

Tax and Licensing Division  
15151 E. Alameda Parkway, Ste. 5700  
Aurora, Colorado 80012  
303.739.7800



## Tax Compliance Guide

### Construction Equipment

Please note that contractor instructions may apply to subcontractors

(05/2023)

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT AURORA TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE AURORA MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

[Auroragov.org/tax](http://Auroragov.org/tax)

The *Aurora Municipal Code* defines construction equipment as any equipment, including mobile machinery and mobile equipment, used to erect, install, alter, demolish, repair, remodel, or otherwise make improvements to any real property, building, structure or infrastructure. Such equipment is subject to Aurora use tax on the full purchase price to the extent a sufficient, legally imposed sales/use tax has not been paid to the City or another municipality.

Taxes due on construction equipment and construction equipment declarations in the City are based on the owner's original purchase price of the equipment, regardless of the age of the equipment when it is located in the City and becomes subject to Aurora tax.

Contractors must file a *Construction Equipment Declaration* form with the Sales Tax Division and pay any use tax due *before* locating equipment in the City. This form is available on the City of Aurora website or by contacting the Tax and Licensing Division. An amended declaration must be filed every 90 days, or for projects less than 90 days in duration, no later than 10 days after substantial project completion. A more frequent declaration is required if all construction equipment is not declared on the first *Construction Equipment Declaration* form.

Provided that a declaration is properly filed with the Tax and Licensing Division *before* locating equipment in the City, use tax may be pro-rated for equipment that will be located in the City for 30 consecutive days or less, subject to the procedure outlined in Sec. 130-202 of the Aurora Municipal Code.

The *Aurora Municipal Code* provides a use tax exemption for construction equipment for which the purchase price was less than \$2,500 and contractors are not required to declare this equipment. Furthermore, automotive vehicles (a vehicle or device which is designed primarily to transport persons or property upon public highways) should not be declared, including contractor's pick-up trucks, dump trucks, water trucks, and other similar vehicles. Equipment that is attached to vehicles or trailers, such as cranes or excavators, must be declared.

Fuel not subject to the State of Colorado gasoline and special fuel tax is subject to Aurora sales and use tax (i.e. dyed diesel, fuel eligible for a refund of Colorado gasoline and special fuel tax, or other fuel not for use in motor vehicles upon public highways).

### Rented or Leased Equipment

Rented or leased equipment is taxable in the City. If the vendor does not collect the correct municipal tax, it is due in the form of use tax by the party renting or leasing the equipment.

The taxable purchase price includes, without limitation: the rental or lease charges, operator charges that are not separately stated, charges for delivery of the equipment, environmental fees, insurance charges/damage waivers, and fuel surcharges.

Charges for equipment pick-up and charges for an equipment operator are non-taxable when separately stated on the invoice. The SMM tax (special mobile machinery and equipment property tax) and Colorado Retail Delivery Fee are non-taxable when separately stated on the invoice.

It is important to note that the use tax on equipment is due from the party that owns, leases, or rents said equipment. Equipment used or leased on Aurora projects deemed exempt by the State of Colorado remains taxable to the City of Aurora.

### Examples

- Contractor A is working on a project located in Aurora and brings a piece of owned equipment, purchased for \$100,000, to be used at the site. Use tax of \$3,750 is due to Aurora ( $\$100,000 \times 3.75\%$ ). If Contractor A had lawfully paid a municipal use tax of \$3,000 to another municipality, the difference (\$750) is due to Aurora.
- Subcontractor B is working under General Contractor A on a project located in Aurora. Subcontractor B rents equipment for the project and is not charged municipal sales tax by the vendor. Subcontractor B owes use tax to Aurora for the taxable portion (likely the total) of the rental invoice. This liability does not transfer to General Contractor A or the project owner.
- Subcontractor C, a rental crane operator, schedules a job which will require a crane be moved into the City for two weeks. Prior to moving the equipment to the job site, the subcontractor files a construction equipment declaration with the City Tax Division. The crane will be subject to use tax at a reduced rate per Sec. 130-202 of the Aurora Municipal Code.

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## Related Topics

Construction Consumables  
Construction Materials  
Gasoline and Special Fuels  
Leased and Rented Property

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## Citations

*Aurora Municipal Code*  
§ 130-31. Definitions  
§ 130-33. Legislative Intent  
§ 130-202. - Proration as applied to certain construction equipment.

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## Contact Us

For additional assistance, please contact us:

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