



Colorado Association for Recycling

PO Box 11130

Denver, CO 80211-0130

Turning today's waste into tomorrow's resources

CONCERNING SALES AND USE TAX EXEMPTION OF EQUIPMENT USED FOR PROCESSING OF RECOVERED MATERIALS

SB16-124

The Issue:

Most machinery and equipment used in the traditional manufacturing process is currently exempt from the state sales and use tax. Reprocessing, remanufacturing, and reuse of manufactured materials was not common when the sales and use tax exemption was put in place. SB16-124 clarifies that the exemption should also apply to these more modern remanufacturing practices.

Bill Sponsors: Senator Grantham / Representative Priola

What will this bill do?

The purpose of the tax exemption created in this section is to:

- 1) Treat machinery and equipment used in the recycling and reprocessing of waste products the same as machinery and equipment used in the traditional manufacturing process for state sales and use tax purposes;
- 2) Preserve and create new jobs in Colorado in the recycling and reprocessing industries;
- 3) Secure a robust and reliable source of local materials and supplies for recycled materials processors and manufacturers in the state;
- 4) Encourage recyclable materials to be recycled in the state rather than shipped to other states or countries for remanufacturing;
- 5) Develop the recycled materials processing and manufacturing industries in the state to provide additional economic benefits to the state that are currently being lost to other states; and
- 6) Boost the diversion of additional useful recyclable materials from landfill sites in the state.

In 2014, the Colorado Department of Public Health and Environment commissioned an Economic Impact Study of the recycling industry in the State of Colorado. Some of the findings include:

- Recycling, reuse and remanufacturing sectors sustain more than 85,000 jobs; over 5,000 of these jobs are in rural Colorado.
- State and local tax revenues generated from waste diversion activities amount to nearly \$1.3 billion per year.
- The industry accounts for approximately 5 percent of Colorado's overall economic output.
- For every job created within the waste diversion industry, one additional job is created elsewhere in the labor market.

Supporters:



Boulder County, CO
Number 1 Glass Recycling – Arvada, CO
Waste Management – National, statewide

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