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A GUIDE TO THE MANUFACTURING EQUIPMENT USE TAX REBATE PROGRAM 2023 Program

Purchasers of qualifying manufacturing equipment can apply directly to the City of Fort Collins Finance Department for a rebate 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 rebate. 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. **Use tax paid on purchases made from a vendor that fails to collect City of Fort Collins sales tax on the purchases as required by law 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.

The rebate program is governed by Chapter 25 of the Code of the City of Fort Collins, and in particular, Sections 25-63 through 25-69. The Code may be found here: https://www.municode.com/library/co/fort_collins/codes/municipal_code. To the extent this Guide conflicts with the Code, the Code shall control.

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 must have a sales and use tax license with the City and be classified as a manufacturer under the NAICS. 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 any of these conditions:

- Machinery or equipment is used in any activity other than the actual manufacturing process;
- Machinery or equipment is merely useful or incidental to the manufacturing operation;
- Machinery or equipment for which the manufacturer failed to pay use tax when due or when the manufacturer paid use tax because of a tax audit.

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.

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%	\$1,625,000
Total Maximum Rebate			\$2,400,000

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 2023, rebate applications and supporting documentation are due no later than June 30, 2024. 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: Danielle Wallace
P.O. Box 580
Fort Collins, CO 80522-0580
danwallace@fcgov.com

WHAT IF A REBATE IS DENIED?

If a rebate is reduced or denied, the applicant may petition the Financial Officer for an administrative hearing before the Financial Officer or his or her designee. Appeals will be conducted in accordance with rules and regulations adopted by the Financial Officer. Appeals must be submitted within twenty-one (21) days after the date of the City's written decision on the rebate request. 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 questions regarding the Rebate Program, contact Danielle Wallace at (970) 416-4246 or danwallace@fcgov.com.