



Town of Mead – Construction Use Tax

Permitted Projects

Construction materials that are part of a permitted project in the Town of Mead are subject to the Town of Mead’s construction use tax per Mead Municipal Code Chapter 4 Article IV.

When a permit is pulled for a project in the Town of Mead, construction use tax is pre-paid on an estimated basis. The use tax rate of 3% is applied to 50% of the project value.

The Contractor is responsible for tracking items and ensuring that the appropriate tax is remitted to the Town.

To avoid double payment of Town tax, both the general contractor and subcontractors should present a copy of the permit documenting use tax paid to all suppliers when purchasing construction materials that will become a part of the real property.

Suppliers should not charge a Town sales tax on materials covered under the permit. Suppliers should keep a copy of the permit or the permit number for their records.

Credit will be given for another jurisdictions’ tax paid on construction materials lawfully imposed on the purchaser. Please note that taxes other than Town taxes may still be due on non-construction materials.

NOTE: If a contractor is constructing infrastructure site work such as right of way (ROW) road, bridge, paving, curb and gutter, a separate site work permit is required. Site permits require their own valuations apart from the building permit, and use tax is also prepaid on these permits in the same manner as building permits (as explained above).

Construction and Building Materials

Types of Materials	
asphalt, bricks,	plaster, plumbing fixtures, putty,
builders' hardware,	reinforcing mesh,
caulking material,	road base, roofing,
cement, concrete, conduit,	sand, sanitary sewer pipe,
electric wiring and connections,	sheet metal, site lighting, steel
fireplace inserts,	stone, stucco, tile,
electrical heating and cooling equipment,	trees, shrubs, and other landscaping materials,
flooring, glass, gravel,	wall board, wall coping, wallpaper,
insulation, lath, lead, lime,	weather stripping,
lumber, macadam, millwork,	wire netting and screen,
mortar, oil, paint,	water mains and meters,
pipng, pipe valves and pipe fittings,	and wood preserver.



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The above materials, when used for forms, or other items which do not remain as an integral and inseparable part of completed structure or project are not construction materials.

Non-construction materials

Contractors working on exempt projects are still subject to tax for consumable supplies and other taxable transactions not exempted per the Town's Municipal Code and not covered under the permit valuation.

Contractors are the consumers of supplies and tools that they use in their business, which includes but is not limited to items such as oxygen, acetylene, gasoline, propane, water mitigation supplies, temporary fencing, temporary signage, blueprints, computers, printers, hard hats, office supplies, gloves, tools, utilities (including water), cell phones and communication equipment, ladders, fans, extension cords, portable trailer and toilet rentals, and small equipment purchases and rentals. Sales/use tax applies to the sale and rental of such supplies and tools.

As distinguished from construction materials, fixtures, furniture, appliances, manufacturing equipment and business machinery are tangible personal property that is not incorporated into or accessory to a building structure. These items, when purchased by either a contractor or the owner, are taxable to the purchaser. Construction contractors may install such items as part of a construction contract, but these items cannot be purchased Town tax-free by presenting a construction permit.

Construction Use Tax Permit Cost:	EXAMPLE
Contract price	5,000,000
(less Permit fees)	(50,000)
<u>(less non-construction materials already subject to sales taxes)</u>	<u>(100,000)</u>
Net contract amount (Building Permit Valuation)	= 4,850,000
X 50%	X 50% = 2,425,000
X 3.0% = Construction Use Tax Due at time of Permit	X 3.0% = 72,750



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What if my construction materials are more or less than 50% value when completing project?

A reconciliation may be filed when the construction materials are more or less than the 50% pre-payment made through the permit. If you are requesting a refund of use taxes paid, you will need to complete a reconciliation. To do the reconciliation you will need to maintain documentation to support the total cost of materials including materials used by all subcontractors; all non-taxed rented equipment and direct-purchase suppliers' costs. A job cost report, copy of the permit, profit and loss statement and other supporting documents may be necessary to support the reconciliation. An application fee and deposit are required, in addition to consultant costs and expenses.

Please note, regardless of whether a reconciliation is made, the Town has the right to audit the construction permits to determine proper taxes paid. Documentation should be maintained by the contractor holding permit to support all job costs for the statute of limitations or up to the closure of a tax audit on the projects, whichever is later.

Project Exemptions

Charitable, governmental, or religious organizations are exempt from the Town of Mead's sales and use tax when in the conduct of their regular charitable, governmental, or religious capacity.

The Town of Mead does not issue its own exemption certificate. The Town recognizes the State of Colorado Contractors Exempt Certificate (89) that is issued to the general contractor for a specific exempt project. Exemption from building use tax is granted only if the specific exempt certificate is presented to the Town's Building Division at the time a permit is issued.