

[39-30-106. Sales and use tax - machinery and equipment exempted.](#)

(1) (a) On or after July 1, 1995, purchases of machinery or machine tools, or parts thereof, and materials for the construction or repair of machinery or machine tools, in excess of five hundred dollars to be used solely and exclusively in an enterprise zone in manufacturing tangible personal property, for sale or profit, whether or not such purchases are capitalized or expensed, are exempt from taxation under article 26 of this title.

(b) The provisions of section [39-26-709](#) (1) shall govern the administration of this subsection (1), except to the extent that such section and this subsection (1) are inconsistent. For purposes of this section, in addition to the definition of "manufacturing" found in section [39-26-709](#) (1) (c) (III), "manufacturing" shall include refining, blasting, exploring, mining and mined land reclamation, quarrying for, processing and beneficiation, or otherwise extracting from the earth or from waste or stockpiles or from pits or banks any natural resource.

(2) Repealed.

Source: **L. 86:** Entire article added, p. 1141, § 1, effective July 1. **L. 87:** Entire section amended, p. 1451, § 26, effective June 22. **L. 88:** Entire section amended, p. 1317, § 15, effective May 29. **L. 89:** Entire section amended, p. 1523, § 8, effective June 7. **L. 91:** Entire section amended, p. 2428, § 2, effective June 8; entire section amended, p. 1975, § 1, effective July 1, 1992. **L. 95:** (1)(a) amended, p. 137, § 2, effective April 7. **L. 2004:** (1)(b) amended, p. 1047, § 21, effective July 1. **L. 2007:** (1)(b) amended, p. 1177, § 6, effective May 23.

Editor's note: (1) Subsection (2)(b) provided for the repeal of subsection (2) unless a certified or licensed air carrier of persons or property executed or delivered to the state of Colorado, before July 1, 1994, a letter of commitment to operate an aircraft maintenance facility employing more than two thousand persons in the state. (See L. 91, p. 1975.)

(2) Amendments to this section by Senate Bill 91-131 and House Bill 91-1182 were harmonized.

Cross references: For the legislative declaration contained in the 2007 act amending subsection (1)(b), see section 1 of chapter 281, Session Laws of Colorado 2007.

ANNOTATION

Only the first \$150,000 of the purchase price of used machinery is exempt from taxation pursuant to this section. By incorporating the provisions of § [39-26-114](#) (11) to govern the administration of this exemption, the limitation on purchases of used equipment contained in the federal investment tax credit is also incorporated pursuant to § [39-26-114](#) (11)(d). Colo. Dept. of Rev. v. Cray Computer Corp., 18 P.3d 1277 (Colo. 2001).

By its terms, this section governs when it conflicts with § [39-26-114](#) (11). The "capitalized and expensed" language in this section thus prevents the depreciability and useful life requirements of the federal investment tax credit from being applied to purchases of machinery that are exempt from state sales tax made within enterprise zones and the regional transportation district and certain other districts could not impose use tax on such purchases. Ball Corp. v. Fisher, 51 P.3d 1053 (Colo. App. 2001).