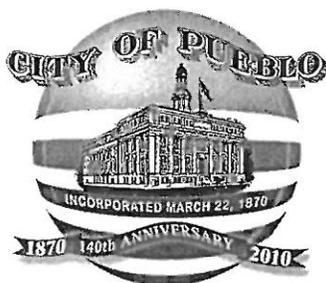


FINANCE DEPARTMENT
P.O. BOX 1427
PUEBLO, CO 81002



SALES TAX DIVISION
(719) 553-2659
FAX (719) 553-2657

TO ALL BIDDERS:

We would like to take this opportunity to welcome you to the City of Pueblo.

The City of Pueblo does not issue **tax-exempt certificates** and deems that all construction type of jobs within the city limits are subject to Sales and Use Tax at the rate of 3.5%.

Each and every General and/or Sub-Contractor will need to obtain licensing with the City of Pueblo. An application is available from our office or on the website listed below. Typically contractors are licensed with a Use Tax License. If the applicant is a supplier with a storefront selling material to the contractors then a Sales Tax License will be issued. In either case, the filing frequency will be determined once the application is processed. Upon completion, a license along with the returns will be mailed to the applicant. **PLEASE NOTE: if the filing period does not have a tax liability a zero return must be filed.**

The Tax Guide entitled "Construction Contractors" and FAQ's has also been attached for assistance in explaining what would be subject to tax and provides scenarios that can be helpful to the construction industry.

The website for our office can be found at www.pueblo.us, hover over "Government," then click on "Departments," then on "Sales Tax". There you will find the Tax Guides, City of Pueblo Ordinances in their entirety, blank forms such as a return or an application.

If further assistance is needed, please phone our office at (719) 553-2659, as our staff would be happy to assist.

City of Pueblo, Colorado

TAX GUIDE

CONSTRUCTION CONTRACTORS

DEFINITION:

The term "construction contractor" applies to general contractors and subcontractors and includes all building constructors, highway and road constructors, electrical, plumbing, and heating constructors, excavators, and others engaged in the construction, reconstruction, expansion, alteration, repair, or wrecking of **any physical structure that is part of real estate.**

Business enterprises providing completed units of personal property to be affixed to, installed in or used in conjunction with a structure will **not** be regarded as performing work by a **contractor** if the personal property can be removed:

1. Without substantial damage to the structure, and
2. Without altering the functional use of the structure.

Business enterprises, as described above, are considered vendors who make retail sales and must charge City of Pueblo Sales Tax on these items if licensed to do so. If the vendor is not licensed to collect City of Pueblo Sales Tax or for any reason fails to do so, then the contractor must pay the tax due as Use Tax. These types of items include, but are not limited to, appliances, storm doors and windows, patio covers, carpeting, pre-fabricated swimming pools, lockers, athletic equipment, toilet partitions, movable partitions, nursery stock, sod or other similar items used in connection with a structure.

STATE EXEMPT PROJECTS:

The State of Colorado provides an exemption for purchases by contractors of construction and building materials that become permanently affixed to the real property when the owner of the real property is a non-profit school or a governmental, charitable, or religious entity. **Pueblo has no such exemption.**

The contractor may not avoid the payment of the Pueblo Sales or Use Tax by use of provisions in the construction agreement or by use of the name of a tax exempt entity on an invoice or purchase order as the purchaser because the contractor is deemed to be the consumer of the materials used in construction. No exemption certificate issued by the Colorado Department of Revenue, nor any other taxing authority, will be recognized as a basis for exemption from the Sales or Use Tax levied by the City of Pueblo on construction materials.

CONSTRUCTION MATERIALS:

All building materials purchased, used or consumed in the City of Pueblo are subject to sales or use tax, unless the materials are purchased for resale or by seller holding a valid City of Pueblo Sales Tax License.

The general contractor on a project is responsible for the City of Pueblo tax on all material used or consumed on his project, including that used by the subcontractors he employs on the job. If the subcontractor is properly licensed with the City of Pueblo Finance Department, the subcontractor will be liable for his own taxes. But **the general contractor is responsible for the taxes owed by any unlicensed subcontractor he employs.**

Caution: City of Pueblo Sales Tax paid to a vendor who is not licensed to collect Pueblo Sales Tax does not relieve the contractor of this tax liability until said tax is remitted to the City of Pueblo.

SALES TAX:

1. Materials delivered by a Pueblo vendor to a construction contractor at a job site or other location in Pueblo are subject to city sales tax.
2. Materials picked up inside the City of Pueblo are subject to city sales tax regardless of whether the materials are used inside or outside the city.
3. Materials delivered by a Pueblo vendor to a location outside the City of Pueblo, for use outside the city, are exempt from city sales tax.
4. There is no exemption in the sales tax ordinance for the temporary storage of construction materials in Pueblo.

USE TAX:

City of Pueblo use tax is due on all materials used, consumed or stored in the city on which City of Pueblo sales tax was not paid. Examples might include the following:

1. For materials purchased outside of Pueblo to be used or stored in Pueblo on which sales tax was legally paid to another municipal corporation, use tax would be due only to the extent that the Pueblo tax exceeds the amount of sales tax paid to the other municipality. Sales tax is legally paid to another municipal corporation only if delivery of the material takes place in that municipality.
2. For material purchased outside Pueblo and delivered into Pueblo either by the vendor or common carrier, the full 3.5% City of Pueblo use tax is due.
3. If for any reason a licensed vendor fails to charge City of Pueblo sales tax, the contractor as the ultimate user must pay the full use tax.

CONSTRUCTION TOOLS & EQUIPMENT:**NEW PURCHASES:**

All purchases of tools, supplies and equipment from a Pueblo licensed vendor that are delivered inside the City of Pueblo are subject to city sales tax.

If no Pueblo sales tax was paid, the City Code imposes a use tax on the purchase of tools, supplies and equipment used or received in Pueblo. However, if sales tax was legally paid on a purchase to another Colorado municipality, Pueblo allows a credit for the rate of tax legally paid to another municipality up to the rate of Pueblo's use tax.

USED EQUIPMENT:

Machinery and equipment, which has been used prior to being brought into the City of Pueblo, is subject to city use tax on the actual purchase price of the equipment and is due at the time the equipment is first brought into the city. Credit is allowed for the rate of legally imposed sales and use tax previously paid to another municipality up to the rate of city use tax.

CONSTRUCTION EQUIPMENT:

Pueblo sales and use tax applies to the purchase or use of construction equipment (cranes, grades, backhoes, bulldozers, welders, etc) in the city. Any equipment owned by a local construction company is subject to city tax when the equipment is purchased or first brought into the City of Pueblo. Construction companies located outside the city are subject city tax when equipment is brought into Pueblo. EXCEPTION: The City of Pueblo provides a prorated use tax on construction equipment brought into the city for a period of thirty (30) consecutive days or less if the taxpayer has complied with the provisions of C.R.S. Section 29-2-109.

MOTOR VEHICLE EXEMPTION:

Automotive vehicles (vehicles whose primary purpose is transportation upon public streets) registered and required by law to be registered outside of Pueblo are exempt. Specifically, construction contractors' pickup trucks and over-the-highway dump trucks, which are based and maintained at a location outside of Pueblo, would not be subject to Pueblo's sales or use tax.

RETAILER-CONTRACTOR:

Some contractors as defined above, also may be retail merchants of building supplies or construction materials, which were purchased tax free for resale. In the performance of their own construction contracts they might remove from their own stock whatever is needed for their contract operations. Such use of tax free merchandise is subject to tax in one of the following ways:

1. On time and material type contracts for all now tax exempt entities, sales tax must be charged and remitted on the total retail price charged to the customer.
2. On lump sum contracts and all jobs for tax exempt entities, use tax must be paid based on the acquisition cost of the merchandise.

Retailer contractors must have a City of Pueblo sales tax license. No sales tax license will be issued to regular contractors. They are not retailers of tangible personal property and are deemed to be users or consumers of all articles they use.

MANUFACTURER CONTRACTORS:

Manufacturing is defined as "the performance as a business of an integrated series of operations which places personal property in a form, composition or character different from that in which it was acquired whether for sale or use by the manufacturer. The change in form, composition or character must result in a different product having a distinctive name, character and use."

Organizations engaged in the manufacturing of tangible personal property who also perform construction contracts (i.e., permanently affix personal property to real property) are subject to Pueblo tax on the gross value of all materials, labor and services used and employed in the manufacture of the product.

FABRICATORS:

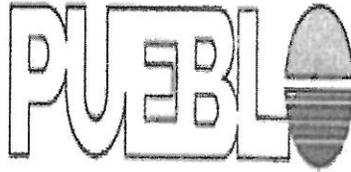
Shop tasks performed on construction materials, such as cutting, welding, drilling and painting structural steel or cutting, bending and attaching sheet metal pieces into "duct work," are not regarded as "manufacturing". Thus, in such cases, fabrication labor is not part of the tax base for a contractor/fabricator.

Fabricated labor is part of the tax base when transfer of title to the fabricated item takes place after performance of the fabrication by the retailer/fabricator.

RELATED TAX GUIDES:

Liens, Distraints & Enforcement
Manufacturers
Rental & Service Charges Combined
Special Mobil Machines & Equipment
Use Tax

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT PUEBLO TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE PUEBLO MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS.



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FREQUENTLY ASKED QUESTIONS (FAQ)

Below are FAQ's about City of Pueblo licensing and tax collection.

If you would like to see the ordinances in their entirety or peruse our website, please visit www.pueblo.us (click on "city departments", then "sales tax"). Once there, [Title 9 – Licenses & Permits](#), [14 – Taxes & Finance](#) and/or [City of Pueblo Tax Guides](#) are available.

FAQ's:

Who has to be licensed with the City of Pueblo Sales Tax Division?

All businesses associated with this project must be licensed to include contractors, suppliers delivering to the job site, equipment rentals, tool sales onsite to name a few. Please contact our office if you have a question whether or not licensing should be acquired. A completed application along with the \$50 annual licensing fee must be submitted to the Sales Tax Division. For your convenience an application has been included.

Can Contractors be liable for hiring unlicensed sub-contractors when working in the City of Pueblo?

Yes, prior to hiring a sub-contractor ensure they are licensed with the Sales Tax Division by requiring a copy of their current license. If not, the hiring contractor could be liable for taxation on the contractual agreement.

I am a Labor Only Contractor do I need to be licensed?

Yes, all businesses to include labor only must be licensed.

If I believe there are no taxes owed, do I still need to file a return?

Yes, a Zero return must be filed. If you do not file a return and no taxes are owed, a \$15 late filing fee will be enforced.

If food is purchased for on the job consumption is it taxable?

Yes, food purchased from grocery stores is only exempt for home consumption. In any other situation the food is deemed taxable. Any prepared food is also subject to taxation.

Do I need to notify your office if my business closed?

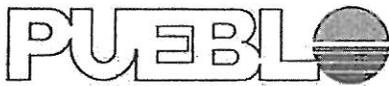
Yes, we need **WRITTEN** notification that your business has closed.



City of Pueblo, Colorado
Finance Department

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License Inspector

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City of Pueblo, Colorado
Finance Department

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City of Pueblo, Colorado
Finance Department

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