



FINANCIAL  
OPERATIONS

# CONSTRUCTION INDUSTRY

## USE TAX GUIDE

250 North 5<sup>th</sup> Street  
Grand Junction, Colorado 81501



Dear Contractor,

The Construction Industry is a large and vital industry within the Grand Valley. The City of Grand Junction greatly appreciates and values all of your positive contributions!

This industry also has some very specific and unique taxing laws, exemptions and regulations. The City feels that it is very important to provide adequate information for the contractors and vendors within this industry to assist in complying with the City of Grand Junction's Sales and Use Tax Ordinances.

This information packet is intended to serve as a supplement to the City of Grand Junction's Sales and Use Tax Ordinance. It includes examples of possible taxing situations, definitions, explanations, forms and regulations. The information is provided as a general overview and is not intended to replace or supersede the information contained in the City of Grand Junction's Sales and Use Tax Ordinance.

Most importantly, this packet serves as the first step in building a relationship of open communication. If you ever have questions, comments, concerns, requests or suggestions, I encourage and welcome your contact.

On behalf of the City of Grand Junction, I thank you for your contributions to our community!

Sincerely,

A handwritten signature in black ink that reads "Lisa Follett". The signature is written in a cursive style with a large initial "L".

Lisa Follett  
Tax Compliance Officer

(970)256-4184  
[LisaF@GJCity.org](mailto:LisaF@GJCity.org)



# **CONSTRUCTION INDUSTRY USE TAX GUIDE**

## **SECTION ONE**

### **OVERVIEW OF THE CITY OF GRAND JUNCTION'S SALES AND USE TAX ORDINANCE**

# City of Grand Junction Sales and Use Tax Ordinances

## □ Grand Junction’s Sales Tax History

- ◆ Grand Junction was incorporated on July 19, 1882 with one square mile of land.
- ◆ Grand Junction voters approved the “Home Rule” Charter on September 14, 1909.
- ◆ The City of Grand Junction currently has a sales and use tax rate of 2.75%.
- ◆ The current combined tax rate is:

State of Colorado	2.90%
Mesa County	2.00%
Grand Junction	<u>2.75%</u>
	<b>7.65%</b>

## □ Home Rule Cities

- ◆ There are two types of Colorado municipalities: Home Rule and Statutory.
- ◆ Home Rule Cities: Article XX of the Colorado Constitution states that cities may attain home-rule status if authorized by a majority vote of the citizens. Home Rule Cities give the municipality the power and legal authority to write, adopt and enforce its own tax laws along with the authority to collect taxes within its city limits.
- ◆ The City of Grand Junction Sales and Use Tax Ordinances are administered directly by the City of Grand Junction.
- ◆ Please refer to Form DR 1002 (in reference section) for a list of all home rule cities and their tax rates.

## □ Statutory Cities

- ◆ Statutory Municipalities have sales taxes administered and collected by the Colorado Department of Revenue.
- ◆ Mesa County is a statutory municipality and the State of Colorado collects Mesa County’s sales tax from taxpayers and then remits the revenue to the county.
- ◆ HOWEVER, Mesa County Use Tax is payable and collected directly by Mesa County.

# Construction Industry Sales and Use Tax

IN GENERAL,

City of Grand Junction sales or use tax must be paid on all construction materials and fixtures used or consumed within city limits.

However, construction materials and fixtures used on projects owned by charitable organizations or governmental entities are exempt from taxation. In these instances, the proper tax exemption must be obtained from the State of Colorado. See Page 21.

## Sales Tax vs. Use Tax

SALES TAX is paid by the taxpayer directly to the vendor at the time of purchase. The licensed vendor then remits the sales tax to the City of Grand Junction.

*Example 1:*

AAA Builders purchases materials from Home Max. Home Max is a City of Grand Junction licensed vendor. AAA Builders pays sales tax at the time of purchase. When AAA Builders uses these materials inside city limits, no use tax is due.

USE TAX is a supplement to sales tax and arises *only when* proper sales tax has not been paid directly to the vendor. When construction materials and fixtures are purchased without paying City of Grand Junction sales tax, use tax is due and payable by the tax payer. Use tax is paid directly to the City of Grand Junction.

*Example 2:*

AAA Builders purchases materials from Delta Home Max. Delta Home Max does not collect City of Grand Junction Sales Tax. When AAA Builders uses materials inside city limits, use tax is due to the City of Grand Junction.

# I thought that I paid sales tax?!

There are several occasions when City of Grand Junction sales tax is not paid to the vendor. The previous example shows that materials purchased at locations outside the City of Grand Junction do not include Grand Junction Sales Tax. It is important to remember that just because sales tax was paid; it doesn't necessarily mean that City of Grand Junction sales tax was included in the tax.

Here are some familiar tax rates:

<u>Location</u>	<u>Tax Rate</u>
State, County, City	7.65%
State and County	4.90%
State Only*	2.90%

The City of Grand Junction allows a credit against Grand Junction use tax for sales tax paid to another municipality. If a legally imposed city tax rate is equal to or greater than the City of Grand Junction's tax rate, 2.75%, no use tax will be due. If the other city tax rate is less than Grand Junction's, only the difference between the two rates will be due.

*Example 3:*

AAA Builders purchases \$100.00 in materials at Fruita Home Max. Because Fruita Home Max is located inside Fruita's city limits, AAA Builders pays the following state, county and City of Fruita sales tax at the time of purchase:

State	2.90%	\$ 2.90
Mesa County	2.00%	2.00
City of Fruita	2.00%	2.00
<b>Total</b>	<b>6.90%</b>	<b>\$ 6.90</b>

Because the City of Grand Junction allows a credit for sales tax paid to another municipality, only the difference between Fruita's and Grand Junction's sales tax rate (0.75%) is due as use tax when the materials are used in the City of Grand Junction.

GJ Tax Rate	2.75%	\$ 2.75
(Tax Rate Paid)	(2.00%)	(2.00)
<b>City of Grand Junction</b>		
<b>Use Tax Due</b>	<b>0.75%</b>	<b>\$ 0.75</b>



# **CONSTRUCTION INDUSTRY USE TAX GUIDE**

## **SECTION TWO**

### **CONSTRUCTION MATERIALS AND FIXTURES**

# What are Construction Materials and Fixtures?

## CONSTRUCTION MATERIALS AND FIXTURES DEFINED

**Construction materials** are tangible personal property which become an integral and inseparable part of a completed project. Construction materials include but are not limited to, such items as:

asphalt	lime
bricks	lumber
caulking material	millwork
cement	mortar
concrete	oil
conduit	paint
electrical wiring and connections	pipng
fireplace inserts	pipe valves and pipe fittings
electrical heating and cooling equipment	plaster
flooring	plumbing fixtures
glass	putty
gravel	reinforcing mesh
insulation	road base
sheet metal	roofing
shrubs/landscaping	wall board
site lighting	wall coping
steel	wall paper
stucco	weather stripping
tile	

**Construction fixtures** are tangible personal property that are accessory to a building and which do not lose their identity as accessories when placed or installed. Construction fixtures include, but are not limited to, such items as:

lighting fixtures	elevators, hoists and conveying units
plumbing fixtures	awnings and venetian blinds
furnaces, boilers and heating units	burglar alarm and fire alarm fixtures
air conditioning units	vault doors and equipment
refrigeration units	cabinets, counters and lockers
telephone switchboards and instruments	carpeting
signs	





# **CONSTRUCTION INDUSTRY USE TAX GUIDE**

## **SECTION THREE**

**TYPES OF CONTRACTORS**

**AND**

**METHODS OF PAYMENT**



# Contractor Definitions

Are you a Lump-Sum Contractor, a Time-and-Materials Contractor  
or a Retailer - Contractor?

Depending on your classification, it will determine how you report, collect and remit sales and use tax.

## **CONTRACTORS**

Contractors (subcontractors) are generally entities that bid and perform work on *real property* for another party pursuant to an agreement (contract). A contractor is a person who performs services not only for new construction, but also for the alteration, improvement, or repair of real property.

Examples of a Contractor include but are not limited to:

- ⇒ building contractors
- ⇒ foundation, curb and parking lot contractors
- ⇒ painting, stucco, brick and finish contractors
- ⇒ road, grading and excavating contractors
- ⇒ electrical, plumbing and heating/air conditioning contractors
- ⇒ roofing contractors
- ⇒ persons invoiced in cabinet, case work, sheet metal, glazing and other such trades when they construct materials on site for permanent incorporation into real property.

Contractors are considered the end-users of the materials/supplies and therefore pay tax on all supplies and materials based upon the Contractor's cost, either through sales tax paid to the vendor, sales tax collected from the property owner, or use tax paid by a use tax return. It is the Contractor's responsibility to pay use tax directly to the City if a City sales tax was not charged at the time of purchase.

# Types of Contractors

For sales and use tax purposes, contractors fall under three categories:

- 1. Lump-Sum Contractors**
- 2. Time-and-Materials Contractors**
- 3. Retailer-Contractors**

## **LUMP-SUM CONTRACTORS**

A Lump-Sum Contractor provides both goods and services for a single price. The Lump-Sum Contract establishes a single price for a completed structure or building (or a major component system of the building). Lump-Sum Contractors are the end consumers of the materials used in fulfilling all construction contracts and are required to pay either sales or use tax on all materials used in the construction project.

Lump-Sum Contractors are not required to have a sales tax license. The contractor is liable for sales or use tax on all supplies and materials.

Tom's Framing and Roofing is a Lump-Sum Contractor. He purchases all of his trusses from Delta, and the vendor only charges him State of Colorado sales tax. He purchases all of his nails, shingles, tools and equipment inside City of Grand Junction's limits and pays city sales tax at the time of purchase. Tom has a contract for \$80,000 to frame and roof a building in Grand Junction. When the materials are put into use, Tom will owe City of Grand Junction's Use Tax on the trusses but not the nails, shingles, tools and equipment.

## **TIME-AND-MATERIALS CONTRACTOR**

Time-and-Materials Contractors bill customers separately for labor and materials. A time and materials contract cannot be treated as a lump sum contract for sales and use tax purposes because the materials and fixtures are deemed to be resold. It will be assumed that the contractor regards themselves as selling the materials billed in the contract if time and/or labor are listed separately from materials.

If the Time-and-Materials Contractor marks up the sales price of the materials or fixtures, the contractor is required to collect and remit sales tax on the materials and fixtures sold in the construction project. The labor portion of the contract is not subject to sales tax as long as it is stated separately. The contractor is liable for use tax on the cost of supplies not separately billed to the customer (such as small miscellaneous parts).

A Time-and-Materials Contractor must have a sales tax license (resale license). They buy construction materials and fixtures tax-free for both resale and contract use because the purpose for which the purchases will be used is unknown at the time of purchase.

The purchases made by the Time-and-Materials Contractor that are later used in the construction project and listed separately in the contract are subject to standard sales tax laws and regulations. Subsequently, those purchases are subject to tax on the full selling price including all markup charges passed on to the buyer.

The purchases made by the Time-and-Materials Contractor that are not listed separately on the time-and-materials contract, subsequently used by him/her in a lump-sum contract, or subsequently used by the contractor, either personally or for business use, are all subject to use tax on the cost of the materials and fixtures. This use tax is remitted to the City on line 10 of the Sales/Use Tax Return.

## **RETAILER-CONTRACTOR**

A Retailer-Contractor is similar to a Time-and-Materials Contractor, but also sells tangible personal property over the counter at a retail location. In other words, a Retailer-Contractor serves as a retail merchant of the same materials/goods that he uses or makes in the course of executing a real property contract when acting as a Contractor. A Retailer-Contractor makes sales of tangible personal property to the end-user. A good example would be an electrician who performs work on real property and also has a supply house which has over the counter sales.

Retailer-Contractors must have a sales tax license (resale license). They buy construction materials and fixtures tax-free for both resale and contract use, because the purpose for which the purchases will be used is unknown at the time of purchase.

The purchases made by the Retailer-Contractor that are later sold as part of his/her sales business (over the counter sales or time-and-materials contract) will be subject to standard sales tax laws and regulations and are subject to tax on the full selling price including all markup charges passed on to the buyer.

The purchases made by the Retailer-Contractor that are not separately stated and taxed on a contract or subsequently used by the contractor, for either personal or business use, are all subject to use tax on the cost of the materials and fixtures. This use tax is remitted to the City on line 10 of the Sales/Use Tax Return.

Example:

Dan's Paint Supply and Service is a retail contractor with a City of Grand Junction sales tax license. Dan purchases his inventory of paint from a wholesaler and does not pay sales tax at the time of purchase. Dan's Paint Supply has a retail supply store in Grand Junction and charges his customers sales tax at the time of purchase. Dan enters into a contract to paint a building in Grand Junction. The contract and invoice should look like this:

Labor.....	\$6,500.00
Paint and Supplies.....	1,000.00
<u>Sales Tax.....</u>	<u>76.50</u>
Total	\$7,576.50

If labor is not separately stated, it will also be taxable and the invoice will look like this:

Painting Contract.....	\$7,500.00
<u>Sales Tax.....</u>	<u>574.88</u>
Total	\$8,074.88

Dan decided to paint his retail store a different color. When Dan uses the paint that he purchased tax-free to paint his store, Dan must pay use tax on the purchase price of the materials.

# Taxable Value

Price or purchase price means the price to the consumer, exclusive of any direct tax imposed by the federal government or by this article. Any money and/or other consideration paid over and above the value of the exchanged property is subject to tax.

## **INCLUDED IN PURCHASE PRICE:**

- a. The amount of money received or due in cash and credits;
- b. Property, at fair market value, taken in exchange but not for resale in the usual course of the retailer's business;
- c. Any consideration valued in money, such as trading stamps or coupons whereby the manufacturer or any other person reimburses the retailer for part of the purchase price and other media of exchange;
- d. The total price charged on credit sales, including finance charges which are not separately stated;
- e. Installation, delivery and wheeling-in charges included in the purchase price and **not separately stated**;
- f. Transportation and other charges to effect delivery of tangible personal property to the purchaser;
- g. Indirect federal manufacturers' excise taxes, such as taxes on automobiles, tires and floor stock; and
- h. The gross purchase price of articles sold after manufacturing or after having been made to order, including the gross value of all materials used, labor and service performed and the profit thereon.

## **NOT INCLUDED IN PURCHASE PRICE:**

- a. Any sales or use tax imposed by the state or by any political subdivision thereof;
- b. The fair market value of property exchanged if such property is to be sold thereafter in the retailer's usual course of business. This is not limited to exchanges in the state. Out-of-state trade-ins are not included in the purchase price; and
- c. Discounts from the original price if such discount and the corresponding decrease in sales tax due is actually passed on to the purchaser. An anticipated discount to be allowed for payment on or before a given date is included in the purchase price.

## **TRANSPORTATION CHARGES:**

The transportation of tangible personal property between a retailer and purchaser is a service presumed not to be subject to sales or use tax.

Transportation charges are not taxable so long as they are both:

1. Separable from the sales transaction, and
2. Stated separately on written invoice or contract .

Transportation charges are separable from the sales transaction if they are both:

- a. Performed after the taxable property or service is offered for sale, and
- b. The seller allows the purchaser the option either to use the seller's transportation or use alternative transportation service

## **METHODS AND TIMING OF PAYING TAX:**

**SALES TAX** is paid directly to the vendor. The vendor then remits the sales tax directly to the City of Grand Junction.

**USE TAX** is due by the 20<sup>th</sup> of the month following the use of the construction materials and fixtures inside the City's limits. Use tax is paid directly to the City of Grand Junction.

Use tax can also be paid in full at the beginning of the project by election to use the estimated percentage basis.



**City of Grand Junction**  
**Customer Service Division**  
 PO Box 1809, Grand Junction, CO 81502  
 (970) 244-1521 Fax (970) 256-4090

**CITY USE TAX RETURN**  
**CONSTRUCTION MATERIALS**

**NAME OF BUSINESS:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_

**CONTRACTOR'S LICENSE #:** \_\_\_\_\_ **PERMIT # (S):** \_\_\_\_\_

**PROJECT NAME:** \_\_\_\_\_ **CHECK HERE IF JOB IS COMPLETE** \_\_\_\_\_

**PROJECT ADDRESS:** \_\_\_\_\_

Purchases used within the corporate limits of the City of Grand Junction for the month(s) of \_\_\_\_\_ 20 \_\_\_\_\_

<b>PURCHASE DATE</b>	<b>DESCRIPTION</b>	<b>VENDOR</b>	<b>VENDOR CITY &amp; STATE</b>	<b>PURCHASE PRICE</b>
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____

(Additional lines on reverse side)

Sub Total This Page \$ \_\_\_\_\_

Sub Total From Other Side \$ \_\_\_\_\_

**TOTAL PURCHASES** \$ \_\_\_\_\_

City of Grand Junction Use Tax Rate **X** 2.75%

**USE TAX DUE** \$ \_\_\_\_\_

Interest of 1.5% of Tax Due (For each month overdue) \$ \_\_\_\_\_

Penalty of 10% of Tax Due (Minimum \$15.00) \$ \_\_\_\_\_

**TOTAL AMOUNT DUE** (Make Check Payable to the City of Grand Junction) \$ \_\_\_\_\_

I hereby certify that I have examined this return and that it is, to the best of my knowledge and belief, a true and complete return made in good faith for the period stated above.

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Phone #: \_\_\_\_\_

Signature \_\_\_\_\_

Date: \_\_\_\_\_

## **REGULATION 34-107 (28) - 34-113 (A) (C) *ESTIMATED PERCENTAGE BASIS OPTION***

### **EXEMPTION**

A contractor who purchases construction materials and fixtures from a vendor inside the City limits is exempt from paying City sales tax on the purchases if that contractor has paid **use tax** on such materials and fixtures on the estimated percentage basis. The following requirements and restrictions shall apply to entitle such purchaser to this exemption.

### **APPLICATION**

A contractor may elect to pay use tax on construction materials and fixtures used on a project inside the city limits by using the estimated percentage basis. Prior to the issuance of a building permit, the contractor must submit a completed application **Form #GJ300** to the Financial Operations Department of the City of Grand Junction. The application requires information regarding the contractor and the estimated total cost of the project. After the application is approved by the Financial Operations Department, the contractor shall pay the deposit amount, if applicable, and shall be issued a tax deposit receipt, **Form #GJ310**. For estimated values or contract costs exceeding \$500,000, the deposit amount will only be required on the first \$500,000 value.

### **TAX DEPOSIT RECEIPT**

The retailer must collect the applicable tax unless the purchaser of construction materials and fixtures shows the city issued tax deposit receipt, **Form #GJ310**, as evidence that use tax on such materials has been paid to the city through the estimated percentage basis. The vendor must record the tax deposit receipt number on each invoice on which sales tax was not charged and collected.

### **ESTIMATED PAYMENT VS. ACTUAL COSTS**

Pursuant to Section 34-113(c) of the City Code, if total tax liability is more than the deposit made, the contractor shall remit additional use tax due on construction materials and fixtures by the 20<sup>th</sup> of the month following the earlier of: (a) issuance of a certificate of occupancy; (b) actual occupancy; or (c) completion of the project. If the tax deposit is in excess of calculated use tax on actual cost of construction materials and fixtures used, the contractor may file a claim for refund with the City including all invoices, receipts and statements supporting such claim. In the absence of such claim, the City shall retain the funds.

**CITY OF GRAND JUNCTION**  
**Customer Service Division - Sales Tax**  
250 North 5th Street, Grand Junction, CO 81501  
(970) 244-1521 Fax (970) 244-1599

**TAX ON CONSTRUCTION MATERIALS & FIXTURES**  
**ESTIMATED PERCENTAGE BASIS APPLICATION**

PURSUANT TO SECTION 34-113(A)

DATE \_\_\_\_\_

**A. CONTRACTOR REQUESTING BUILDING PERMIT:**

1. DBA or Trade Name: \_\_\_\_\_
2. Address: \_\_\_\_\_
3. By: \_\_\_\_\_  
*(please print)*
4. Title: \_\_\_\_\_
5. Contractor's License # \_\_\_\_\_
6. Building Permit # \_\_\_\_\_ Total Valuation \$ \_\_\_\_\_

**B. DEPOSIT CALCULATION:**

1. Estimated total value of project from  
    **A. 6. not to exceed \$500,000 (SEE H.)** \$ \_\_\_\_\_
2. Multiplied by estimated % of materials & fixtures \_\_\_\_\_ x 50%
3. Total estimated cost of materials & fixtures \$ \_\_\_\_\_
4. Multiplied by tax rate (Code Sec. 34-103) \_\_\_\_\_ x 2.75%
5. Tax Deposit \$ \_\_\_\_\_

**C. SUBCONTRACTORS ENGAGED IN CONSTRUCTION ACTIVITY UNDER BUILDING PERMIT STATED ABOVE IN SECTION A. 6.:**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

*(attach additional pages if necessary)*

D. **I HEREBY CERTIFY THAT I HAVE EXAMINED THIS APPLICATION AND THAT IT IS TO THE BEST OF MY KNOWLEDGE AND BELIEF A TRUE AND COMPLETE APPLICATION MADE IN GOOD FAITH FOR THE PERIOD HEREINABOVE STATED.**

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

E. **AMOUNT PAID:** \$ \_\_\_\_\_ **CHECK #** \_\_\_\_\_

F. **FINANCE DEPARTMENT APPROVAL:**

**BY:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

G. **DEPOSIT TAX RECEIPT NUMBER ISSUED: #** \_\_\_\_\_

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H. **REMAINING TAX ON ESTIMATED MATERIALS & FIXTURES IN EXCESS OF TOTAL PROJECT VALUE OF \$500,000 TO BE MADE IN MONTHLY INSTALLMENTS:**

1. Excess of total value of project over \$500,000 \$ \_\_\_\_\_
2. Multiplied by estimated % of materials & fixtures \_\_\_\_\_ x 50%
3. Total estimated additional cost of materials & fixtures \_\_\_\_\_
4. Multiplied by tax rate (Sec. 34-103) \_\_\_\_\_ x 2.75%
5. Remaining Tax Due \$ \_\_\_\_\_

The remaining tax due on construction materials and fixtures shall be remitted based on the percentage of contract completed as determined on a monthly basis.

**EXAMPLE: ADDITIONAL TAX DUE \$ 1,000**

First month: project is 15% complete. Tax due would be 15% x \$1,000 = **\$150**.

Second month: project is 35% complete. Tax due would be 35% x \$1,000 = \$350 *less tax than previously paid* of \$150 = **\$200** due.

Third month: project is 45% complete. Tax due would be 45% x \$1,000 = \$450 *less tax Than previously paid* (\$150 and \$200) \$350 = **\$100** due. The sum of taxes paid the first through the third month is \$150 + \$200 + \$100 = \$450 which is 45% of total remaining tax.

***I HEREBY CERTIFY THAT REMAINING TAX DUE ON CONSTRUCTION MATERIALS FOR THE EXCESS OF TOTAL PROJECT VALUE OVER \$500,000 WILL BE PAID AND REMITTED MONTHLY BASED ON PROJECT PERCENTAGE OF COMPLETION.***

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
(please print)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



# Tax Exempt Construction Projects

## **REGULATION 34-107 (12) (14)**

### ***CONSTRUCTION MATERIALS & FIXTURES FOR TAX EXEMPT PROJECTS***

Any contractor working on a project, for which the City's sales and use tax does not apply (e.g., governmental entity), may be entitled to an exemption for the purchase of construction materials and fixtures inside the City limits for use on that project by providing proof of the issuance of a State of Colorado tax-exempt project identification.

The City accepts the State of Colorado's tax-exempt identification for construction projects. To apply for a tax-exempt identification number, **Form DR 0172** must be completed and filed with the State of Colorado.

The purchasers of construction materials and fixtures shall use the exemption number issued by the State as evidence to the retailer that the project is tax-exempt. The vendor must record the State exemption number on each invoice on which sales tax was not charged and collected. Subcontractors working on the tax-exempt project may also use the State tax-exempt identification.

**Construction equipment, machinery, tools, or parts for repair of such equipment, machinery, or tools are not included in this the definition of construction materials or fixtures and, therefore, are not eligible for this tax exemption. Hence, the purchase or short-term rental of such items is taxable.**

# CONTRACTOR APPLICATION FOR EXEMPTION CERTIFICATE

Pursuant to Statute  
 Section 39-26.708(1)(a)(XIX)

The exemption certificate for which you are applying must be used only for the purpose of purchasing construction and building materials for the exempt project described below. This exemption does not include or apply to the purchase or rental of equipment, supplies, and materials which are purchased, rented, or consumed by the contractor and which do not become a part of the structure, highway, road, street, or other public works **owned** and **used** by the exempt organization.

Any unauthorized use of the exemption certificate will result in revocation of your exemption certificate and other penalties provided by law.

A separate certificate is required for each contract.

Subcontractors will **not** be issued Certificates of Exemption by the Department of Revenue. It is the responsibility of the prime contractor to issue certificates to each of the subcontractors. *(See reverse side.)*

**SEND COMPLETED FORMS TO: COLORADO DEPARTMENT OF REVENUE, DENVER, CO 80261**  
**FAILURE TO ACCURATELY COMPLETE ALL BOXES WILL CAUSE THE APPLICATION TO BE DENIED.**

Contractor/Account No. (Leave blank if filing for the first time) <b>89 -</b>	Period	<b>0170-750 (999) \$0.00</b>
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## CONTRACTOR INFORMATION

Trade name/DBA:		Owner, partner, or corporate name:	
Mailing address (City, State, Zip):		Contact Person	
E-Mail address:	Federal Employer's Identification Number:	Bid amount for your contract: <b>\$</b>	
Fax number: (      )	Business telephone number: (      )	Colorado withholding tax account number:	

## EXEMPTION INFORMATION Copies of contract or agreement pages, identifying the contracting parties, bid amount, type of work, and signatures of contracting parties **MUST** be attached.

Name of exempt organization (as shown on contract):			Exempt organization's number: <b>98 -</b>			
Address of exempt organization (City, State, Zip):						
Principal contact at exempt organization:			Principal contact's telephone number:			
Physical location of project site (give actual address when applicable and Cities and/or County (ies) where project is located)						
Scheduled construction start date:		Month	Day	Year	Estimated completion date:	

*I declare under penalty of perjury in the second degree that the statements made in this application are true and complete to the best of my knowledge.*

Signature of the business owner, partner or corporate officer:	Title of corporate officer:	Date:
--	-----------------------------	-------

**DO NOT WRITE BELOW THIS LINE**

# Special Notice

Contractors who have completed this application in the past, please note the following changes in procedure:

The Department will no longer issue individual Certificates of exemption to subcontractors. Only prime contractors will receive a Contractor's Exemption Certificate on exempt projects.

Upon receipt of the Certificate, the prime contractor should make a copy for each subcontractor involved in the project and complete it by filling in the subcontractor's name and address and signing it.

The original Certificate should always be retained by the prime contractor. Copies of all Certificates that the prime contractor issued to subcontractors should be kept at the prime contractor's place of business for a minimum of three years and be available for inspection in the event of an audit.

Once an 89# has been assigned to you, please use the next five numbers following it for any applications submitted for future projects. This should be your permanent number. For instance, if you were assigned 89-12345-0001, every application submitted thereafter should contain 89-12345 on the application. The succeeding numbers will be issued by the Department of Revenue. **DO NOT** enter what you believe to be the next in sequence as this may delay processing of your application.





# **CONSTRUCTION INDUSTRY USE TAX GUIDE**

## **SECTION FOUR**

### **CONSTRUCTION EQUIPMENT**

# CONSTRUCTION EQUIPMENT USE TAX

## IN GENERAL

Use tax is due on construction equipment used, owned, operated or stored inside the City for which a city sales tax greater than or equal 2.75% has not been paid. No person is to use, store, operate or own construction equipment in the City without having paid the applicable use tax. Construction equipment for which the purchase price was less than \$2,500 is exempt from use tax.

## CONSTRUCTION EQUIPMENT DEFINED

Construction equipment means any purchased, tangible personal property used, owned, operated or stored by a person engaging in construction activity. Construction activity means to build, construct, reconstruct, alter, expand, modify or improve any building, dwelling, other structure, or improvement on or to real property.

Construction equipment includes, but is not limited to, such items as:

backhoe	front end loader
bulldozer	grader
cement mixer	paver
compactor	pile driver
compressor	power tool
concrete pump	roller
concrete saw	skid loader
conveyer	steam shovel
crane	tamper
dump truck	track hoe
excavator	truck
fork lift	tractor

## THERE ARE TWO METHODS FOR CALCULATING USE TAX ON CONSTRUCTION EQUIPMENT:

1. Based on actual usage in the City; and
2. Alternative sales and use tax rate.

## **1. ACTUAL USUAGE IN THE CITY**

The taxpayer shall identify construction equipment used inside the City as follows:

- a) Prior to or on the date the equipment is located inside or brought into the City, the taxpayer shall file with the City of Grand Junction Financial Operations Department - Customer Service Division a **Construction Equipment Declaration For Proration of City Use Tax (Form #GJ710)**. This Declaration states which equipment and what dates it will be inside the City limits.
- b) Amended Declarations reflecting any changes shall be filed no less than once every 90 days after the equipment is brought into the City. If equipment is brought inside the City limits for less than 90 days, an Amended Declaration shall be filed within 10 days of completion of the project or from the time the equipment is removed from the City, whichever occurs first.
- c) Construction equipment located inside the City for **30 consecutive days or less**, for which a Declaration (#GJ710) was properly filed, will be subject to 1/12 of the 2.75% tax on the purchase price.
- d) Construction equipment located inside the City for **more than 30 consecutive days**, or equipment for which a Declaration (#GJ710) has not been properly filed, will be subject to the full 2.75% tax on the purchase price of the equipment.
- e) In no event will the tax paid be greater the 2.75% of the purchase price of the equipment.

# CITY OF GRAND JUNCTION

## CUSTOMER SERVICE DIVISION

PO Box 1809, Grand Junction, CO 81502

(970) 244-1521 Fax (970) 256-4090

### CITY USE TAX RETURN CONSTRUCTION EQUIPMENT

NAME OF  
BUSINESS: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CONTRACTOR'S  
LICENSE #: \_\_\_\_\_

CONCRETE  
CURBING/SIDEWALK #: \_\_\_\_\_

Schedule of construction equipment used within the corporate limits of the  
City of Grand Junction for the month(s) of \_\_\_\_\_ 20\_\_\_\_.

Note: Use Tax is not due on equipment with a purchase price of less than \$2,500.

PURCHASE DATE	SERIAL NUMBER	MAKE/MODEL/YEAR	VENDOR	PURCHASE PRICE
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____

(Additional lines on reverse side)

Subtotal This Page \$ \_\_\_\_\_

Subtotal From Other Side \$ \_\_\_\_\_

**TOTAL PURCHASES** \$ \_\_\_\_\_

City of Grand Junction Use Tax Rate **X** **2.75%**

**Use Tax Due: (Check one)**

Prorated (number of in-City uses is less than 30 consecutive days) \_\_\_\_\_ /12

Full Tax (if full tax is being paid insert 12 in numerator) \_\_\_\_\_ /12

**USE TAX DUE** \$ \_\_\_\_\_

Interest of 1.5% of Tax Due (For each month overdue) \$ \_\_\_\_\_

Penalty of 10% of Tax Due (Minimum \$15.00) \$ \_\_\_\_\_

**TOTAL AMOUNT DUE** (Make Check Payable to the City of Grand Junction) \$ \_\_\_\_\_

I hereby certify that I have examined this return and that it is, to the best of my knowledge and belief, a true and complete return made in good faith for the period stated above.

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Phone#: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## **2. ALTERNATIVE SALES/USE TAX RATE ON CONSTRUCTION EQUIPMENT**

A contractor who has properly applied for and been approved an alternative sales/use tax rate for construction equipment may pay this rate in lieu of the full City sales/use tax rate of 2.75% on eligible construction equipment.

### **APPLICATION AND APPROVAL**

Application for the alternative rate may be made through the City's Financial Operations Department. Application must be made and approval obtained prior to use of equipment inside the City limits. Calculation of the alternative rate is based on individual contractor's revenue activity within the City limits for the most recently completed financial year. Approval of the alternative rate is by the City Finance Manager and is effective for 24 months after the date of approval. At the end of the 24 months, the alternative rate must be re-calculated and applied for again.

### **PAYMENT OF ALTERNATIVE TAX**

For eligible construction equipment, the contractor may pay the alternative tax as follows:

- 1) The contractor may pay the full City sales tax rate to vendor at point of purchase or to the Department of Motor Vehicles (DMV) at point of registration, and then file a claim for refund from the City for the difference between the full rate paid and the approved alternative rate.

**or**

- 2) The contractor may pay an approved alternative tax directly to the City of Grand Junction by completing the Alternative Use Tax Return (**Form #GJ600**) and remitting the appropriate tax amount. For construction equipment that must be registered with the Department of Motor Vehicles (DMV), the City will issue the contractor who pays alternative use tax directly to the City, a Use Tax Receipt (**Form #GJ610**) that may be presented to the DMV upon registration. This receipt will be the only documentation accepted by the DMV as proof that proper sales/use tax has been paid.

**CITY OF GRAND JUNCTION**  
**Customer Service Division - Sales Tax**  
250 North 5th Street, Grand Junction, CO 81501  
(970) 244-1521 Fax (970) 244-1598

***INSTRUCTIONS FOR APPLICATION AND CALCULATION OF  
ALTERNATIVE SALES AND USE TAX RATE FOR CONSTRUCTION  
EQUIPMENT***

Pursuant to Chapter 34 of the Code of Ordinances of the City of Grand Junction, Colorado

Adoption Date - January 16, 1991.

**INSTRUCTIONS:**

1. Complete the “*Application and Calculation of Alternative Sales and Use Tax Rate for Construction Equipment*” form and return to City Sales Tax Division.
  - **Business Location Used In Calculation** -- For taxpayers with more than one place or location of business: revenues generated from the business located inside the City limits or the place of business closest to the City limits should be used in calculating revenues in **STEPS I** and **II**.
  - **Annual Period Used In Calculation** -- Taxpayer may use their fiscal year for income tax reporting purposes or other annual period as approved by the Financial Operations Manager. Note that total revenues must be substantiated by a copy of the Federal Income Tax Return or audited financial statements, and City revenues must be substantiated by a supporting schedule.
2. Upon the Financial Operations Manager’s approval of alternative rate, complete the “*Alternative Rate Sales/Use Tax Return*” (Form #GJ600) and remit to the City Sales Tax Division.
  - **When Due** -- Use tax is due on the 20th of the month following initial use of new purchases, leases, and acquisitions of construction equipment within the City corporate limits. If taxpayer so chooses, use tax may be paid on construction equipment in advance of initial use within the City corporate limits.

***INSTRUCTIONS FOR APPLICATION AND CALCULATION OF  
ALTERNATIVE SALES AND USE TAX RATE FOR CONSTRUCTION  
EQUIPMENT***

**DEFINITIONS:**

“**Construction Activity**” means to build, construct, reconstruct, alter, expand, modify or improve, any building, dwelling or other structure, or improvement, on or to real property.

“**Construction Equipment**” means any purchased tangible personal property used, owned, operated or stored by a person engaging in construction activity including, but not limited to, equipment, machinery, tools, automotive vehicles, mobile machinery and self-propelled construction equipment.

“**Mobile Machinery and Self-Propelled Construction Equipment**” means those vehicles, self-propelled or otherwise, which are not designed primarily for the transportation of persons or cargo over the public highways; and those motor vehicles which may have originally been designed for the transportation of persons or cargo over the public highways, and those motor vehicles which may have originally been designed for the transportation of persons or cargo but which have been redesigned or modified by the mounting thereon of special equipment or machinery, and which may be only incidentally operated or moved over the public highways; and includes, but is not limited to, wheeled vehicles commonly used in the construction, maintenance, and repair of roadways, the drilling of wells, or the digging of ditches. **The alternative rate shall not apply to a passenger car and truck which has a gross vehicle weight rating of 10,000 pounds or less.**

“**Approval Date**” means date of approval of application and calculation of alternative sales and use tax rate for construction equipment as evidenced by Financial Operations Manager’s signature on such application form.

“**Effective Period of Application**” means twenty-four (24) months from approval date.

**CITY OF GRAND JUNCTION**  
**Customer Service Division - Sales Tax**  
250 North 5th Street, Grand Junction, CO 81501  
(970) 244-1521 Fax (970) 244-1599

***APPLICATION AND CALCULATION OF ALTERNATIVE SALES AND USE  
TAX RATE FOR CONSTRUCTION EQUIPMENT***

NAME OF BUSINESS: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

**REQUEST:**

I, \_\_\_\_\_, AS \_\_\_\_\_, FOR AND ON BEHALF  
*(Name) (Capacity)*

of \_\_\_\_\_, formally request authorization to use the Alternative Sales & Use Tax rate, calculated herein, which will apply to construction equipment purchased, leased, and acquired subsequent to December 31, 1990 and used within the City limits during the effective period of application.

**CALCULATION:**

- STEP I:** List gross revenues *within the City limits* from construction activities for the most recently completed annual period. (Attached supporting schedule.) (1) \_\_\_\_\_
- STEP II:** List *total* gross revenues from construction activities for the most recently completed annual period. (Attach source...i.e. federal tax return, audited financial statements, etc.) (2) \_\_\_\_\_
- STEP III:** Divide line (1) by line (2) to determine percentage of activities within City limits to total activities. (3) \_\_\_\_\_%
- STEP IV:** Determine the greater of line (3) or 25%. (4) \_\_\_\_\_%
- STEP V:** Multiply line (4) by 2.75% (current City sales & use tax rate). **THIS IS THE ALTERNATIVE SALES AND USE TAX RATE** (5) \_\_\_\_\_%

*I hereby certify that I have examined this application and that it is, to the best of my knowledge and belief, a true and complete application made in good faith.*

NAME \_\_\_\_\_ TITLE \_\_\_\_\_  
*(please print)*

SIGNED \_\_\_\_\_ DATE \_\_\_\_\_

**APPROVAL:**

\_\_\_\_\_  
DATE \_\_\_\_\_

**Jodi Romero, Financial Operations Manager**  
City of Grand Junction, Colorado

EXPIRATION DATE: \_\_\_\_\_



**CITY OF GRAND JUNCTION**  
**Customer Service Division - Sales Tax**  
 250 North 5th, Grand Junction, Colorado 81501  
 (970) 244-1598 Fax (970) 244-1599

**CITY ALTERNATIVE RATE USE TAX RETURN**  
**CONSTRUCTION EQUIPMENT**

NAME OF BUSINESS: \_\_\_\_\_ CONTRACTOR'S LICENSE #: \_\_\_\_\_  
 ADDRESS: \_\_\_\_\_ CONCRETE CURBING/SIDEWALK #: \_\_\_\_\_  
 \_\_\_\_\_

A. SCHEDULE OF CONSTRUCTION EQUIPMENT \*PURCHASED AND USED (OR PLANNED TO BE USED) WITHIN THE CORPORATE LIMITS OF THE CITY OF GRAND JUNCTION AS OF: \_\_\_\_\_ 20\_\_\_\_ {COVERED IN THIS RETURN}:

Purchase Date	Serial Number	Make/Model/Year	Vendor	Purchase Price
1.				\$
2.				\$
3.				\$

*(If there are additional items, list on reverse side of form)*

TOTAL PURCHASE PRICE THIS PAGE LINE (A) \$ \_\_\_\_\_  
 TOTAL PURCHASE PRICE REVERSE SIDE LINE (B) \$ \_\_\_\_\_

B. USE TAX DUE: {NOTE: USE TAX IS NOT DUE ON EQUIPMENT WITH A PURCHASE PRICE <\$2,500}

TOTAL PURCHASE PRICE {ADD LINES (A) & (B) ABOVE} \$ \_\_\_\_\_  
 \*\*APPROVED ALTERNATIVE SALES/USE TAX RATE x \_\_\_\_\_ %  
 TAX DUE \$ \_\_\_\_\_  
 INTEREST OF 1.5% OF TAX DUE \_\_\_\_\_  
 (FOR EACH MONTH OR PORTION OF MONTH OVERDUE)  
 PENALTY OF 10% OF TAX DUE (MINIMUM \$15.00) \_\_\_\_\_

TOTAL AMOUNT DUE \$ \_\_\_\_\_  
 {MAKE CHECK PAYABLE TO CITY OF GRAND JUNCTION, P.O. BOX 1809, GRAND JUNCTION, COLORADO 81502-1809}

NAME \_\_\_\_\_ TITLE \_\_\_\_\_  
 (PLEASE PRINT)

SIGNED \_\_\_\_\_ DATE \_\_\_\_\_

\* Alternative rate may not be used on equipment purchased prior to January 1, 1991.

\*\*Alternative rate may not be used prior to application to and approval by Financial Operations Manager.

### IMPORTANT

This return is required by law on use of construction equipment within the corporate limits of the City of Grand Junction, on which City of Grand Junction Retail Sales Tax has not been paid.

To avoid penalties, this return properly completed and signed, together with remittance, must be filed with the Financial Operations Department, 250 North 5th, Grand Junction, Colorado as follows:

Monthly: By the 20th day of the month following the month of use inside the City limits. Return may be filed and remittance may be made prior to use inside the City limits if Taxpayer so chooses.

Remittance must be in the form of Check, Draft or Money Order and made payable to the City of Grand Junction. Do not send cash.

See Section 34-115 of Ordinance #2551 for further explanation of alternative rate sales/use tax on construction equipment.

The space below may be used for scheduling additional construction equipment.

<b>Purchase Date</b>	<b>Serial Number</b>	<b>Make/Model/Year</b>	<b>Vendor</b>	<b>Purchase Price</b>
4.				\$
5.				\$
6.				\$
7.				\$
8.				\$
9.				\$
10.				\$
<b>TOTAL PURCHASE PRICE {CARRY FORWARD TO SECTION A LINE (B)}</b>				<b>\$</b>

**CONSTRUCTION EQUIPMENT DECLARATION  
FOR PRORATION OF CITY USE TAX**

(CHECK ONE) ORIGINAL \_\_\_\_\_ AMENDED \_\_\_\_\_

DATE \_\_\_\_\_

NAME AND TITLE OF \_\_\_\_\_

PERSON COMPLETING FORM \_\_\_\_\_

NAME & ADDRESS OF BUSINESS \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TELEPHONE NUMBER \_\_\_\_\_

I declare that the following items of construction equipment will be brought within the boundaries of the City of Grand Junction, Colorado for use on a project located at the following address \_\_\_\_\_ for the duration of \_\_\_\_\_ days, from \_\_\_\_\_ to \_\_\_\_\_ (month /day /year):

Note: You need not report any item of equipment with a purchase price of less than \$2,500.

<u>TYPE &amp; DESCRIPTION OF EQUIPMENT</u>	<u>SERIAL #</u>	<u>PURCHASE DATE</u>	<u>PURCHASE PRICE</u>	<u>SALES/USE TAX PAID TO CITY? (YES/NO)</u>
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

**City of Grand Junction Sales and Use Tax**  
**Administrative Interpretations**



## ADMINISTRATIVE INTERPRETATION

### ***FREIGHT, DELIVERY AND TRANSPORTATION***

November 2, 2005

The transportation of tangible personal property between a retailer and a purchaser is a service presumed to be not subject to sales or use tax. Transportation charges are not taxable if they are **both** (1) separable from the sales transaction, **and** (2) stated separately on a written invoice or contract.

**“Transportation charges”** include carrying, handling, delivery, mileage, freight, postage, shipping, trip charges, stand-by and other similar charges or fees.

**Separable charges.** Transportation charges are separable from the sales transaction if they are performed after the taxable property or service is offered for sale and the seller allows the purchaser the option either to use the seller’s transportation services or use alternative transportation services (including but not limited to the purchaser picking up the property at the seller’s location). The fact that transportation charges are stated separately does not, in and of itself, mean the charges are a separable charge.

**Stated separately.** Transportation charges will be regarded as “separately stated” only if they are set forth separately in a written sales contract, retailer’s invoice, or other written document issued in connection with the sale.

**Intermediate or “freight in” charges.** Transportation charges incurred in connection with transporting tangible personal property from the place of production or the manufacturer to the seller or to the seller’s agent or representative, or to anyone else acting in the seller’s behalf, either directly or through a chain of wholesalers or jobbers or other middlemen, are deemed “freight-in” charges and are not a transportation charge exempt from tax.

**Overstated transportation charges.** The amount of transportation charges excluded from the calculation of tax shall be the amount of transportation charges separately stated, provided that such separate statement is not to avoid the tax upon the actual sales price of tangible personal property.



## ADMINISTRATIVE INTERPRETATION

### ***EQUIPMENT USED IN THE PRODUCTION OF ELECTRICITY FROM A RENEWABLE ENERGY SOURCE***

March 6, 2008

The sale of manufacturing equipment, as defined by Section 34-102 of the Code of Ordinances, was exempted from use tax under Ordinance No 2810. This interpretation expands that exemption to include the following:

- Machinery and machine tools, or parts for such machinery, used in the production of electricity from a renewable energy source, including but not limited to wind.

The exemption for purchases of renewable energy electricity production machinery and parts applies whether or not the purchases are capitalized or expensed. This exemption applies to the machinery, such as the wind generator or solar panel, but not to supporting structures or to transmission lines coming from the machinery. This exemption is applicable for both commercial and residential installations.

The effective date of this interpretation is January 1, 2008.

## ADMINISTRATIVE INTERPRETATION

### MAINTENANCE AND SERVICE CONTRACTS

AUGUST 22, 1994

Warranty and maintenance services relating to tangible personal property are taxable services under Chapter 24 of the City of Grand Junction Code of Ordinances. Therefore, maintenance and service contracts are subject to City sales and use taxes as follows:

**NOTE:** All vendors of maintenance and service contracts must be properly licensed with the City of Grand Junction.

If a contract is purchased at the same time as the tangible personal property to be maintained or serviced, the full contract price is subject to sales tax and the vendor of the contract must collect, report, and remit the appropriate tax to the City.

If a contract is sold separately from the tangible personal property to be maintained or serviced, the vendor of the contract has two options regarding the payment of City tax.

- 1) The vendor may separately identify tangible personal property (parts, supplies, and materials) and labor/service sold on the invoice to the customer. Sales tax must then be charged and collected on the sales price of the total tangible personal property sold to the customer as part of the maintenance and service contract. Labor or service charges are not subject to sales tax *as long as they are separately* identified. The vendor shall then report and remit sales tax in accordance with City policies and procedures.

or

- 2) The vendor may choose not to separately identify tangible personal property sold as part of the maintenance contract. In this case the vendor must pay **SALES** or **USE** tax on the actual cost of tangible personal property (parts, supplies, and materials) used in the performance of the contract. The vendor shall pay **SALES** tax when purchasing tangible personal property from a seller who is licensed to collect Grand Junction city sales tax. When City sales tax is **not paid** upon purchase of tangible personal property, the vendor shall report and remit **USE** tax in accordance with City policies and procedures. The vendor may make application to the Finance Director for permission to use a percentage basis of reporting tangible personal property costs.

**NOTE:** Once a vendor has chosen one of the two options, the vendor must be consistent in the application of the option to **all** transactions.

**City of Grand Junction**  
**Sales and Use Tax Regulations**



## ADMINISTRATIVE REGULATIONS

**[92-01]**

### **REGULATION 34-101**

### ***ANNEXATION***

Tangible personal property, which was purchased prior to the effective date of annexation to the City, of any place of sale or use not previously within the corporate limits of the City of Grand Junction, is not subject to City use tax as a direct consequence of annexation. Use tax may be payable, however, based upon prior use of tangible personal property within the City limits.

Tangible personal property of any person who is engaged in business in the City, as those terms are defined in section 24-3, which property is purchased or used subsequent to the effective annexation date, is subject to taxation under the City Retail Sales and Use Tax Ordinance.

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# CITY OF GRAND JUNCTION RETAIL SALES AND USE TAX ORDINANCE Administrative Regulations

## **REGULATION 34-107 (3) CONSTRUCTION MATERIALS & FIXTURES USED OUTSIDE CITY**

[92-02]

### **EXEMPTION**

A contractor may purchase and take delivery of construction materials and fixtures from a vendor's location inside the City limits without paying City sales tax on the purchases, if such materials and fixtures are not to be used inside the City limits of Grand Junction, subject to the requirements and restrictions set forth.

### **BUILDING CONTRACTOR**

To be entitled to this exemption, a purchaser of construction materials and fixtures must, at the time of purchase, be a building contractor. A building contractor is one who in the normal course of business is involved in construction activity as that term is defined in Section 34-102 of the Sales & Use Tax Ordinance.

### **CONSTRUCTION MATERIALS AND FIXTURES DEFINED**

Construction **materials** are tangible personal property which become an integral and inseparable part of a completed project. Construction materials, include, but are not limited to, such items as:

asphalt	lime
bricks	lumber
builder's hardware	macadam
caulking material	millwork
cement	mortar
concrete	oil
conduit	paint
electrical wiring	pipng
and connections	pipe valves
fireplace inserts	and pipe fittings
electrical heating	plaster
and cooling equipment	plumbing fixtures
flooring	putty
glass	reinforcing mesh
gravel	road base
insulation	roofing
lath	sand
lead	sanitary sewer pipe
sheet metal	wall board
shrubs/landscaping	wall coping
materials	wall paper
site lighting	weather stripping
steel	wire netting and
stucco	screen
tile	water meters and
trees	mains

Any materials that do not remain as an integral and inseparable part of a completed project are not considered construction materials.

**Construction fixtures** are tangible personal property that are accessory to a building and which do not lose their identity as accessories when placed or installed. Construction fixtures include, but are not limited to, such items as:

- |                        |                           |
|------------------------|---------------------------|
| lighting fixtures      | elevators, hoists, and    |
| plumbing fixtures      | conveying units           |
| furnaces, boilers, and | awnings & venetian blinds |
| heating units          | burglar alarm and fire    |
| air conditioning units | alarm fixtures            |
| refrigeration units    | vault doors and equip     |
| telephone switchboards | cabinets, counters, and   |
| and instruments        | lockers                   |
| signs                  | carpeting                 |

**Construction equipment, machinery, or tools, or parts for repair of such equipment, machinery, or tools** are not included in this the definition of construction materials or fixtures and, therefore, are not eligible for this tax exemption. Hence, the purchase or short term rental of such items is taxable.

### **DELIVERY MADE BY SELLER**

When the materials purchased are delivered by the vendor, the vendor shall, at the time of delivery, record the point of delivery on the invoice.

### **USE OF CONTRACTOR'S OWN VEHICLE FOR DELIVERY**

When a licensed building contractor purchases construction materials and fixtures within the City limits and delivers such to a project location outside the City limits by using his own vehicle, such contractor must certify to the vendor that the purchased materials and fixtures will be used outside the City limits, in order for the transaction to be tax exempt.

### **EXEMPTION CERTIFICATE CARD:**

The only acceptable form of certification to the vendor shall be by presentation of an exemption certificate card, **Form #GJ110**, issued by the City Finance Department.

To be entitled to this exemption, the contractor must obtain, from the City, an exemption certificate for each project. The contractor may apply by completing application **Form #GJ100** and submitting it to the City. The application is not complete unless it includes information pertaining to the contractor applying for the exemption, the general contractor on the project (if different from applicant), the ultimate owner of the construction project, the nature and location of the project, and the estimated dates of performance of services on the project. The application shall also include a listing of subcontractors scheduled on the project.

Each exemption certificate card shall list the contractor who applied for the exemption, the subcontractors to work on the project, the date of approval, the address and location

of the project outside the City limits, and the exemption certificate number. An exemption certificate number is not transferable and is limited to the contractor who applied for and was approved the exemption, and to the subcontractors and project listed on the exemption certificate. Each certificate shall expire on the 30<sup>th</sup> day after the contractor's estimated completion of services.



## CITY OF GRAND JUNCTION RETAIL SALES AND USE TAX ORDINANCE Administrative Regulations

### **REGULATION 34-107 (4)      PROPERTY FOR DIRECT USE IN MANUFACTURING, PROCESSING, MINING OR IRRIGATION**

[92-03]

#### **TANGIBLE PERSONAL PROPERTY SOLD TO PERSONS ENGAGED IN MANUFACTURING, PROCESSING, MINING, OR IRRIGATION**

Tangible personal property for the purposes of this section is defined as that property purchased for direct use in the purchaser's performance of manufacturing, processing, mining, or irrigation operations conducted entirely outside the City limits of Grand Junction. Such operations might include oil & gas exploration and development, oil shale mining, uranium mining, paper and plastics manufacturing, and irrigation projects.

Tangible personal property purchased for direct use in such operations is exempt subject to the requirements of this regulation. The exemption does **not** apply to the following:

1. Tangible personal property used to move materials and supplies to and from job locations outside City limits;
2. Consumable office supplies;
3. Tools, machinery, or parts for repair of said tools and machinery used by purchaser in business.

#### **USE OF PURCHASER'S OWN VEHICLE FOR DELIVERY**

When a person purchases tangible personal property for direct use in such person's operations, as defined above, he may deliver the purchases by using his own vehicle. The purchaser however must certify to the vendor that said purchases will be used entirely outside the City limits in order for the transaction to be tax exempt.

##### **Exemption Certificate Card:**

The only acceptable form of certification to the vendor shall be by presentation of an exemption certificate card, **Form #GJ1310**, issued by the City Administrative services Department.

Such an exemption card will be issued on a operating area basis as approved by Finance Department personnel. The purchaser may apply for the exemption card by completing application **Form #GJ1300** and submitting it to the City.

The completed application shall include information pertaining to the purchaser applying for the exemption, the nature of the purchaser's business operations, and the locations of operations. The certificate shall expire by each January 31<sup>st</sup>.

This exemption applies only to purchasers engaged in manufacturing, processing, mining, or irrigation who conduct such operations solely outside the city limits of Grand Junction.

The exemption certificate card is not valid unless it lists the purchaser who applied for the exemption, the date of approval, the address of the purchaser, the location of operations outside the City limits, the exemption certificate number, the expiration date, and an original signature of a City employee. The exemption certificate number is limited to the purchaser to whom it was issued and to the area of operations as stated on the exemption certificate.



# CITY OF GRAND JUNCTION RETAIL SALES AND USE TAX ORDINANCE Administrative Regulations

## *REGULATION 34-107 (28) - 34-113 (a) (c)*

### **ESTIMATED PERCENTAGE BASIS OPTION**

[92-04]

#### **EXEMPTION**

A contractor who purchases construction materials and fixtures from a vendor inside the City limits is exempt from paying City sales tax on the purchases, if that contractor has paid **use tax** on such materials and fixtures on the estimated percentage basis. The following requirements and restrictions shall apply to entitle such purchaser to this exemption.

#### **APPLICATION**

A contractor may elect to pay use tax on construction materials and fixtures used on a project inside the city limits by using the estimated percentage basis. Prior to the issuance of a building permit, the contractor must submit a completed application **Form #GJ300**. The application requires information regarding the contractor and the estimated total cost of the project. After the application is approved by the Finance Department, the contractor shall pay the deposit amount, if applicable, and shall be issued a tax deposit receipt, **Form #GJ310**. For estimated values or contract costs exceeding \$500,000, the deposit amount will only be required on the first \$500,000 value.

#### **TAX DEPOSIT RECEIPT**

The retailer must collect the applicable tax unless the purchaser of construction materials and fixtures shows the city issued tax deposit receipt, **Form #GJ310**, as evidence that use tax on such materials has been paid to the city through the estimated percentage basis. The vendor must record the tax deposit receipt number on each invoice on which sales tax was not charged and collected.

#### **ESTIMATED PAYMENT vs. ACTUAL COSTS**

Pursuant to Section 34-113(c) of the City Code, if total tax liability is more than the deposit made, the contractor shall remit additional use tax due on construction materials and fixtures by the 20<sup>th</sup> of the month following the earlier of (a) issuance of a certificate of occupancy; (b) actual occupancy or (c) completion of the project. If the tax deposit is in excess of calculated use tax on actual cost of construction materials and fixtures used, the contractor may file a claim for refund with the City including all invoices, receipts, and statements supporting such claim; in the absence of such claim, the City shall retain the funds.

#### **CONSTRUCTION MATERIALS AND FIXTURES DEFINED**

**Construction materials** are tangible personal property which become an integral and *inseparable* part of a completed project. Construction materials include, but are not limited to, such items as:

asphalt	lime
bricks	lumber
builder's hardware	macadam
caulking material	millwork
cement	mortar
concrete	oil
conduit	paint
electrical wiring	pipng
and connections	pipe valves
fireplace inserts	and pipe fittings
electrical heating	plaster
and cooling equipment	plumbing fixtures
flooring	putty
glass	reinforcing mesh
gravel	road base
insulation	roofing
lath	sand
lead	sanitary sewer pipe
sheet metal	wall board
shrubs/landscaping	wall coping
materials	wall paper
site lighting	weather stripping
steel	wire netting and
stucco	screen
tile water meters and	
trees	mains

Any materials that do not remain as an integral and inseparable part of a completed project are not considered construction materials.

**Construction fixtures** are tangible personal property that are accessory to a building and which do not lose their identity as accessories when placed or installed. Construction fixtures include, but are not limited to, such items as:

lighting fixtures	elevators, hoists, and
plumbing fixtures	conveying units
furnaces, boilers, and	awnings & venetian blinds
heating units	burglar alarm and fire
air conditioning units	alarm fixtures
refrigeration units	vault doors and equip
telephone switchboards	cabinets, counters, and
and instruments	lockers
signs	carpeting

**Construction equipment, machinery, or tools, or parts for repair of such equipment, machinery, or tools** are not included in this the definition of construction materials or fixtures and, therefore, are not eligible for this tax exemption. Hence, the purchase or short term rental of such items is taxable.





# CITY OF GRAND JUNCTION RETAIL SALES AND USE TAX ORDINANCE Administrative Regulations

## **REGULATION 34-113 (b)**

### **Actual Use Tax On Construction Materials And Fixtures**

**[92-05]**

#### **TAX ON ACTUAL COST OF CONSTRUCTION MATERIALS AND FIXTURES**

Contractors who do not elect to pay use tax on construction materials and fixtures on the estimated percentage basis must pay tax on the actual cost of construction materials and fixtures used.

#### **FOR PURCHASES OF CONSTRUCTION MATERIALS AND FIXTURES TO BE USED ON PROJECTS LOCATED INSIDE THE CITY LIMITS**

##### **SALES TAX:**

For purchases transacted inside the City limits of Grand Junction (e.g., purchaser takes possession of property **inside** City) , sales tax shall be paid directly to the vendor at point of purchase.

##### **USE TAX:**

For purchases transacted outside the City limits of Grand Junction (e.g. , purchaser takes possession of property **outside** City), use tax shall be paid to the City in accordance with all applicable reporting rules and regulations.

#### **CONSTRUCTION MATERIALS AND FIXTURES DEFINED**

**Construction materials** are tangible personal property which become an integral and inseparable part of a completed project. Construction materials include, but are not limited to, such items as:

asphalt	lime	sheet metal
bricks	lumber	shrubs/landscaping
builder's hardware	macadam	materials
caulking material	millwork	site lighting
cement	mortar	steel
concrete	oil	stucco
electrical wiring	pipng	tile
and connections	pipe valves	trees
fireplace inserts	and pipe fittings	wall board
electrical heating	plaster	wall coping
and cooling equipment	plumbing fixtures	wall paper
flooring	putty	water meters and
glass	reinforcing mesh	mains
gravel	road base	weather stripping
insulation	roofing	wire netting and
lath	sand	screen
lead	sanitary sewer pipe	

**Construction fixtures** are tangible personal property that are accessory to a building and which do not lose their identity as accessories when placed or installed. Construction fixtures include, but are not limited to, such items as:

lighting fixtures  
plumbing fixtures  
furnaces, boilers, and  
heating units  
air conditioning units  
refrigeration units  
telephone switchboards  
and instruments  
signs

elevators, hoists, and  
conveying units  
awnings & venetian blinds  
burglar alarm and fire  
alarm fixtures  
vault doors and equip  
cabinets, counters, and  
lockers  
carpeting



# CITY OF GRAND JUNCTION RETAIL SALES AND USE TAX ORDINANCE Administrative Regulations

## **REGULATION 34-107 (12) (14) CONSTRUCTION MATERIALS & FIXTURES FOR TAX EXEMPT PROJECTS**

[92-06]

### **PURCHASE OF CONSTRUCTION MATERIALS**

Any contractor working on a project for which the City's sales and use tax does not apply (e.g., governmental entity) may be entitled to an exemption for the purchase of construction materials and fixtures inside the City limits for use on that project, by providing proof of the issuance of a State of Colorado tax exempt project identification.

The City will accept State tax exempt identification for construction projects. The purchasers of construction materials and fixtures shall use the exemption number issued by the State as evidence to the retailer that the project is tax exempt. The vendor must record the State exemption number on each invoice on which sales tax was not charged and collected. Subcontractors working on the tax exempt project may also use the State tax exempt identification.

### **CONSTRUCTION MATERIALS & FIXTURES DEFINED**

**Construction materials** are tangible personal property which become an integral and inseparable part of a completed project. Construction materials include, but are not limited to, such items as:

- |                       |                     |
|-----------------------|---------------------|
| asphalt               | pipe valves         |
| bricks                | and pipe fittings   |
| builder's hardware    | plaster             |
| caulking material     | plumbing fixtures   |
| cement                | putty               |
| concrete              | reinforcing mesh    |
| conduit               | road base           |
| electrical wiring     | roofing             |
| and connections       | sand                |
| fireplace inserts     | sanitary sewer pipe |
| electrical heating    | sheet metal         |
| and cooling equipment | site lighting       |
| flooring              | steel               |
| glass                 | stucco              |
| gravel                | tile                |
| insulation            | trees               |
| lath                  | shrubs and other    |
| lead                  | landscaping         |
| lime                  | materials           |
| lumber                | wall board          |
| macadam               | wall coping         |
| millwork              | wall paper          |
| mortar                | weather stripping   |
| oil                   | wire netting and    |
| paint                 | screen              |
| pipng                 | water meters        |

Any materials that do not remain as an integral and inseparable part of a completed project are not considered construction materials.

**Construction fixtures** are tangible personal property that are accessory to a building and which do not lose their identity as accessories when placed or installed. Construction fixtures include, but are not limited to, such items as:

- |                        |                           |
|------------------------|---------------------------|
| lighting fixtures      | elevators, hoists, and    |
| plumbing fixtures      | conveying units           |
| furnaces, boilers, and | awnings & venetian blinds |
| heating units          | burglar alarm and fire    |
| air conditioning units | alarm fixtures            |
| refrigeration units    | vault doors and equip     |
| telephone switchboards | cabinets, counters, and   |
| and instruments        | lockers                   |
| signs                  | carpeting                 |

**Construction equipment, machinery, or tools, or parts for repair of such equipment, machinery, or tools** are not included in this the definition of construction materials or fixtures and, therefore, are not eligible for this tax exemption. Hence, the purchase or short term rental of such items is taxable.