

First Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

**ENGROSSED**

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

LLS NO. 15-0281.01 Ed DeCecco x4216

**HOUSE BILL 15-1012**

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**HOUSE SPONSORSHIP**

**Becker J.,**

**SENATE SPONSORSHIP**

**Sonnenberg,**

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**House Committees**

Finance  
Transportation & Energy  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

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

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**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.*

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.

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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.