

First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0097.01 Gregg Fraser

HOUSE BILL 11-1158

HOUSE SPONSORSHIP

Bradford,

SENATE SPONSORSHIP

Schwartz,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING SALES AND USE TAX EXEMPTIONS FOR THE SALES AND
102 USE OF WOOD FROM TREES HARVESTED IN COLORADO.

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>.)

Wood and wood products from trees killed or infested in Colorado by the mountain pine beetle are currently exempt from sales and use tax. The exemption expires on July 1, 2013.

The bill specifies that the current exemption includes trees killed or infested in Colorado by the spruce beetle. Commencing July 1, 2011,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

the bill expands the sales and use tax exemption to include wood and wood products from all trees lawfully harvested in Colorado and extends the expiration of the exemption to July 1, 2020.

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

SECTION 1. 39-26-723, Colorado Revised Statutes, is amended to read:

39-26-723. Colorado wood products - repeal. (1) (a) For fiscal years commencing on or after July 1, 2008, but prior to the fiscal year commencing on ~~July 1, 2013~~ JULY 1, 2011, there shall be exempt from taxation under the provisions of parts 1 and 2 of this article all sales, storage, and use of wood from salvaged trees killed or infested in Colorado by mountain pine beetles OR BY 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.

(b) FOR FISCAL YEARS COMMENCING ON OR AFTER JULY 1, 2011, BUT PRIOR TO THE FISCAL YEAR COMMENCING ON JULY 1, 2020, THERE SHALL BE EXEMPT FROM TAXATION UNDER THE PROVISIONS OF PARTS 1 AND 2 OF THIS ARTICLE ALL SALES, STORAGE, AND USE OF WOOD FROM TREES LAWFULLY HARVESTED IN COLORADO, INCLUDING BUT NOT LIMITED TO PRODUCTS SUCH AS LUMBER, FURNITURE BUILT FROM THE HARVESTED TREES, AND WOOD CHIPS OR WOOD PELLETS GENERATED FROM THE HARVESTED TREES. FOR PURPOSES OF THIS PARAGRAPH (b), "HARVESTED" MEANS CUT, CLEARED, SALVAGED, OR OTHERWISE REMOVED.

(2) For purposes of the exemption specified in ~~subsection (1)~~ SUBSECTION (1) (a) of this section, a wholesaler shall certify on a form prescribed by the department of revenue that a product is from salvaged trees killed or infested in Colorado by mountain pine beetles OR BY

1 SPRUCE BEETLES. FOR PURPOSES OF THE EXEMPTION SPECIFIED IN
2 SUBSECTION (1) (b) OF THIS SECTION, A WHOLESALER SHALL CERTIFY ON
3 A FORM PRESCRIBED BY THE DEPARTMENT OF REVENUE THAT A PRODUCT
4 IS FROM TREES LAWFULLY HARVESTED IN COLORADO.

5 (3) This section is repealed, effective ~~July 1, 2014~~ JULY 1, 2021.

6 **SECTION 2.** 29-2-105 (1) (d) (I) (I), Colorado Revised Statutes,
7 is amended to read:

8 **29-2-105. Contents of sales tax ordinances and proposals.**

9 (1) The sales tax ordinance or proposal of any incorporated town, city,
10 or county adopted pursuant to this article shall be imposed on the sale of
11 tangible personal property at retail or the furnishing of services, as
12 provided in paragraph (d) of this subsection (1). Any countywide or
13 incorporated town or city sales tax ordinance or proposal shall include the
14 following provisions:

15 (d) (I) A provision that the sale of tangible personal property and
16 services taxable pursuant to this article shall be the same as the sale of
17 tangible personal property and services taxable pursuant to section
18 39-26-104, C.R.S., except as otherwise provided in this paragraph (d).
19 The sale of tangible personal property and services taxable pursuant to
20 this article shall be subject to the same sales tax exemptions as those
21 specified in part 7 of article 26 of title 39, C.R.S.; except that the sale of
22 the following may be exempted from a town, city, or county sales tax only
23 by the express inclusion of the exemption either at the time of adoption
24 of the initial sales tax ordinance or resolution or by amendment thereto:

25 (I) The exemption for sales of wood from ~~salvaged trees killed or~~
26 ~~infested~~ SALVAGED OR HARVESTED in Colorado ~~by mountain pine beetles~~
27 AS specified in section 39-26-723, C.R.S.;

1 **SECTION 3.** The introductory portion to 29-2-109 (1), Colorado
2 Revised Statutes, is amended to read:

3 **29-2-109. Contents of use tax ordinances and proposals.**

4 (1) The use tax ordinance, resolution, or proposal of any town, city, or
5 county adopted pursuant to this article shall be imposed only for the
6 privilege of using or consuming in the town, city, or county any
7 construction and building materials purchased at retail or for the privilege
8 of storing, using, or consuming in the town, city, or county any motor and
9 other vehicles, purchased at retail on which registration is required, or
10 both. For the purposes of this subsection (1), the term "construction and
11 building materials" shall not include parts or materials utilized in the
12 fabrication, construction, assembly, or installation of passenger tramways,
13 as defined in section 25-5-702 (4), C.R.S., by any ski area operator, as
14 defined in section 33-44-103 (7), C.R.S., or any person fabricating,
15 constructing, assembling, or installing a passenger tramway for a ski area
16 operator. The ordinance, resolution, or proposal may recite that the use
17 tax shall not apply to the storage and use of wood from ~~salvaged~~ trees
18 ~~killed or infested~~ SALVAGED OR HARVESTED in Colorado ~~by mountain~~
19 ~~pine beetles~~ as exempted from the state use tax pursuant to section
20 39-26-723, C.R.S. The ordinance, resolution, or proposal may recite that
21 the use tax shall not apply to the storage and use of components used in
22 the production of energy, including but not limited to alternating current
23 electricity, from a renewable energy source, as exempted from the state
24 use tax pursuant to section 39-26-724, C.R.S. The ordinance, resolution,
25 or proposal shall recite that the use tax shall not apply:

26 **SECTION 4. Applicability.** This act shall apply to the sales,
27 storage, and use prior to, on, or after the effective date of this act of wood

1 from salvaged trees killed or infested in Colorado by mountain pine
2 beetles or by spruce beetles and, on or after July 1, 2011, to the sales,
3 storage, and use of wood from trees harvested in Colorado.

4 **SECTION 5. Safety clause.** The general assembly hereby finds,
5 determines, and declares that this act is necessary for the immediate
6 preservation of the public peace, health, and safety.