

The Louisville Municipal Code (LMC) generally exempts the qualified **purchases** of tangible personal property and services from sales/use tax by government, charitable and community organizations; however, it is the responsibility of the seller to prove, and have documentation to support, that a transaction is exempt. The LMC also generally imposes its sales tax on all **sales** of tangible personal property and certain services by government, charitable or community organizations to the ultimate consumer.

Charitable and Community Organizations

The definition of a charitable organization is as defined in the LMC:

“Any entity which has been certified as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and is an organization which exclusively, and in a manner consistent with existing laws and for the benefit of an indefinite number of persons or animals, freely and voluntarily ministers to the physical, mental, or spiritual needs of persons or animals, and thereby lessens the burden of government.”

The definition of a community organization is as defined in the LMC:

“A nonprofit entity organized and operated exclusively for the promotion of social welfare, primarily engaged in promoting the common good and general welfare of the community, so long as:

- No part of the net earnings of which inures to the benefit of any private shareholder or individual.
- No substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.
- And which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Purchases by charitable and community organizations in the conduct of their regular charitable functions and activities, when such sales are billed to and paid for directly by the charitable or community organization, are exempt from City sales tax. Reimbursement of monies paid by any individual does not qualify for exemption.

This includes all sales of construction and building materials to contractors and subcontractors for use in the building, erection, alteration or repair of structures, highways, roads, streets, and other public works owned or used by charitable or nonprofit community organizations in the conduct of their regular charitable functions and activities.

Any **retail sales** or occasional sales made by a government, charitable, or community organization to an end user or consumer are subject to Louisville sales tax.

The storage, use, or consumption of tangible personal property by government, charitable, or community organizations in the conduct of their regular functions is exempt from Louisville use tax.

United States Government

The information contained in the Tax Guide publications is intended to offer general guidance in layman’s terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.

The definition of a government(s) as defined in the LMC:

- U.S. Government
- State of Colorado, its departments or institutions, and the political subdivisions thereof in their governmental capacities only

Purchases are exempt from Louisville sales tax when billed to and paid for directly by the governmental entity. Reimbursement of any person does not qualify for exemption.

Purchases made by the United States government, the State of Colorado, or its institutions, or its political subdivisions in their governmental capacities only, are exempt from Louisville use tax.

Municipal construction projects managed directly by the City of Louisville are exempt from sales and use tax on the purchase of construction materials.

All retail **sales** made by a governmental entity are subject to Louisville sales tax.

Examples

- A. A local church secretary is purchasing office supplies for the local church office. The secretary is paying with a personal check but states that the amount of the purchase will be reimbursed by the church. Because the purchase is not being paid for directly by the funds of the tax-exempt church, the sale is not tax exempt and the retailer should charge and remit sales tax.
- B. A local non-profit hospital is remodeling the doctor's offices wing of the hospital. A Louisville building permit is required but no Louisville or Boulder County use tax will be collected on the permit for the building materials. The materials may be purchased tax-exempt.
- C. A local Louisville qualified non-profit organization is holding a silent auction to raise money. The organization has purchased several items for the auction and will be providing hors d'oeuvres. An area restaurant is donating a \$50 gift certificate for the auction and an area retailer is donating a \$400 wine cooler. There are also several individuals that have donated items, a framed photograph and an in-home spa package.

The non-profit organization may purchase goods to be sold at the auction and the hors d'oeuvres tax-exempt. The restaurant and the retailer of the wine cooler must remit Louisville use tax on the cost of the items donated for the silent auction. The non-profit organization must charge sales tax on the amount paid for the silent auction items by the ultimate purchasers/end users. If tickets are sold, or donations are made, in exchange for tangible personal property or taxable services including food, sales tax must be charged and remitted on the ticket price.

The information contained in the Tax Guide publications is intended to offer general guidance in layman's terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.



COLORADO • SINCE 1878

Government, Charitable & Community Organizations

“Gross sales means the total amount received in money, credit, property or other consideration valued in money for all sales, leases, or rentals of tangible personal property or services.”

“Purchase price or price is the price to the consumer and means the aggregate value measured in currency paid or delivered, or promised to be paid or delivered, in consummation of a sale, without any discount from the price on the account of the cost of materials used, labor or service cost, and exclusive of any direct tax imposed by the federal government or by this article.

“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, sold, used, stored, distributed, or consumed.”

“Retailer shall include without limitation any governmental entity, charitable or community organization which makes sales of tangible personal property to the public, notwithstanding the fact that the merchandise sold may have been acquired by gift or donation or that the proceeds are to be used for charitable, community or governmental purposes.”

The information contained in the Tax Guide publications is intended to offer general guidance in layman’s terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.

Department of Finance – Sales Tax and Licensing Division
749 Main Street - Louisville, CO 80027
Office (303) 335-4514 – Fax (303) 335-4529
www.LouisvilleCo.gov