



**Financial Services**  
Sales Tax Division  
215 North Mason Street, 2<sup>nd</sup> Floor  
P.O. Box 580  
Fort Collins, CO 80522  
**970.221.6780**  
970.221.6782 - fax  
[fcgov.com/salestax](http://fcgov.com/salestax)

## A GUIDE TO THE MANUFACTURING EQUIPMENT USE TAX REBATE PROGRAM

Purchasers of qualifying manufacturing equipment can apply directly to the City of Fort Collins Finance Department for a refund of a portion of the use tax paid to the City. The 3% use tax must have been paid in full to the City of Fort Collins prior to the request for the refund. The taxpayer will be responsible for providing proof that the use tax was paid. Sales taxes paid directly to vendors are not eligible for the rebate. Sales or use taxes paid to another taxing jurisdiction for purchases of manufacturing equipment are not eligible for the rebate.

### WHO QUALIFIES?

Manufacturers, who in an industrial setting, produce a new product, article, substance or commodity that is different from and has a distinctive name, character or use from the raw or prepared materials used to manufacture the product.

### WHO DOES NOT QUALIFY?

Companies that do not directly manufacture new products will not qualify for the rebate program. Examples of such companies include: publishers, ready-mix concrete producers, loggers, mining operations, farmers, construction contractors and wood preservers. Additionally, the following processing is not considered to be manufacturing for the purposes of this program: electroplating, plating, metal heat treating or polishing, lapidary work, fabrication of signs and advertising displays, milk bottling and pasteurizing, typesetting, engraving, plate printing, preparing electrotyping and stereotype plates. Manufacturing shall not include product research, development and testing.

### ADDITIONAL QUALIFICATIONS:

Only purchases of manufacturing machinery to be used in the City of Fort Collins **directly** and **exclusively** in the manufacture of tangible personal property, for sale or profit, are eligible for the rebate.

The firm applying for the rebate must certify compliance with all Federal, State and local laws and regulations for the manufacturing facility located in Fort Collins. Firms must be current with all payments to the City of Fort Collins and in compliance with any contractual agreements with the City.

### WHAT QUALIFIES AS MANUFACTURING EQUIPMENT?

Machinery and equipment that qualifies for the manufacturing use tax rebate must meet all of the following criteria:

- Be tangible personal property when purchased.
- Be necessary, essential, and used directly in the manufacturing of tangible personal property to be sold.

## WHAT DOES NOT QUALIFY?

Tangible personal property will not qualify for the manufacturing rebate if it meets these conditions:

- Taxable items used in any activity other than the actual manufacturing process;
- Items merely useful or incidental to the operation.
- Any items discovered during the course of a sales and use tax audit that may have been eligible for the rebate at the time of purchase, are not eligible for the rebate.
- Incidental parts and accessories for manufacturing equipment.

Examples of items that do not qualify for the rebate are (not all inclusive):

- Machinery and equipment used in intraplant transportation (i.e. forklift, conveyors, and overhead cranes).
- Machinery and equipment used to repair tangible personal property belonging to the taxpayer's customer.
- Repair labor.
- Leased or rented machinery.
- Improvements to real property.
- Special foundations needed for machinery.
- Electrical wiring, electrical switches or plumbing that is incorporated into real property.
- Office equipment and supplies.
- Climate control equipment.
- Research and development equipment.
- Equipment or supplies used in sales or distribution activities.
- Equipment used to maintain equipment and other manufacturing support items.
- Hand tools.
- Screws and washers.
- Used manufacturing equipment purchased when a business is acquired through sale or transfer of title or possession.

## HOW DOES THE REBATE WORK?

The following tiered rebate schedule will be used to determine the amount of rebate to be granted:

Cost of Manufacturing Equipment	Use Tax Rate Paid	Use Tax Rebate Percentage	Maximum Cumulative Rebate
\$0 to \$5,000,000	3.00%	1.50%	\$75,000
\$5,000,001 to \$15,000,000	3.00%	1.00%	\$175,000
\$15,000,001 to \$50,000,000	3.00%	1.00%	\$525,000
\$50,000,001 and over	3.00%	1.00%	\$2,400,000
<b>Total Maximum Rebate</b>			<b>\$2,400,000</b>

The maximum rebate given to any one company for purchases of manufacturing equipment will be \$2,400,000.

## HOW DOES A COMPANY APPLY FOR THE REBATE?

Companies must do the following to apply for the rebate:

1. Complete and submit a Manufacturing Equipment Use Tax Rebate Application.
2. Submit a listing of manufacturing equipment purchased that includes the following information:
  - a. Invoice number
  - b. Invoice date
  - c. Vendor name
  - d. Description of machinery purchased
  - e. Intended use of the machinery
  - f. Date use tax was paid to the City of Fort Collins
3. Companies are not required to submit copies of the invoices for which the rebate is requested. However, in the event there are questions regarding the eligibility of equipment, supporting documentation, including invoice copies, will be required.

For equipment purchased in 2009, rebate applications and supporting documentation are due no later than December 31, 2010. The right of any company to apply for a rebate under this program is not assignable. An application for rebate must be made by the company that paid the tax to the City of Fort Collins.

Applications may be subject to audit as provided in Chapter 25 of the Code of the City of Fort Collins.

## WHERE DO I SEND THE REBATE APPLICATION?

Send rebate applications to:

City of Fort Collins  
Sales Tax Division  
Attn: Peggy L. Streeter  
P.O. Box 580  
Fort Collins, CO 80522-0580

## WHAT IF A REBATE IS DENIED?

If a rebate is reduced or denied, the applicant may petition the Financial Officer for an administrative hearing. Appeals must be submitted within twenty (20) days after the City's decision. The Financial Officer will notify the applicant of the time and location of the hearing. All hearings will be held in Fort Collins.

## WHERE DO I CALL WITH QUESTIONS?

For specific questions regarding the Manufacturing Use Tax Rebate Program, call Peggy L. Streeter at (970) 221-6527. For general questions regarding sales and use tax, please call the Sales Tax Office at (970) 221-6780.