

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 14-0676.02 Ed DeCecco x4216

HOUSE BILL 14-1080

HOUSE SPONSORSHIP

McLachlan and Coram,

SENATE SPONSORSHIP

Roberts,

House Committees
Finance

Senate Committees
Finance

A BILL FOR AN ACT

101 **CONCERNING A SALES AND USE TAX EXEMPTION FOR THE COLORADO**
102 **UTE INDIANS.**

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 codifies the department of revenue's current practice under federal law of exempting from sales and use tax on-reservation sales of goods and services to the Southern Ute Indian Tribe, Ute Mountain Ute Tribe, or an enrolled member of either tribe (tribe or tribal member). This exemption applies if the vendor is located on a reservation or if the

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.

HOUSE
3rd Reading Unamended
February 18, 2014

HOUSE
Amended 2nd Reading
February 17, 2014

vendor is located outside of a reservation and the good or service is delivered by the vendor and received by the tribe or tribal member on a reservation.

In addition, all sales of motor vehicles to a tribe or tribal member that occur outside of a reservation are exempt from the sales and use tax if the motor vehicle is registered to an address on a reservation. This exemption applies even if the motor vehicle is not delivered to and received on a reservation, which expands the department's current practice.

The bill clarifies that these exemptions may proportionally apply for sales to a legal entity in which a tribe or tribal member has a partial or undivided interest, if a declaration is filed with the department of revenue.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-727 as
3 follows:

4 **39-26-727. Tribal exemption - motor vehicles - partial interest**
5 **- definition - legislative declaration.** (1) THE GENERAL ASSEMBLY
6 HEREBY DECLARES THAT ON-RESERVATION SALES TO THE UTE INDIAN
7 TRIBES AND TRIBAL MEMBERS ARE EXEMPT FROM STATE AND LOCAL SALES
8 AND USE TAX UNDER FEDERAL LAW AND THAT THE PURPOSE OF THE TAX
9 EXEMPTION CREATED IN THIS SECTION IS TO:

10 (a) CODIFY THIS EXEMPTION SO THAT IT GENERALLY REFLECTS THE
11 DEPARTMENT OF REVENUE'S INTERPRETATION OF CURRENT LAW;

12 (b) ENSURE CONSISTENT APPLICATION OF THE STATE TAX AND
13 APPLICABLE INDIAN TAXATION RULES;

14 (c) PROVIDE GUIDANCE FOR TRIBES, TRIBAL MEMBERS, VENDORS,
15 AND THE DEPARTMENT OF REVENUE; AND

16 (d) CONTINUE THE DEPARTMENT OF REVENUE'S PRACTICE OF NOT
17 REQUIRING THE DELIVERY OF A MOTOR VEHICLE FOR THE EXEMPTION TO
18 APPLY.

19 (2) AS USED IN THIS SECTION, WITH RESPECT TO A PARTICULAR

1 SALE TO A TRIBE OR TRIBAL MEMBER, "RESERVATION" MEANS EITHER THE
2 SOUTHERN UTE INDIAN RESERVATION OR THE RESERVATION OF THE UTE
3 MOUNTAIN UTE TRIBE.

4 (3) (a) ALL SALES OF TANGIBLE PERSONAL PROPERTY OR SERVICES
5 TO THE SOUTHERN UTE INDIAN TRIBE, UTE MOUNTAIN UTE TRIBE, OR AN
6 ENROLLED MEMBER OF EITHER TRIBE, ARE EXEMPT FROM TAXATION UNDER
7 PART 1 OF THIS ARTICLE IF THE VENDOR IS LOCATED:

8 (I) ON A RESERVATION; OR

9 (II) OUTSIDE OF A RESERVATION BUT THE PROPERTY OR SERVICE
10 IS DELIVERED BY THE VENDOR AND RECEIVED BY THE TRIBE OR THE TRIBAL
11 MEMBER ON A RESERVATION.

12 (b) ALL SALES OF MOTOR VEHICLES TO THE SOUTHERN UTE INDIAN
13 TRIBE OR UTE MOUNTAIN UTE TRIBE, OR TO AN ENROLLED MEMBER OF
14 EITHER TRIBE WHO RESIDES ON A RESERVATION, ARE EXEMPT FROM
15 TAXATION UNDER PART 1 OF THIS ARTICLE IF THE MOTOR VEHICLE IS TO BE
16 REGISTERED TO AN ADDRESS ON A RESERVATION. A VENDOR MAY
17 REASONABLY RELY ON A TRIBAL MEMBER'S CERTIFICATION OF HIS OR HER
18 ENROLLED MEMBERSHIP STATUS AND RESIDENCE.

19 (4) THE STORAGE, USE, OR CONSUMPTION OF TANGIBLE PERSONAL
20 PROPERTY OR A SERVICE ON A RESERVATION THAT IS EXEMPT FROM SALES
21 TAX PURSUANT TO SUBSECTION (3) OF THIS SECTION IS EXEMPT FROM THE
22 USE TAX LEVIED PURSUANT TO PART 2 OF THIS ARTICLE; EXCEPT THAT THIS
23 USE TAX EXEMPTION ONLY APPLIES TO A MOTOR VEHICLE THAT IS
24 REGISTERED TO AN ADDRESS ON A RESERVATION.

25 (5) IF THE SOUTHERN UTE INDIAN TRIBE, UTE MOUNTAIN UTE
26 TRIBE, OR AN ENROLLED MEMBER OF EITHER TRIBE HAS A PARTIAL OR
27 UNDIVIDED INTEREST IN ANY TYPE OF LEGAL ENTITY, THE EXEMPTIONS

1 CREATED IN THIS SECTION APPLY TO A SALE OF GOODS OR SERVICES TO
2 SUCH ENTITY IN PROPORTION TO THE INTEREST. TO BE ELIGIBLE FOR THE
3 EXEMPTION, THE TRIBE OR TRIBAL MEMBER MUST FILE A DECLARATION
4 WITH THE DEPARTMENT OF REVENUE THAT IDENTIFIES THE ENTITY, EACH
5 TRIBE AND TRIBAL MEMBER THAT HAS AN INTEREST IN THE ENTITY, AND
6 THE AMOUNT OF EACH INTEREST.

7 **SECTION 2. Safety clause.** The general assembly hereby finds,
8 determines, and declares that this act is necessary for the immediate
9 preservation of the public peace, health, and safety.