

Colorado law establishes both full and partial state sales and use exemptions for certain types of prefabricated housing. The full exemption does not apply to most state-administered city and county sales taxes, as discussed later in this publication. If the full exemption does not apply, prefabricated housing may qualify for a partial exemption from state and state-administered local sales taxes.

This publication is designed to provide general guidance regarding the sales and use tax treatment of prefabricated housing and to supplement guidance provided in the [Colorado Sales Tax Guide](#). Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

The guidance in this publication does not apply to sales or use taxes administered by any home-rule city. Please contact these home-rule cities directly for information about the taxes they administer. Contact information for home-rule cities can be found at the end of Department publication [Colorado Sale/Use Tax Rates](#) (DR 1002).

Full sales and use tax exemptions

The following types of prefabricated housing are fully exempt from state sales and use taxes:

- modular homes;
- tiny homes;
- manufactured homes (HUD homes); and
- any closed panel system utilized in construction of a factory-built residential structure.

The full sales and use tax exemptions apply to most state-administered special district sales and use taxes but do not apply to most state-administered city and county sales taxes. For information about the applicability of the full exemption to any specific state-administered local tax, please see Department publication [Colorado Sales/Use Tax Rates](#) (DR 1002).

Each type of prefabricated housing that qualifies for the full state tax exemption is described in greater detail below.

Modular homes

The full state sales and use tax exemptions apply to modular homes. A modular home is any preconstructed factory-built building that meets all the following criteria.

- It is not eligible for a [certificate of title issued by the county clerk and recorder](#).
- It is not constructed in compliance with [HUD requirements](#) and does not bear a [HUD tag](#).
- It is constructed in compliance with [building codes](#) adopted by the [Colorado Division of Housing](#).

For additional information about modular homes, please visit DOH.Colorado.gov/modulars.

Tiny homes

The full state sales and use tax exemptions apply to tiny homes. A tiny home is a structure that meets all the following criteria and is not specifically excluded, as described below.

- It is permanently constructed on a vehicle chassis.
- It is designed for long-term residency.
- It includes electrical, mechanical, or plumbing services that are fabricated, formed, or assembled at a location other than the site of the completed home.
- It is not self-propelled.
- It has a square footage of not more than 400 square feet.

The following homes, vehicles, trailers, and containers are not tiny homes, even if they meet all of the preceding criteria:

- manufactured homes;
- recreational park trailers (see section 24-32-902(8), C.R.S.);
- recreational vehicles (see section 24-32-902(9), C.R.S.);
- semitrailers (see section 42-1-102(89), C.R.S.); or
- intermodal shipping containers.

For additional information about tiny homes, please visit DOH.Colorado.gov/tiny-homes.

Manufactured homes (HUD homes)

The full state sales and use tax exemptions apply to manufactured homes, also known as HUD homes. A manufactured home is any preconstructed building unit or combination of preconstructed building units built on a permanent chassis that meets all the following criteria.

- It includes electrical, mechanical, or plumbing services that are fabricated, formed, or assembled at a location other than the residential site of the completed home.
- It is designed and used for residential occupancy in either temporary or permanent locations.
- It is constructed in compliance with [HUD requirements](#) and bears a [HUD tag](#).
- It does not have motive power.
- It is not licensed as a vehicle.
- It is eligible for a [certificate of title issued by the county clerk and recorder](#).

For additional information about manufactured homes, please visit DOH.Colorado.gov/housing-and-urban-development-HUD-code-homes.

Other factory-built residential structures

The full state sales and use tax exemptions apply to any closed panel system utilized in construction of a factory-built residential structure constructed to the building codes adopted by the State Housing Board and designed to be installed on a permanent foundation.

A closed panel system is a building component or assembly built off-site that may include electrical, plumbing, mechanical, or insulation with finishes applied to both sides and then transported to be erected on-site to complete a residential building.

Partial sales and use tax exemptions

Partial sales and use tax exemptions apply to preconstructed residential building units that do not qualify for the full sales and use tax exemptions. The partial exemption applies to 48% of the purchase price. The applicable tax is computed on 52% of the purchase price. This partial exemption applies to all state and state-administered local sales taxes.

The partial exemption applies to any preconstructed residential building unit or combination of preconstructed residential building units that meet all of the following requirements.

- It does not have motive power.
- It is manufactured in a factory or at a location other than the residential site of the completed home.
- It is designed and commonly used for occupancy by persons for residential purposes.
- It is used as residences in either temporary or permanent locations.
- It is not licensed as a vehicle.

Sales of used preconstructed residential building units

Any subsequent sale of a preconstructed residential building unit is exempt from all state-administered sales and use taxes if both of the following conditions are met.

- 1) The preconstructed residential building unit qualified for the partial exemption described above.
- 2) The applicable sales or use taxes were previously paid on a prior sale of the preconstructed residential building unit.

Tax collection on prefabricated housing

As discussed earlier in this publication, most prefabricated housing is fully exempt from state sales and use taxes but may not be exempt from state-administered city and county sales taxes. If any state or local sales or use taxes are due for prefabricated housing or building materials used to construct prefabricated housing, various rules apply to the collection of that tax. In addition to the following information regarding specific tax collection requirements, please see the [Colorado Sales Tax Guide](#) for general information regarding sales tax collection requirements.

Manufactured homes

Manufactured homes in Colorado, but not other forms of prefabricated housing, must be titled with the Department of Revenue. All applicable state and local sales and use taxes must be paid before the Department or any county clerk acting as the Department's authorized agent may issue a certificate of title.

Manufactured home dealers selling new manufactured homes are generally required to collect all state and state-administered sales taxes applicable to the location where the purchaser takes possession. Please see the [Colorado Sales Tax Guide](#) for additional information regarding the sourcing of sales and general licensing, collection, and filing requirements applicable to dealers.

A dealer selling a new manufactured home in Colorado must issue a [Standard Sales Tax Receipt for Vehicle Sales](#) (DR 0024) at the time of purchase, reflecting any sales and use taxes collected by the dealer. Please see the [form instructions](#) for additional information.

Contractors for other prefabricated housing

Contractors that construct or assemble other types of prefabricated housing at the home site may be subject to certain tax collection and payment requirements. For additional information, please see Department publication FYI Sales 6, available online at [Tax.Colorado.gov/sales-use-tax-guidance-publications](https://tax.colorado.gov/sales-use-tax-guidance-publications).

Additional resources

The following is a list of statutes, rules, forms, and guidance regarding the sales and use tax treatment of prefabricated housing. This list is not, and is not intended to be, an exhaustive list of authorities that govern the tax treatment of every situation. Individuals and businesses with specific questions should consult their tax advisors.

Statutes and regulations

- § 39-26-721, C.R.S. Manufactured homes and tiny homes.
- § 29-2-105. Contents of sales tax ordinances and proposals.

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Colorado Sales Tax Guide](#)
- [Tax.Colorado.gov/sales-use-tax-guidance-publications](https://tax.colorado.gov/sales-use-tax-guidance-publications)
- FYI Sales 6
- [Colorado Sale/Use Tax Rates](#) (DR 1002)
- [Standard Sales Tax Receipt for Vehicle Sales](#) (DR 0024)
- [Instructions for Standard Sales Tax Receipt for Vehicle Sales](#) (DR 0024N)
- [DOH.Colorado.gov/factory-built-structures](https://doh.colorado.gov/factory-built-structures)
- [DOH.Colorado.gov/modulars](https://doh.colorado.gov/modulars)
- [DOH.Colorado.gov/tiny-homes](https://doh.colorado.gov/tiny-homes)
- [DOH.Colorado.gov/housing-and-urban-development-HUD-code-homes](https://doh.colorado.gov/housing-and-urban-development-HUD-code-homes)
- [DMV.Colorado.gov/manufactured-homes](https://dmv.colorado.gov/manufactured-homes)
- [HUD.gov/program_offices/housing/mhs/](https://hud.gov/program_offices/housing/mhs/)