

Subject: CACI Legislative Alert: House Sends Business Tax Bills to Governor



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House Sends Nine Bills Imposing \$231.3 Million in Additional Taxes on Businesses to Governor Ritter for His Signature

Today, the House concurred with the Senate versions of the following nine House tax bills, thus sending the bills to Governor Bill Ritter for his signature. The Governor is expected to sign the bills as soon as possible. The bills increase taxes on businesses by \$231.3 million for the 28 months beginning March 1st. This period covers the final four months of the current fiscal year ending June 30th and the following two fiscal years.

HB-1189 Eliminates the sales-and-use tax exemption for direct-mail advertising materials. Takes effect March 1, 2010, and is permanent.

HB-1190 Removes the exclusion for energy used by industry and manufacturers from being subject to the state sales tax. Takes effect March 1, 2010, and ends June 30, 2013.

HB-1191 Eliminates the sales-tax exemption on sales of candy and soft drinks. Takes effect May 1, 2010, and is permanent.

HB-1192 Expands sales-and-use tax for standardized software. Takes effect March 1, 2010, and is permanent.

HB-1193 Requires an Internet retailer that has a "bricks-and-mortar" store in Colorado--but which does not collect sales tax for business conducted through a Web site that is incorporated as a separate entity outside of Colorado--is presumed to have Colorado tax nexus and is required to collect and remit Colorado sales tax. Requires retailers in Colorado that do not collect and remit sales tax—such as Internet retailers that do not have bricks-and-mortar stores in Colorado--to notify their customers that the customer has to pay use tax since the retailer is not collecting and remitting sales tax. Takes effect March 1, 2010, and is permanent.

HB-1194 Eliminates the sales-and-use tax exemption on nonessential food containers and related materials. Takes effect March 1, 2010 and is permanent.

HB-1195 Suspends exemption from state sales-and-use tax for certain items used in agricultural production. Takes effect May 1, 2010, and ends June 30, 2013.

HB-1196 Disqualifies the purchase of "Category 7" alternative-fuel vehicles for an income tax credit. Takes effect for tax year 2011 but not tax year 2010.

HB-1199 Places a temporary limit of \$250,000 on the net-operating loss (NOL) carry-forward for the state corporate income tax deduction. Takes effect for tax years 2011-2013.
For a story Sunday by *The Denver Post* about the politics of the business tax bills at the State Capitol, click on:

http://www.denverpost.com/search/ci_14378147

The Pueblo Chieftain today ran an editorial urging state representatives from the Pueblo area to vote against concurrence on HB-1190:

<http://www.chieftain.com/articles/2010/02/16/editorial/doc4b7a0bf39b32f016302369.txt>

Meanwhile, CACI member Enstrom Candies of Grand Junction was mentioned in a blog posting Monday by statehouse reporter Lynn Bartels of *The Denver Post*, who wrote:

"Our business is already running lean and facing enormous challenges in these tough economic times. Raising our taxes makes us less competitive and will stifle job creation," said Doug Simons, the company president and CEO. "The last thing the state should be doing is putting more hurdles in the path of job creation and economic recovery. This legislation will hurt families and businesses not only in Grand Junction but throughout the state."

To read the blog, click on:

<http://blogs.denverpost.com/thespot/2010/02/15/mcinnis-plans-pepsi-press-conference/print/>

For More Information on the Business Tax Bills . . .

CACI members with questions about the bills should contact Loren Furman, CACI Vice President of Governmental Affairs at 303.866.8642 or via e-mail at lfurman@COchamber.com