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Colorado Legislative Update: Sales Tax Exemption Legislation Affecting Mining Industry

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At the Colorado Capitol this week, the Tax Expenditure Evaluation Interim Committee voted to move forward with legislation related to the sales tax exemption for the purchases of electricity, gas, and other types of energy used in industrial or manufacturing processes. This exemption is of significant financial benefit to companies involved in mining in the State. The bill, which passed on a bi-partisan vote, modifies the sales exemption to only apply when the energy is used by a metered machine.

To be introduced in January as an Interim Committee bill the proposal must also be approved by the Legislative Council Committee which meets on November 15. Bi-partisan support gives the bill a better chance of passing through this leadership committee. Even if the bill is not approved by the Legislative Council Committee, it would likely be introduced by sponsors in January. The only difference is that it would not have the designation as an Interim Committee bill which means it does not count against the (supposedly) limited number of bills each member is permitted to introduce.

The Colorado Mining Association (CMA) was engaged and testified to their concerns as did the Colorado Chamber of Commerce. No individual companies testified. In this political climate, the voice of individual companies who can demonstrate specific impacts is particularly important.

Holland & Hart's Government Affairs and State & Local Tax teams are available to discuss the proposal in more detail and its potential effects on businesses and individuals.

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