

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0042.01 Alison Killen x4350

HOUSE BILL 24-1027

HOUSE SPONSORSHIP

Winter T.,

SENATE SPONSORSHIP

Pelton B.,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING TAX RELIEF FOR PRODUCTS ESSENTIAL TO MINORS, AND,
102 IN CONNECTION THEREWITH, CREATING A SALES AND USE TAX
103 EXEMPTION FOR BABY AND TODDLER PRODUCTS AND CREATING
104 A SALES AND USE TAX HOLIDAY FOR BACK-TO-SCHOOL ITEMS.

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://leg.colorado.gov>.)

Section 1 of the bill creates, beginning on January 1, 2025, and continuing indefinitely, a state sales and use tax exemption for baby and toddler products. A "baby and toddler product" is defined to include a

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

baby crib, playpen, or play yard; a baby stroller; a baby safety gate, cabinet lock or latch, or electrical socket cover; a baby monitor; a bicycle child carrier seat, or trailer, including an adaptor or accessory; a baby exerciser, jumper, bouncer seat, or swing; a breast pump, bottle sterilizer, bottle, or nipple, pacifier, or teething ring; baby wipes; a changing table or pad; and baby and toddler clothing.

Section 1 also creates a time-limited state sales and use tax exemption, or sales and use tax holiday, for back-to-school items. The tax holiday applies for 14 days beginning on January 1, 2025, and for an additional 14 days beginning on July 24, 2025. A "back-to-school item" is defined to mean an article of clothing, a bag, a school supply, a learning aid, or a personal computer or personal computer-related accessory that is purchased primarily for use by an individual who is a minor. The exemption for each item is limited by cost as follows:

- \$100 for an article of clothing or a bag;
- \$50 for a school supply;
- \$30 for a learning aid; and
- \$1,500 for a personal computer or a personal computer-related accessory.

Section 2 permits a town, city, or county to create sales and use tax exemptions that are identical to the state exemptions.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-735 as
3 follows:

4 **39-26-735. Baby and toddler products - back-to-school items**
5 **- tax preference performance statement - legislative declaration -**

6 **definitions - repeal.** (1) IN ACCORDANCE WITH SECTION 39-21-304 (1),
7 WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO
8 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
9 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY
10 FINDS AND DECLARES THAT:

11 (a) THE GENERAL LEGISLATIVE PURPOSE OF THE EXEMPTIONS
12 ALLOWED BY THIS SECTION IS TO PROVIDE TAX RELIEF FOR CERTAIN
13 INDIVIDUALS;

1 (b) THE SPECIFIC LEGISLATIVE PURPOSE OF THE EXEMPTIONS
2 ALLOWED BY THIS SECTION IS TO INCREASE THE AFFORDABILITY OF BABY
3 AND TODDLER PRODUCTS AND BACK-TO-SCHOOL ITEMS AND TO REDRESS
4 THE BURDEN THAT THE IMPOSITION OF SALES TAX PLACES ON MILLIONS OF
5 PARENTS AND OTHER INDIVIDUALS CARING FOR INFANTS AND YOUNG
6 CHILDREN IN COLORADO FOR WHOM SUCH PRODUCTS ARE ESSENTIAL; AND

7 (c) IN ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE STATE
8 AUDITOR TO MEASURE THE EFFECTIVENESS OF THE EXEMPTIONS ALLOWED
9 BY SUBSECTIONS (3) AND (4) OF THIS SECTION, THE STATE AUDITOR SHALL
10 IDENTIFY AVAILABLE DATA SOURCES AND ESTIMATE THE SAVINGS THAT
11 THE EXEMPTIONS PROVIDE TO TAXPAYERS IN COLORADO FOR WHOM BABY
12 AND TODDLER PRODUCTS AND BACK-TO-SCHOOL ITEMS ARE ESSENTIAL
13 DURING THE STATE AUDITOR'S EVALUATION OF THE EXEMPTION PURSUANT
14 TO SECTION 39-21-305.

15 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
16 REQUIRES:

17 (a) "BABY AND TODDLER PRODUCT" MEANS:

18 (I) A BABY CRIB, INCLUDING A BABY PLAYPEN OR A BABY PLAY
19 YARD;

20 (II) A BABY STROLLER;

21 (III) A BABY SAFETY GATE;

22 (IV) A BABY MONITOR;

23 (V) A CHILD SAFETY CABINET LOCK OR LATCH OR AN ELECTRICAL
24 SOCKET COVER;

25 (VI) A BICYCLE CHILD CARRIER SEAT OR TRAILER DESIGNED FOR
26 CARRYING YOUNG CHILDREN, INCLUDING ANY ADAPTOR OR ACCESSORY
27 FOR THE SEAT OR TRAILER;

1 (VII) A BABY EXERCISER, JUMPER, BOUNCER SEAT, OR SWING;

2 (VIII) A BREAST PUMP, BOTTLE STERILIZER, BABY BOTTLE OR
3 NIPPLE, PACIFIER, OR TEETHING RING;

4 (IX) BABY WIPES;

5 (X) A CHANGING TABLE OR CHANGING PAD; AND

6 (XI) BABY AND TODDLER CLOTHING PRIMARILY INTENDED AND
7 MARKETED FOR CHILDREN AGE FIVE OR YOUNGER. BABY AND TODDLER
8 CLOTHING SIZE 5T AND SMALLER AND BABY AND TODDLER SHOES SIZE 13T
9 AND SMALLER ARE PRESUMED TO BE PRIMARILY INTENDED FOR AND
10 MARKETED FOR CHILDREN AGE FIVE OR YOUNGER.

11 (b) "BAG" MEANS A HANDBAG, BOOK BAG, BACKPACK, FANNY
12 PACK, OR DIAPER BAG, BUT DOES NOT INCLUDE A BRIEFCASE, SUITCASE,
13 LUGGAGE, OR OTHER GARMENT BAG.

14 (c) "BACK-TO-SCHOOL ITEM" MEANS AN ARTICLE OF CLOTHING, A
15 BAG, A SCHOOL SUPPLY, A LEARNING AID, OR A PERSONAL COMPUTER OR
16 PERSONAL COMPUTER-RELATED ACCESSORY THAT IS PURCHASED
17 PRIMARILY FOR USE BY AN INDIVIDUAL WHO IS A MINOR.

18 (d) "CLOTHING" MEANS:

19 (I) ANY ARTICLE OF WEARING APPAREL INTENDED TO BE WORN ON
20 THE PERSON, EXCLUDING A CLOTHING ACCESSORY; AND

21 (II) ANY FOOTWEAR, EXCLUDING SKIS, SNOWBOARDS, SWIM FINS,
22 ROLLER BLADES, SKATES, AND OTHER RECREATIONAL EQUIPMENT.

23 (e) "CLOTHING ACCESSORY" MEANS AN INCIDENTAL ITEM WORN
24 ON THE PERSON OR USED IN CONJUNCTION WITH CLOTHING. "CLOTHING
25 ACCESSORY" INCLUDES JEWELRY, WALLETS, WATCHES, HATS, SCARVES,
26 HOSIERY, TIES, BELTS, AND UMBRELLAS.

27 (f) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

1 (g) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF
2 THE DEPARTMENT OF REVENUE.

3 (h) "LEARNING AID" MEANS A SET OF STACKING OR NESTING
4 BLOCKS, FLASH CARDS OR OTHER LEARNING CARDS, A MATCHING OR
5 MEMORY GAME, A PUZZLE BOOK OR SEARCH-AND-FIND BOOK, AN
6 INTERACTIVE OR ELECTRONIC BOOK, OR ANY OTHER BOOK OR TOY
7 INTENDED TO TEACH SKILLS TO CHILDREN.

8 (i) "LOCAL GOVERNMENT" MEANS A COUNTY, CITY AND COUNTY,
9 OR MUNICIPALITY.

10 (j) (I) "PERSONAL COMPUTER" MEANS AN ELECTRONIC BOOK
11 READER, LAPTOP, DESKTOP, HANDHELD, TABLET, OR TOWER COMPUTER
12 PURCHASED FOR NONCOMMERCIAL HOME OR PERSONAL USE.

13 (II) "PERSONAL COMPUTER" DOES NOT INCLUDE A CELLULAR
14 TELEPHONE, VIDEO GAME CONSOLE, DIGITAL MEDIA RECEIVER, OR OTHER
15 DEVICE THAT IS NOT PRIMARILY DESIGNED TO PROCESS DATA.

16 (k) (I) "PERSONAL COMPUTER-RELATED ACCESSORY" INCLUDES A
17 KEYBOARD, MOUSE, PERSONAL DIGITAL ASSISTANT, MONITOR, MODEM,
18 ROUTER, NONRECREATIONAL SOFTWARE, AND OTHER PERIPHERAL DEVICES
19 OR SOFTWARE PURCHASED FOR NONCOMMERCIAL HOME OR PERSONAL USE.

20 (II) "PERSONAL COMPUTER-RELATED ACCESSORY" DOES NOT
21 INCLUDE FURNITURE OR SYSTEMS, DEVICES, SOFTWARE, MONITORS, OR
22 OTHER PERIPHERAL DEVICES THAT ARE DESIGNED OR INTENDED PRIMARILY
23 FOR RECREATIONAL USE.

24 (l) "SCHOOL SUPPLY" MEANS AN ART SUPPLY, BINDER POCKET,
25 BINDER, BLACKBOARD CHALK, CALCULATOR, CELLOPHANE TAPE, CLAY
26 AND GLAZE, COMPASS, COMPOSITION BOOK, CRAYON SET, DICTIONARY OR
27 THESAURUS, DRY ERASE MARKER AND ERASER, FOLDER, GLUE AND PASTE,

1 HIGHLIGHTER, INDEX CARD SET AND BOX, LUNCH BOX, MAP OR GLOBE,
2 MARKER, NOTEBOOK AND DIVIDER, PAPER OR PAD, PENCIL BOX OR OTHER
3 BOXES FOR SCHOOL SUPPLIES, PENCIL SHARPENER, PENCIL AND ERASER,
4 PEN, PROTRACTOR, REFERENCE BOOK, RULER, SCISSORS, TEXTBOOK, AND
5 WORKBOOK.

6 (3) (a) BEGINNING ON JANUARY 1, 2025, ALL SALES OF BABY AND
7 TODDLER PRODUCTS ARE EXEMPT FROM TAXATION UNDER PART 1 OF THIS
8 ARTICLE 26.

9 (b) NOTWITHSTANDING SECTION 39-21-304 (4), THE EXEMPTION
10 IN THIS SUBSECTION (3) CONTINUES INDEFINITELY.

11 (4) (a) DURING THE PERIOD BEGINNING AT 12:01 A.M. ON JANUARY
12 1, 2025, AND ENDING AT MIDNIGHT ON JANUARY 14, 2025, AND DURING
13 THE PERIOD BEGINNING AT 12:01 A.M. ON JULY 24, 2025, AND ENDING AT
14 MIDNIGHT ON AUGUST 6, 2025, THE SALE OF A BACK-TO-SCHOOL ITEM,
15 THE COST OF WHICH IS LESS THAN THE LIMIT ESTABLISHED IN SUBSECTION
16 (4)(b) OF THIS SECTION, IS EXEMPT FROM THE TAX LEVIED PURSUANT TO
17 PART 1 OF THIS ARTICLE 26.

18 (b) THE LIMIT FOR EACH BACK-TO-SCHOOL ITEM IS:
19 (I) ONE HUNDRED DOLLARS FOR AN ARTICLE OF CLOTHING OR BAG;
20 (II) FIFTY DOLLARS FOR A SCHOOL SUPPLY;
21 (III) THIRTY DOLLARS FOR A LEARNING AID; AND
22 (IV) ONE THOUSAND FIVE HUNDRED DOLLARS FOR A PERSONAL
23 COMPUTER OR A PERSONAL COMPUTER-RELATED ACCESSORY.

24 (c) THIS SUBSECTION (4) IS REPEALED, EFFECTIVE JANUARY 1,
25 2026.

26 (5) THE STORAGE, USE, OR CONSUMPTION OF A BABY OR TODDLER
27 PRODUCT OR A BACK-TO-SCHOOL ITEM THAT IS EXEMPT AT THE TIME OF

1 PURCHASE FROM THE SALES TAX PURSUANT TO SUBSECTION (3) OR (4) OF
2 THIS SECTION IS EXEMPT FROM THE USE TAX LEVIED PURSUANT TO PART 2
3 OF THIS ARTICLE 26.

4 (6) THE EXECUTIVE DIRECTOR MAY:

5 (a) MODIFY EXISTING FORMS OR CREATE NEW FORMS AS
6 NECESSARY TO FACILITATE THE EXEMPTIONS CREATED IN SUBSECTIONS (3)
7 AND (4) OF THIS SECTION; AND

8 (b) ADOPT RULES FOR THE ADMINISTRATION AND ENFORCEMENT
9 OF THIS SECTION.

10 **SECTION 2.** In Colorado Revised Statutes, 29-2-105, **amend**
11 (1)(d)(I)(T); and **add** (1)(d)(I)(V) and (1)(d)(I)(W) as follows:

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

13 (1) The sales tax ordinance or proposal of any incorporated town, city,
14 or county adopted pursuant to this article 2 shall be imposed on the sale
15 of tangible personal property at retail or the furnishing of services, as
16 provided in subsection (1)(d) of this section. Any countywide or
17 incorporated town or city sales tax ordinance or proposal shall include the
18 following provisions:

19 (d) (I) A provision that the sale of tangible personal property and
20 services taxable pursuant to this article 2 is the same as the sale of
21 tangible personal property and services taxable pursuant to section
22 39-26-104, except as otherwise provided in this subsection (1)(d). The
23 sale of tangible personal property and services taxable pursuant to this
24 article 2 is subject to the same sales tax exemptions as those specified in
25 part 7 of article 26 of title 39; except that the sale of the following may be
26 exempted from a town, city, or county sales tax only by the express
27 inclusion of the exemption either at the time of adoption of the initial

1 sales tax ordinance or resolution or by amendment thereto:

2 (T) The exemption for sales of heat pump systems and heat pump
3 water heaters set forth in section 39-26-732; ~~and~~

4 (V) THE EXEMPTION FOR BABY AND TODDLER PRODUCTS SET
5 FORTH IN SECTION 39-26-735 (3); AND

6 (W) THE EXEMPTION FOR BACK-TO-SCHOOL ITEMS SPECIFIED IN
7 SECTION 39-26-735 (4), FOR THE SAME PERIODS THAT THE STATE
8 EXEMPTION IS AVAILABLE.

9 **SECTION 3. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly; except
12 that, if a referendum petition is filed pursuant to section 1 (3) of article V
13 of the state constitution against this act or an item, section, or part of this
14 act within such period, then the act, item, section, or part will not take
15 effect unless approved by the people at the general election to be held in
16 November 2024 and, in such case, will take effect on the date of the
17 official declaration of the vote thereon by the governor.