherwise provided in this paragraph (d). The sale of tangible personal property and services taxable pursuant to this article shall be subject to the same sales tax exemptions as those specified in part 7 of article 26 of title 39, C.R.S.; except that the sale of the following may be exempted from a town, city, or county sales tax only by the express inclusion of the exemption either at the time of adoption of the initial sales tax ordinance or resolution or by amendment thereto:

(K) The exemption for sales that benefit a Colorado school specified in section 39-26-725, C.R.S.; and

(L) The exemption for sales by an association or organization of parents and teachers of public school students that is a charitable organization as specified in section 39-26-718 (1) (c), C.R.S.; AND

(M) The exemption for sales to a telecommunications provider of equipment as specified in section 39-26-709.5, C.R.S.; except that a town, city, or county may not adopt this exemption unless the exemption applies in a uniform and nondiscriminatory manner to the telecommunications providers of telephone service, cable television service, broadband communications service, and mobile telecommunications service.

(10) (a) Notwithstanding any provision of this section to the
contrary, and except as provided in paragraph (b) of this subsection (10),
a town, city, or county may exempt from its sales tax sales to a
telecommunications provider of equipment used directly in the provision
of telephone service, cable television service, broadband communications
service, or mobile telecommunications service:

(b) A town, city, or county may not adopt a sales tax exemption
pursuant to the authority set forth in paragraph (a) of this subsection (10)
unless the exemption applies in a uniform and nondiscriminatory manner
to the telecommunications providers of telephone service, cable television
service, broadband communications service, and mobile
telecommunications service.

SECTION 3. Act subject to petition - effective date. This act
takes effect September 1, 2013; except that, if a referendum petition is
filed pursuant to section 1 (3) of article V of the state constitution against
this act or an item, section, or part of this act within the ninety-day period
after final adjournment of the general assembly, then the act, item,
section, or part will not take effect unless approved by the people at the
general election to be held in November 2014 and, in such case, will take
effect on the date of the official declaration of the vote thereon by the
governor.