

Second Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 14-0714.01 Esther van Mourik x4215

HOUSE BILL 14-1178

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**HOUSE SPONSORSHIP**

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**A BILL FOR AN ACT**

101 **CONCERNING A SALES AND USE TAX EXEMPTION FOR QUALIFIED**  
102 **PROPERTY USED IN SPACE FLIGHT.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill creates a sales and use tax exemption for qualified property used in space flight and outlines the reporting requirements for the exemption.

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Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) Colorado's aerospace industry directly employs close to three  
5 percent of the state's workforce and contributes billions of dollars to the  
6 state's economy;

7 (b) Colorado relies heavily on federal contracts and funding to  
8 sustain its healthy aerospace industry. A sales and use tax exemption for  
9 qualified property for use in space flight would help the state protect itself  
10 against instability in federal funding by encouraging private-sector  
11 investment.

12 (c) Studies indicate that the state would benefit significantly from  
13 private-oriented and state-implemented incentives designed to stimulate  
14 private-sector aerospace industry growth;

15 (d) Arizona, California, Florida, and Virginia have already  
16 adopted aerospace-related sales and use tax exemptions, and those states  
17 are known as leaders in the aerospace industry; and

18 (e) A sales and use tax exemption for qualified property for use  
19 in space flight will increase the availability of highly-skilled and  
20 highly-paid jobs in the state and will encourage capital investment in  
21 equipment, machinery, parts, and supplies used in aerospace  
22 manufacturing.

23 (2) The general assembly therefore finds that:

24 (a) Colorado has the potential to and should become a leader in  
25 the aerospace industry; and

26 (b) Enacting a tax incentive to encourage new aerospace industry  
27 businesses to locate in the state and to invigorate the state's current

1 aerospace industry's business activities is sound public policy.

2 **SECTION 2.** In Colorado Revised Statutes, **add** 39-26-727 as  
3 follows:

4 **39-26-727. Property for use in space flight - definitions -**  
5 **repeal.** (1) FOR THE STATE FISCAL YEARS COMMENCING ON OR AFTER  
6 JULY 1, 2014, BUT PRIOR TO JULY 1, 2019, ALL SALES, STORAGE, AND USE  
7 OF QUALIFIED PROPERTY FOR USE IN SPACE FLIGHT IS EXEMPT FROM  
8 TAXATION UNDER PARTS 1 AND 2 OF THIS ARTICLE.

9 (2) AS USED IN THIS SECTION:

10 (a) "QUALIFIED PROPERTY FOR USE IN SPACE FLIGHT" MEANS ANY  
11 OF THE FOLLOWING:

12 (I) A SPACE VEHICLE AND ANY COMPONENT THEREOF;

13 (II) TANGIBLE PERSONAL PROPERTY TO BE PLACED OR USED  
14 ABOARD A SPACE VEHICLE, REGARDLESS OF WHETHER SUCH PERSONAL  
15 PROPERTY IS TO BE ULTIMATELY RETURNED TO THE STATE FOR  
16 SUBSEQUENT USE, STORAGE, OR OTHER CONSUMPTION; AND

17 (III) FUEL OF A QUALITY THAT IS NOT ADAPTABLE FOR USE IN AN  
18 ORDINARY MOTOR VEHICLE AND THAT IS PRODUCED, SOLD, AND USED  
19 EXCLUSIVELY FOR SPACE FLIGHT.

20 (b) "SPACE FLIGHT" MEANS ANY FLIGHT DESIGNED FOR  
21 SUBORBITAL, ORBITAL, OR INTERPLANETARY TRAVEL BY A SPACE VEHICLE.

22 (c) "SPACE VEHICLE" MEANS ANY TANGIBLE PERSONAL PROPERTY  
23 THAT HAS SPACE FLIGHT CAPABILITY AND IS INTENDED FOR SPACE FLIGHT  
24 AND INCLUDES, BUT IS NOT LIMITED TO, AN ORBITAL SPACE FACILITY,  
25 SPACE PROPULSION SYSTEM, SATELLITE, OR SPACE STATION OF ANY KIND.

26 (3) THE TAX EXEMPTION ESTABLISHED BY THIS SECTION MAY NOT  
27 BE DENIED TO A TAXPAYER BECAUSE OF A FAILURE, POSTPONEMENT,

1 DESTRUCTION, OR CANCELLATION OF A LAUNCH OF A SPACE VEHICLE.

2 (4) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE  
3 SHALL ANNUALLY PROVIDE INFORMATION TO THE FINANCE COMMITTEES  
4 OF THE HOUSE OF REPRESENTATIVES AND THE SENATE, OR ANY SUCCESSOR  
5 COMMITTEES, ON THE NUMBER OF EXEMPTIONS CLAIMED PURSUANT TO  
6 THIS SECTION. SUCH INFORMATION MAY BE INCORPORATED INTO AN  
7 EXISTING REPORT PROVIDED ON AN ANNUAL BASIS BY THE EXECUTIVE  
8 DIRECTOR TO THE COMMITTEES.

9 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2030.

10 **SECTION 3.** In Colorado Revised Statutes, 29-2-105, **amend** (1)  
11 (d) (I) (K) and (1) (d) (I) (L); and **add** (1) (d) (I) (M) as follows:

12 **29-2-105. Contents of sales tax ordinances and proposals.**

13 (1) (d) (I) A provision that the sale of tangible personal property and  
14 services taxable pursuant to this article shall be the same as the sale of  
15 tangible personal property and services taxable pursuant to section  
16 39-26-104, C.R.S., except as otherwise provided in this paragraph (d).  
17 The sale of tangible personal property and services taxable pursuant to  
18 this article shall be subject to the same sales tax exemptions as those  
19 specified in part 7 of article 26 of title 39, C.R.S.; except that the sale of  
20 the following may be exempted from a town, city, or county sales tax only  
21 by the express inclusion of the exemption either at the time of adoption  
22 of the initial sales tax ordinance or resolution or by amendment thereto:

23 (K) The exemption for sales that benefit a Colorado school  
24 specified in section 39-26-725, C.R.S.; and

25 (L) The exemption for sales by an association or organization of  
26 parents and teachers of public school students that is a charitable  
27 organization as specified in section 39-26-718 (1) (c), C.R.S.; AND

1           (M) THE EXEMPTION FOR SALES OF PROPERTY FOR USE IN SPACE  
2 FLIGHT SPECIFIED IN SECTION 39-26-727, C.R.S.

3           **SECTION 4. Safety clause.** The general assembly hereby finds,  
4 determines, and declares that this act is necessary for the immediate  
5 preservation of the public peace, health, and safety.