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INFORMATION SERVICES

This tax guide is prepared and published for the information of the general public and all persons in business pursuits who would be required to make payment of Sales Tax or Use Tax under provisions of Chapter 25, Article III of the Code of the City of Fort Collins (the "Tax Code"), as well as for the guidance of the City employees whose responsibility it is to collect the taxes imposed by the Tax Code and the enforcement thereof. The following guide is exactly as it says, a GUIDE, and not to be relied upon as an official interpretation of the Tax Code applicable in all circumstances. Instead, specific reference should be made to the Tax Code and related ordinances for what is required in any particular circumstance.

The City of Fort Collins Sales and Use Tax Ordinance imposes sales/use tax on the sale or purchase of informational services wherein the relay or transmission of electromagnetic waves is necessary for the service to be received. The end product of informational services received in a tangible form, such as on disk, paper, or tape, is tangible personal property and, as such, is also subject to sales/use tax.

For purposes of administration of this section, information is considered to be a body of knowledge that is in existence. The tax is imposed on the purchase price or charge for access, use, or receipt of information from this body of knowledge. This equates to tax on books, publications, and reports that are taxable in hardcopy form. If the information is received electronically, rather than on hard copy, it is still taxable. Interactive systems on which the user updates as well as accesses the data are not informational services for purposes of this section.

EXAMPLES

1. Metrodemographics is a firm that maintains a database of information about the population of the northern Front Range of Colorado. They also perform special studies, marketing research, etc. A candidate for political office, a client of Metrodemographics, requests the following information:
 - a. A list on paper and mailing labels of the registered voters in the City of Fort Collins who had contributed to a political campaign in the past.
 - b. Computer access via modem to the database so that he could search it and extract names by various criteria.
 - c. A political poll, updated weekly, with results reported to him on paper and also maintained on Metrodemographics' computer so that he could access and analyze the poll results.

Item A: The list and labels are taxable as tangible personal property.

Item B: Access via modem is taxable as informational service via electromagnetic waves.

Item C: The political poll and its resulting database is not taxable. It was not a body of information that was in existence. This was a service performed by Metrodemographics. The resulting report provided to the client was not a sale of pre-existing information. Any subsequent sale, however, of the information obtained in the poll would be subject to the tax.
2. Attorneys Inc., a Fort Collins law firm, has recently replaced its legal library with a subscription to a database that provides similar information with more capabilities. Attorneys Inc. can call up and display on a terminal or print any of the information from various cases. This is a purchase of existing information and the fee for access and use of the information is taxable.

CITY OF FORT COLLINS SALES AND USE TAX ORDINANCE

Section 25-71 Definitions: Telecommunication service

Section 25-73 Imposition of the sales tax

Section 25-74 Imposition of the use tax

June 21, 2018