

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 15-0281.01 Ed DeCecco x4216

HOUSE BILL 15-1012

HOUSE SPONSORSHIP

Becker J.,

SENATE SPONSORSHIP

Sonnenberg,

House Committees

Finance
Transportation & Energy
Appropriations

Senate Committees

Finance

A BILL FOR AN ACT

101 CONCERNING A SALES AND USE TAX EXEMPTION FOR DYED DIESEL.

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>.)

Under current law, dyed diesel fuel (dyed diesel) is exempt from the state sales and use tax if it is:

- ! Subject to the state special fuel excise tax;
- ! Used to operate a farm vehicle on a farm or ranch; or
- ! Used for an industrial purpose.

So, dyed diesel that is exempt from the state special fuel excise because it is not used to power a motor vehicle on the state highways, but not used to operate a farm vehicle or used for an industrial purpose, is

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.

SENATE
2nd Reading Unamended
March 10, 2015

HOUSE
3rd Reading Unamended
February 19, 2015

HOUSE
Amended 2nd Reading
February 13, 2015

subject to the state sales and use tax. **Section 1** of the bill exempts these remaining sales and uses of dyed diesel from the state sales and use tax. This exemption automatically applies to statutory municipalities and counties. **Section 2** specifies that the sale, storage, use, or consumption of dyed diesel is exempt from the sales and use tax imposed by a home rule municipality or county.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Under current law, most sales and uses of dyed diesel fuel are
5 exempt from the state sales and use tax;

6 (b) In a limited number of circumstances, dyed diesel is used in
7 a manner for which it is not exempt from the state sales and use tax; for
8 example, if it is used to power a hospital generator or a semitrailer's cabin
9 auxiliary power unit;

10 (c) These nonexempt uses generate an insignificant amount of
11 revenue; and

12 (d) The different tax treatment of dyed diesel based on its use
13 creates an administrative burden for retailers.

14 (2) Now, therefore, the general assembly declares that the
15 intended purpose of the tax exemption created in this act is to streamline
16 the collection of sales and use taxes by treating all dyed diesel the same.

17 **SECTION 2.** In Colorado Revised Statutes, 39-26-715, **amend**
18 (1) (a) introductory portion and (2) introductory portion; and **add** (1) (a)
19 (III), (2) (d), and (4) as follows:

20 **39-26-715. Fuel and oil - definitions.** (1) (a) The following ~~shall~~
21 ~~be~~ ARE exempt from taxation under the provisions of part 1 of this article:

22 (III) ALL SALES OF DYED DIESEL.

1 (2) The following ~~shall be~~ ARE exempt from taxation under the
2 provisions of part 2 of this article:

3 (d) THE STORAGE, USE, OR CONSUMPTION OF DYED DIESEL.

4 (4) AS USED IN THIS SECTION, "DYED DIESEL" HAS THE SAME
5 MEANING AS SET FORTH IN SECTION 39-27-101 (8).

6

7 **SECTION 3. 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.