

City of Colorado Springs

Tax Guide

Federal Contractors & Facilities

CS CODE SECTION

2.7.104 Words and Phrases: Purchase or Purchase Price
2.7.102, 2.7.311, 2.7.312, 2.7.418

Related Tax Guides

Lodgers and Campground Rental Tax, Tips, Gratuities and Service Charges, Use Tax

This guide provides an overview of specific subject matter and is not intended to be substituted for the full text within the City of Colorado Springs Sales Tax Code

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Question? email us at:
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Federal Contractors

Prime contractors and subcontractors are not normally designated as agents of the Federal Government for the purpose of claiming immunity from State or local sales or use taxes (FAR Subpart 29.303). A federal contractor who uses or consumes tangible property or taxable services in order to fulfill a government contract has incurred a city tax liability. City tax is often applicable even if the title of the property eventually passes to the federal government.

Common Examples

1. A Federal contractor is awarded a contract to build and maintain a data warehouse located in the city limits. The contractor purchases hardware, software, and maintenance agreements in order to make the facility operational. The contractor operates the facility along with Federal employees. The contractor is liable for city tax on all tangible property and taxable services used to fulfill the contract.
2. A Federal contractor maintains its own building inside the city limits. The contractor builds, tests, and uses equipment as part of the government contract at its location. The tangible property used to fulfill the contract is subject to city tax even if the equipment is eventually moved outside of the city.
3. A construction contractor performs work at a federal facility located in the city. The contractor is responsible for paying sales or use taxes on building materials used to fulfill the contract.

City sales and use taxes are applicable at all government-occupied facilities located within the City. Peterson Air Force base is located within the City. Ft. Carson, US Air Force Academy (excluding any city-owned property), Schriever Air Force base, and NORAD are located outside of the City.

Private concessionaires conducting business at federal facilities located within Colorado Springs must collect sales tax on retail sales to military personnel, individual federal employees, and other persons unless specifically exempted under City Code.