



PREPAID BUILDING PERMITS, COLORADO MUNICIPALITIES AND COUNTIES

Pikes Peak Regional Building does not charge a prepaid City of Colorado Springs use tax on building permits. The prepaid building use tax permit covers only El Paso County use tax of 1.23%; the contractor is accountable for the remaining 6.97% (8.20%-1.23% = 6.97%). The contractor is obligated to pay any applicable city sales or use tax at the rate of 3.07%, encompassed within the 6.97% (2.9%, 1.0%, 3.07% = 6.97%).

The Town of Monument mandates a 2% city use tax on construction materials, payable at the permit issuance. To use the 2% tax reduction against the 3.07% Colorado Springs Sales Tax, furnish your Colorado Springs supplier with a copy of the building permit. If the purchaser acquires the materials within the City of Colorado Springs city limits, you will owe 1.07% in City sales or use tax (3.07% - 2.0% = 1.07%).

2.7.445: SALES TAX – NONAPPLICABILITY:

For transactions consummated on and after January 1, 1986, the City’s sales tax shall not apply to the sale of “construction materials”, as the term is used in Colorado Revised Statutes section 29-2-109, and as defined in section 2.7.104 of this article, if the materials are picked up by the consumer and if the consumer presents to the retailer a building permit or other documentation acceptable to the city evidencing that a use tax has been paid to another Colorado **municipality**.

- To use another city prepaid use tax permit, the contractor must have prepaid a city use tax; they cannot pay a county prepaid use tax and receive the benefit of not paying our city sales tax on their construction and building materials.
- A contractor must purchase construction materials as defined in the definitions of the City of Colorado Springs tax ordinance to be exempt from our sales tax of 3.07%; all tools, supplies, consumables, equipment rental, etc., are not exempt and taxable to the contractor.

2.7.104: CONSTRUCTION AND BUILDING MATERIALS:

Tangible personal property incorporated into, attached to, or affixed to real property by contractors in the performance of a lump sum improvement to real property contract, and when combined with other tangible personal property, loses its identity to become an integral, inseparable, and permanent part of the real property, and if removed would cause substantial damage to the real property or article itself.

The above materials, when used in other forms or do not remain as an integral, inseparable, and permanent part of a completed structure, are not construction and building materials.

- For more details, refer to the [Construction Contractor Guideline](#) when construction and building materials don’t meet the defined criteria, page 4.

2.7.434: SALES OR USE TAX PAID TO ANOTHER CITY; USE TAX EXEMPTION:

The use, storage, distribution, or consumption in the City of tangible personal property and upon the sale or use of which a retail Sales or Use Tax at a rate equal to or greater than three and seven one-hundredths percent (3.07%) has been previously imposed, collected and remitted to a municipal corporation organized and existing under the authority of the Constitution or Statutes of the State of Colorado is exempt from the levy of the City Sales or Use Tax. If the rate of retail Sales Tax or Use Tax paid to the Colorado municipal corporation is less than three and seven one-hundredths percent (3.07%), the net difference between the tax due under this City Tax Code and the tax paid to the other municipal corporation shall be paid to the City. In no instance shall the City tax credit exceed three and seven one-hundredths percent (3.07%). This exemption shall be denied if the tax paid to another Colorado municipal corporation was not legally due under the laws of the municipal corporation. This exemption shall be denied for subsequent transactions within the City, including, but not limited to, rentals and leases.