
MOBILE MACHINERY AND CONSTRUCTION EQUIPMENT

All construction equipment is subject to sales / use tax. The amount of use tax due depends on how long the equipment is located in the City and how much municipal sales/use tax was previously paid on the equipment. Do not confuse sales and use tax with Special Mobile Machinery (SMM) taxes paid upon registration of equipment.

Mobile machinery and self-propelled construction equipment

Shall mean those vehicles, self-propelled or otherwise, which are not designed primarily for the transportation of persons or cargo over the public highways, and those motor vehicles which may have originally been designed for the transportation of persons or cargo over the public highways, and those motor vehicles which may have originally been designed for the transportation of persons or cargo but which have been redesigned or modified by the mounting thereon of special equipment or machinery, and which may be only incidentally operated or moved over the public highways. This definition includes but is not limited to, wheeled vehicles commonly used in the construction, maintenance, and repair of roadways, the drilling of wells, and the digging of ditches.

Special mobile machinery (SMM)

Special mobile machinery (SMM) requires a special State of Colorado issued license plate on which the letters "SMM" appears. If special mobile machinery is attached to a vehicle, such as to the "bed" of a truck, the special mobile machinery is required to be licensed with the SMM plate and the truck itself is licensed in the normal fashion with a vehicle license plate. For licensed special mobile machinery, a "specific ownership tax" is collected upon annual registration of the equipment, in lieu of personal property tax. The special mobile machinery is required to be registered in the county at the business address where the special mobile machinery is primarily operated, maintained and stored. For registration purposes, business addresses do not include construction job sites.

Examples of equipment which qualify for the SMM plate include:

Air compressors, generators, welders, asphalt plant units, acoustic mixers, power brooms, towed tankers, tar pots, sweepers, concrete mixers, batchers and pavers, conveyors, crawler shovels, crawler backhoe, crawler cranes, truck cranes, hydraulic cranes, bottom dump and rear dump trailers, motor graders, loaders, straddle carriers, flood lighting units, roller/compactors, forklifts, motor scrapers, bulldozers, tractors, backhoes, trailers (storage, tool and office) and mobile hydraulic hammers/crawlers.

Businesses engaged in renting special mobile machinery are allowed to register the special mobile machinery without paying the specific ownership tax. (The specific ownership tax is sometimes referred to as “SMM Tax” or “SME Tax.”) However, when special mobile machinery is rented, the rental vendor is required to collect SMM Tax or SME Tax at the rate of 2% of the rental charge. The 2% charged is **not** included in the taxable rental price for sales/use tax purposes.

The *Arvada Municipal Code* provides for any mobile machinery which is acquired exclusively for business or commercial use and where such machinery is stored in the city, but solely and exclusively used outside the city, the use tax may be prorated. When a taxpayer is able to establish to the satisfaction of the enforcement officer that a taxable item meets the above requirements, the tax may be prorated by determining the number of days within a calendar year that the machinery is stored within the city, and apply that fraction of a year into the normal applicable use tax. Repair parts do not qualify for the mobile machinery exemption.

Construction Equipment Declaration:

A completed Construction Equipment Declaration should be submitted to the Revenue Office declaring any construction equipment that is being used within Arvada on a construction project. If another City’s sales or use tax was paid on the equipment declared, please enclose documentation showing such payment of such tax. Upon receipt of the declaration the City will calculate the amount of any tax due and will send an assessment, if applicable.

ARVADA MUNICIPAL CODE – CHAPTER 98 – Taxation

Sec. 98-61 Definition - Mobile Machinery and self-propelled construction equipment.

Mobile machinery and self-propelled construction equipment means those vehicles, self-propelled or otherwise, which are not designed primarily for the transportation of persons or cargo over the public highways, and those motor vehicles which may have originally been designed for the transportation of persons or cargo over the public highways, and those motor vehicles which may have originally been designed for the transportation of persons or cargo but which have been redesigned or modified by the mounting thereon of special equipment or machinery, and which may be only incidentally operated or moved over the public highways. This definition includes but is not limited to, wheeled vehicles commonly used in the construction, maintenance, and repair of roadways, the drilling of wells, and the digging of ditches.

Sec. 98-78(5). Same-Exemptions

***Mobile Machinery.** Where mobile machinery is acquired exclusively for business or commercial use and where such machinery is stored in the city, but solely and exclusively used outside the city, the use tax may be prorated. When a taxpayer is able to establish to the satisfaction of the enforcement officer that a taxable item meets the above requirements, the tax may be prorated by determining the number of days within a calendar year that the machinery is stored within the city, and apply that fraction of a year into the normal applicable use tax.*

RELATED TOPICS **CONTACTORS**

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.