

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0192.02 Esther van Mourik x4215

HOUSE BILL 18-1218

HOUSE SPONSORSHIP

Carver and Melton,

SENATE SPONSORSHIP

Crowder and Todd,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE DEFINITION OF A CHARITABLE ORGANIZATION FOR
102 PURPOSES OF STATE SALES AND USE TAX, AND, IN CONNECTION
103 THEREWITH, REMOVING THE LIMITATION THAT A VETERANS'
104 ORGANIZATION ONLY GETS THE CHARITABLE ORGANIZATION
105 EXEMPTION FOR PURPOSES OF SPONSORING A SPECIAL EVENT,
106 MEETING, OR OTHER FUNCTION IN THE STATE, SO LONG AS SUCH
107 EVENT, MEETING, OR FUNCTION IS NOT PART OF THE
108 ORGANIZATION'S REGULAR ACTIVITIES IN THE STATE.

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

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

<http://leg.colorado.gov>.)

For purposes of state sales and use tax, a "charitable organization" includes veterans' organizations as defined in federal law, but such organizations are limited to those that sponsor special events, meetings, or other functions in the state that are not part of the organization's regular activities in the state. In other words, a veterans' organization may not claim the charitable organization sales and use tax exemption for its regular activities in the state. This limitation is not found in the federal tax law granting veterans' organizations federal tax exempt status. The bill makes state law consistent with federal law and will treat veterans' organizations registered under section 501 (c)(19) of the federal internal revenue code the same way as veterans' organizations registered under section 501 (c)(3) of the federal internal revenue code.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-102, **amend**
3 the introductory portion and (2.5) as follows:

4 **39-26-102. Definitions.** As used in this ~~article~~ ARTICLE 26, unless
5 the context otherwise requires:

6 (2.5) "Charitable organization" means any entity organized and
7 operated exclusively for religious, charitable, scientific, testing for public
8 safety, literary, or educational purposes, or to foster national or
9 international amateur sports competition (but only if no part of its
10 activities involve the provision of athletic facilities or equipment), or for
11 the prevention of cruelty to children or animals, no part of the net
12 earnings of which inures to the benefit of any private shareholder or
13 individual, no substantial part of the activities of which is carrying on
14 propaganda, or otherwise attempting, to influence legislation, and which
15 does not participate in, or intervene in (including the publishing or
16 distributing of statements), any political campaign on behalf of any
17 candidate for public office, or any veterans' organization registered under

1 section 501 (c)(19) of the FEDERAL "Internal Revenue Code of 1986", as
2 amended. ~~for the purpose of sponsoring a special event, meeting, or other~~
3 ~~function in the state of Colorado so long as such event, meeting, or~~
4 ~~function is not part of such organization's regular activities in the state.~~

5 **SECTION 2.** In Colorado Revised Statutes, 39-26-713, **amend**
6 (2)(d) as follows:

7 **39-26-713. Tangible personal property.** (2) The following are
8 exempt from taxation under part 2 of this article 26:

9 (d) The storage, use, consumption, or loan of tangible personal
10 property by or to the United States government, the state of Colorado or
11 its institutions or political subdivisions in their governmental capacities
12 only, or any charitable organization in the conduct of its regular charitable
13 functions and activities; ~~except that any veterans' organization that~~
14 ~~qualifies as a charitable organization pursuant to section 39-26-102 (2.5)~~
15 ~~shall be exempt from taxation under the provisions of part 2 of this article~~
16 ~~only for the purpose of sponsoring a special event, meeting, or other~~
17 ~~function in the state of Colorado that is not part of such organization's~~
18 ~~regular activities in the state;~~

19 **SECTION 3.** In Colorado Revised Statutes, 39-26-718, **amend**
20 (1) introductory portion and (1)(a) as follows:

21 **39-26-718. Charitable organizations - association or**
22 **organization of parents and teachers of public school students.**

23 (1) The following shall be exempt from taxation under the provisions of
24 part 1 of this ~~article~~ ARTICLE 26:

25 (a) All sales made to charitable organizations, in the conduct of
26 their regular charitable functions and activities; ~~except that any veterans'~~
27 ~~organization that qualifies as a charitable organization pursuant to section~~

1 ~~39-26-102 (2.5) shall be exempt from taxation under the provisions of~~
2 ~~part 1 of this article only for the purpose of sponsoring a special event,~~
3 ~~meeting, or other function in the state of Colorado that is not part of the~~
4 ~~organization's regular activities in the state;~~

5 **SECTION 4. Effective date - applicability.** This act takes effect
6 July 1, 2018, and applies to any charitable organization sales and use tax
7 exemptions claimed on or after said date.

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