

## Tax Bills Being Heard in Senate 2/5/10



### **HB1189:** POMMER/HEATH

**RE: Sales tax exemption for direct mail.**

**Status:** 1/1/10 House third reading passed

**Bill Summary:** Commencing March 1, 2010, the bill eliminates the state sales and use tax exemption for direct mail advertising materials that are distributed in Colorado by any person engaged in the business of providing cooperative direct mail advertising. The bill allows a local government or political subdivision of the state to continue to exempt such direct mail advertising materials from local sales or use tax.

### **HB 1191:** POMMER/HEATH

**RE: Candy and soft drinks.**

**Status:** 1/1/10 House third reading passed

**Bill Summary:** Effective March 1, 2010, sections 1 and 2 of the bill: Narrow the existing state sales and use tax exemptions for food so that candy and soft drinks are no longer exempt from the state sales tax and use taxes; Authorize the department of revenue to promulgate rules that allow sellers of candy and soft drinks to, if necessary, reasonably estimate the amount of sales taxes due on their sales; and Make conforming amendments to prevent the narrowing of the exemption from affecting county, municipal, and other local government or political subdivision sales and use taxes

### **HB 1194:** FERRANDINO/HEATH

**RE: Non-essential containers for food services**

**Status:** 1/1/10 House third reading passed

**Bill Summary:** Effective March 1, 2010, the bill narrows the existing state sales and use tax exemptions for sales to retailers or vendors of food, meals, or beverages of articles, containers, and bags that are to be furnished without separate charge to consumers or users for use with articles of tangible personal property purchased at retail upon which state sales tax is paid so that articles, containers, and bags that are nonessential to the consumer or user are no longer exempt from the state sales and use taxes and makes conforming amendments to prevent the narrowing of the exemption from affecting county, municipal, and other local government or political subdivision sales and use taxes.

### **HB 1195:** FERRANDINO/HEATH

**RE: Sales tax on agricultural compounds.**

**Status:** 1/1/10 House third reading passed

**Bill Summary:** The bill suspends the exemption from the state sales and use taxes for the sale or storage, use, or consumption of agricultural compounds used in caring for livestock, semen for agricultural and livestock products for the period beginning March 1, 2010, and ending June 30,

2013. The bill also prevents the suspension of the exemption from affecting sales or use taxes levied by towns, cities, counties, or other political subdivisions of the state that are based on the state sales or use tax unless a town, city, county, or political subdivision expressly subject such sale or storage, use, or consumption to its sales or use tax for the specified period at the time of adoption of its initial sales or use tax ordinance or resolution or subsequent amendment to the ordinance or resolution.

**HB 1196:** FERRANDINO/HEATH

**RE: Alternative fuel vehicle credits.**

**Status:** 1/1/10 House third reading passed

**Bill Summary:** Current law specifies that motor vehicles that meet certain federal guidelines and have a minimum fuel economy of 30 miles per gallon but less than 40 miles per gallon (category 7 motor vehicles) qualify for a state income tax credit for the purchase of vehicles using alternative fuels for the tax years commencing January 1, 2010, and January 1, 2011. The bill disqualifies category 7 motor vehicles from the state income tax credit for purchases of category 7 motor vehicles made on or after January 1, 2011.

**HB 1199:** FERRANDINO/HEATH

**RE: Three-year limit on net-operating-loss (NOL) carry forward to \$250,000.**

**Status:** 1/1/10 House third reading passed

**Bill Summary:** Under current law, a corporation may reduce its Colorado taxable income by carrying forward a net operating loss (NOL). There is no annual limit on the amount of NOL that may be carried forward. For each of the next 3 income tax years, the bill limits the amount of NOL that may be carried forward to \$250,000. A NOL may be carried forward one additional year for each year that a corporation is prohibited from carrying forward a portion of its NOL because of this limit.