
ASSISTED LIVING FACILITY AND NURSING HOMES

The *Arvada Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain taxable services in the City by the ultimate user or consumer. This also includes a use tax upon using, storing, distributing or otherwise consuming in the City any article of tangible personal property purchased, leased or rented from sources outside the City on which a lawfully imposed sales tax has not been paid.

Owners and managers of nursing homes and assisted living facilities in the City must obtain a Business License and pay Arvada sales tax on items purchased, leased, or rented for use in their properties. If Arvada sales tax is not paid to a vendor licensed and authorized to collect the same, then a use tax must be remitted directly to the City. Credit may be taken against Arvada use tax for legally imposed sales or use taxes paid to other municipalities. Such credit may not exceed the Arvada use tax due.

Materials used in minor repair work (not requiring a building permit) are subject to sales and use tax. Labor charges for installing or repairing tangible personal property are not subject to sales and use tax provided they are separately stated from charges for materials or parts. Sales of completed units of tangible personal property such as appliances, water heaters, carpet, ready-made cabinets, heating / air conditioning systems, storm doors, sod, and similar items are subject to sales and use tax.

For-Profit Nursing Home. For purposes of this guide, a for-profit nursing home includes skilled nursing facilities, intermediate care facilities, assisted-living facilities, nursing facilities, home health agencies, hospice facilities, adult day services, and respite care facilities.

PURCHASE OF AN EXISTING ASSISTED LIVING FACILITY

When a business purchases an existing assisted living facility sales / use tax is due on all of the tangible personal property included in the real property transaction even though the purchase is a lump-sum transaction. The taxable basis is the price of such property as recorded in the bill of sale or agreement, provided that such price is greater than or equal to the fair market value of the property at the time of the sale. In determining the fair market value of the tangible personal property that is acquired in the transactions such as *appliances, window coverings, furniture, equipment*, the City uses the best information available including personal property tax declarations filed with the County Assessor, and may also require independent appraisals of the property.

RENTAL CHARGES

Residential and commercial rent charges are not subject to City sales or accommodations tax if the contract is for a period of at least 30 consecutive days. City sales tax applies to the sale or rental of tangible personal property such as vending machine sales, and furniture or equipment rental.

MEALS AND BEVERAGES

Facilities which serve meals and beverages only to persons regularly boarding or cared for there and not to the public should pay sale / use tax on the cost of the food being purchased.

If the facility is an exempt organization and sells meals to employees or the public (family members) then sales tax should be collected on the sale of the meals and beverages.

EXAMPLES

1. Arvada Assisted Living purchases a new commercial washer and dryer unit for the laundry facility from online Retailer B for delivery to the Arvada Assisted Living. They hire an Arvada plumber to remove the old units and install the new units. Arvada Assisted Living is charged \$2,500.00 for the units plus freight of \$300.00. The plumber charges \$500 for labor and \$85 plus tax for miscellaneous hoses, clamps and PVC extensions.

Because Retailer B did not charge any sales tax for the new washer and dryer units, use tax is due from the Arvada Assisted Living to the City on both the \$2,500.00 purchase price and the \$300.00 freight charges. No additional tax is due the City for the installation because the plumber separately stated his labor and charged City sales tax on the parts he used.

2. Arvada Assisted Living purchases all of the food and ingredient for the preparation of their meals to the residence from Good Food Distributors. Good Food Distributors is not collecting sales tax on any of food or cleaning supplies that are being sold the Arvada Assisted Living, therefore, Arvada Assisted Living will need to pay use tax on all of the items being purchased.
3. The Breezy Retirement Home is an assisted living complex was recently sold to a new owner. The complex consisted of 70 apartments and sold for \$800,000.00. The purchase agreement did not allocate any amount for tangible personal property that were included in the sale/purchase agreement, however, the appliances (*refrigerators, range and range hoods, microwaves, dishwashers, garbage disposal, and air conditioners*) and *window coverings* that are located in each apartment unit are all subject to use tax at their fair market value. In addition, the *washers and dryers* located in the on-site laundry facility, the clubhouse *furniture and game room equipment*, as well as *office equipment and furniture* are also subject to use tax.

ARVADA MUNICIPAL CODE – Chapter 98 - Taxation

Sec. 98-61. - Definitions.

Linen services means services involving the provision and cleaning of linens, including but not limited to rags, uniforms, coveralls and diapers.

Purchase or sale means the acquisition for any consideration by any person of tangible personal property, other taxable products or taxable services that are purchased, leased, rented, or sold. These terms include capital leases, installment and credit sales, and property and services acquired by:

- (1) Transfer, either conditionally or absolutely, of title or possession or both to tangible personal property, other taxable products, or taxable services;
- (2) A lease, lease-purchase agreement, rental or grant of a license, including royalty agreements, to use tangible personal property, other taxable products, or taxable services. The utilization of coin operated devices, except coin-operated telephones, which do not vend articles of tangible personal property shall be considered short term rentals of tangible personal property;
- (3) Performance of taxable services; or

Sec. 98-66. - Property and service taxed.

There is hereby levied and there shall be collected and paid a tax in the amount stated in section 98-66 as follows:

- (1) On all sales and services taxable, including, but not limited to the following:
 - h. On the entire amount paid or charged for linen services.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.