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## Potential Mulberry Corridor Annexation Sales & Use Tax Guide & FAQs

**Background Information:** The City of Fort Collins is a home rule municipality. This means the City administers its own sales and use tax regulations. This guide has information and answers to frequently asked questions for residents and homeowners, businesses, charitable and government organizations.

**Residents and Homeowners:** Once your home becomes annexed into the City, you will be subject to City sales tax. This tax is in addition to any State or County tax that may apply.

- **What will I pay sales tax on when my residence becomes annexed into the City?**  
The City taxes tangible personal property and some services. Examples include items delivered to your home, such as furniture and landscaping materials. Taxable services include the purchase of gas, electric and telecommunications services. Additionally, if you purchase a vehicle or pull a building permit, these transactions are subject to City tax.

**Businesses:** If your business is in an area that will be part of a future annexation, you may find the information below helpful.

- **Do I need a City of Fort Collins Sales and Use Tax/Business License?**  
Yes, a business located inside Fort Collins City limits needs to have a Sales and Use Tax License. If you already have a City of Fort Collins Sales and Use Tax License, you don't need to apply again. However, the filing frequency may need to be updated.
- **Are there any other City licenses I should obtain?**  
It's possible that based on the type of business you operate there are additional City licenses that are needed. For example, if you operate a hotel, your business will need a Lodging Tax License. If you operate a business out of your home, you may need a Home Occupation License. If you plan to operate a Short-Term Rental, you will need a Short-Term Rental License.
- **What are the requirements for renting a room in a house or the entire home?**  
If you plan to operate a Short-Term Rental out of a home, you will need a Sales and Use Tax License, Lodging Tax License and Short-Term Rental License. In addition to City sales tax, there is a City lodging tax on stays less than 30 consecutive days.
- **What type of City of Fort Collins tax applies to my business?**  
In addition to the State and County sales tax your business already collects on taxable sales, you will now be required to collect the City of Fort Collins sales tax if the item is picked up in Fort Collins or delivered to an address in the city limits of Fort Collins. The City sales tax collected will be remitted directly to the City (not the State). Any taxable items, such as furniture and office supplies, that you use in your business will be subject to City sales or use tax. The City may tax items differently than the State and County and you should verify if the items sold are taxable. Also, please check the current tax rates in effect at the time your business is annexed.

- **Are there any types of sales that are exempt from tax?**

Yes. Sales to government and qualifying religious and charitable organizations may be tax exempt. Also, if you operate a business that sells farm machinery for use in farming operations, these sales are exempt from City tax. However, the exemption does not apply to repair parts for farm machinery. Please see Section 25-73 (c)(14) & (15) for additional information and check with the State and County for their requirements.

- **What is use tax?**

Use tax applies to items used, stored or distributed in Fort Collins that are not items for resale to a customer. Examples include furniture and office supplies. Use tax can be described as a complement to sales tax. You pay one or the other. If you pay City sales tax, you do not need to pay City use tax.

- **Do I owe use tax on business equipment I owned prior to becoming annexed into the City?**

No, you do not have to pay use tax for equipment you owned prior to becoming annexed into the City. The City municipal code has a specific exemption for this.

- **Would use tax be due on inventory I have on hand that is for resale to a customer.**

No, use tax is not due on items for resale. Sales tax should be charged to the customer.

## Religious, Charitable and Government Organizations:

- **What if I'm tax exempt as a religious, charitable or government organization?**

If you are a religious or charitable organization, you can apply for a City tax exempt organization license at <https://www.fcgov.com/salestax>. This will exempt the organization from sales tax on purchases made when used in the conduct of the organization's regular activities to foster its religious or other expressed charitable purpose.

Government organizations are exempt from otherwise taxable purchases when they are made with organization funds. Note that the City does not issue a tax-exempt license for governmental organizations as it does for charitable organizations.

## Additional Resources:

- To review the East Mulberry Corridor Plan, please visit <https://www.fcgov.com/planning/pdf/emcp-framework.pdf?1144346871>.
- For additional tax information, please visit <https://www.fcgov.com/salestax> or contact the Sales Tax Department at 970.221.6780.