A BILL FOR AN ACT

CONCERNING MODIFICATIONS TO THE INCOME TAX CREDITS FOR INNOVATIVE MOTOR VEHICLES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill modifies the amounts of and extends the number of available years of the existing income tax credits for the purchase or lease of an electric motor vehicle, a plug-in hybrid electric motor vehicle, and an original equipment manufacturer electric truck and plug-in hybrid electric truck.
Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. The general assembly hereby finds and declares that the purpose of this act is to extend the income tax credits for the purchase or lease of alternative fuel motor vehicles, to clarify the availability of the credits for motor vehicles powered by hydrogen fuel, to address the availability of the credit for transportation network companies that provide category 1 vehicles for short-term rentals to their drivers, and to adjust the amounts of the available credits.

SECTION 2. In Colorado Revised Statutes, 39-22-516.7, amend (1)(k)(III), (2)(a), (4)(a)(IV), and (10); and add (4)(a)(V) and (9.5) as follows:

39-22-516.7. Tax credit for innovative motor vehicles - definitions - repeal. (1) As used in this section, unless the context otherwise requires:

(k) "Electric motor vehicle" or "plug-in hybrid electric motor vehicle" means a motor vehicle that:

(III) Is propelled to a significant extent by: an electric motor that draws electricity from a battery that:

(A) Has an electric motor that draws electricity from a battery that has a capacity of not less than four kilowatt hours and is capable of being recharged from an external source of electricity; or

(B) Is capable of being recharged from an external source of electricity power derived from one or more cells which convert chemical energy directly into electricity by combining oxygen...
WITH HYDROGEN FUEL WHICH IS STORED ON BOARD THE VEHICLE IN ANY FORM AND MAY OR MAY NOT REQUIRE REFORMATION PRIOR TO USE.

(2) (a) With respect to the tax years commencing on or after January 1, 2013, but prior to January 1, 2022, there is allowed to any person a credit against the tax imposed by this article, ARTICLE 22, not to exceed the amount specified in subsection (4) of this section, for the purchase or lease of a motor vehicle defined as category 1.

(4) The amount of the credit allowed pursuant to this section is calculated as follows:

(a) **Category 1.** (IV) With respect to the tax years commencing on or after January 1, 2021, but prior to January 1, 2022, two thousand five hundred dollars for a purchase or one thousand five hundred dollars for a lease.

(V) **WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2023, BUT PRIOR TO JANUARY 1, 2026, TWO THOUSAND DOLLARS FOR A PURCHASE OR ONE THOUSAND FIVE HUNDRED DOLLARS FOR A LEASE.**

(9.5) **WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, A TRANSPORTATION NETWORK COMPANY, AS DEFINED IN SECTION 40-10.1-602 (3), OR A THIRD-PARTY VEHICLE SUPPLIER THAT CONTRACTS WITH A TRANSPORTATION NETWORK COMPANY TO PROVIDE CATEGORY 1 MOTOR VEHICLES FOR SHORT-TERM RENTAL TO TRANSPORTATION NETWORK COMPANY DRIVERS, AS DEFINED IN SECTION 40-10.1-602 (4), THAT ENTERS INTO LONG-TERM LEASES WITH A DURATION OF NOT LESS THAN TWO YEARS FOR CATEGORY 1 MOTOR VEHICLES SHALL BE TREATED AS HAVING PURCHASED EACH CATEGORY 1 MOTOR VEHICLE**
FOR PURPOSES OF THE CREDIT CALCULATION SPECIFIED IN SUBSECTION (4)(a) OF THIS SECTION IF THE VEHICLES ARE OFFERED TO TRANSPORTATION NETWORK COMPANY DRIVERS, AS DEFINED IN SECTION 40-10.1-602 (4), FOR SHORT-TERM RENTAL PERIODS OF NOT MORE THAN SIXTY DAYS.

(10) This section is repealed, effective December 31, 2026.

SECTION 3. In Colorado Revised Statutes, 39-22-516.8, amend (1)(h), (1)(i), (1)(r)(III), (8.3), (8.5), and (18) as follows:

39-22-516.8. Tax credit for innovative trucks - definitions - repeal. (1) As used in this section, unless the context otherwise requires:

(h) "Category 4 B" means original equipment manufacturer trucks that are equipped to operate on liquified natural gas, or on hydrogen. For purposes of this paragraph (h) SUBSECTION (1)(h), "operate on liquified natural gas" or on hydrogen" means a truck that operates exclusively on liquified natural gas, or on hydrogen, or a bi-fuel truck with a multi-fuel engine capable of running on either liquified natural gas or traditional fuel, or on either hydrogen or traditional fuel, or a dual-fuel truck with a multi-fuel engine capable of running on both liquified natural gas and traditional fuel, or on both hydrogen and traditional fuel.

(i) "Category 4 C" means liquefied natural gas or hydrogen conversions certified by the United States environmental protection agency. For purposes of this paragraph (i) SUBSECTION (1)(i), "liquefied natural gas or hydrogen conversions" means a conversion to a truck that operates exclusively on liquefied natural gas, or on hydrogen, or a bi-fuel truck with a multi-fuel engine capable of running on either liquefied natural gas or traditional fuel, or on either hydrogen or traditional fuel, or
a dual-fuel truck with a multi-fuel engine capable of running on both
liquified natural gas and traditional fuel, or on both hydrogen and
traditional fuel:

   (r) "Electric truck" or "plug-in hybrid electric truck" means a truck
   that:

   (III) Is propelled to a significant extent by: an electric motor that
draws electricity from a battery that:

   (A) Has a AN ELECTRIC MOTOR THAT DRAWS ELECTRICITY FROM
   A battery THAT HAS A capacity of not less than four kilowatt hours and IS
   CAPABLE OF BEING RECHARGED FROM AN EXTERNAL SOURCE OF
   ELECTRICITY; OR

   (B) Is capable of being recharged from an external source of
electricity POWER DERIVED FROM ONE OR MORE CELLS WHICH CONVERT
CHEMICAL ENERGY DIRECTLY INTO ELECTRICITY BY COMBINING OXYGEN
WITH HYDROGEN FUEL WHICH IS STORED ON BOARD THE VEHICLE IN ANY
FORM AND MAY OR MAY NOT REQUIRE REFORMATION PRIOR TO USE.

(8.3) Category 7 purchase. (a) Except as provided in subsection
(14) of this section, with respect to the income tax years commencing on
or after January 1, 2017, but before January 1, 2022, there is allowed to any person a credit against the tax imposed by this
article ARTICLE 22 in an amount set forth in paragraph (b) of this
subsection (8.3) SUBSECTION (8.3)(b) OF THIS SECTION for each purchase
of a category 7 truck during the tax year.
<table>
<thead>
<tr>
<th>Category</th>
<th>Income tax year commencing:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1/1/2017 but before 1/1/2020</td>
</tr>
<tr>
<td></td>
<td>1/1/2020 but before 1/1/2021</td>
</tr>
<tr>
<td></td>
<td>1/1/2021 but before 1/1/2023</td>
</tr>
<tr>
<td></td>
<td>1/1/2023 but before 1/1/2026</td>
</tr>
<tr>
<td>Light duty passenger motor vehicle over 8,500 GVWR</td>
<td>$5,000 $4,000 $2,500 $2,000</td>
</tr>
<tr>
<td>Light duty electric truck</td>
<td>$7,000 $5,500 $3,500 $2,800</td>
</tr>
<tr>
<td>Medium duty electric truck</td>
<td>$10,000 $8,000 $5,000 $4,000</td>
</tr>
<tr>
<td>Heavy duty truck</td>
<td>$20,000 $16,000 $10,000 $8,000</td>
</tr>
</tbody>
</table>

(8.5) **Category 7 lease.** (a) Except as provided in subsection (14) of this section, with respect to the income tax years commencing on or after January 1, 2017, but before January 1, 2022 January 1, 2026, there is allowed to any person a credit against the tax imposed by this article ARTICLE 22 in an amount set forth in paragraph (b) of this subsection (8.5) SUBSECTION (8.5)(b) OF THIS SECTION for each lease of a category 7 truck during the tax year.
<table>
<thead>
<tr>
<th></th>
<th>Income tax year commencing:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1/1/2017</td>
</tr>
<tr>
<td>but before</td>
<td>but before</td>
</tr>
<tr>
<td></td>
<td>1/1/2020 but before</td>
</tr>
<tr>
<td></td>
<td>1/1/2020 but before</td>
</tr>
<tr>
<td></td>
<td>1/1/2026 but before</td>
</tr>
<tr>
<td>Light duty passenger motor vehicle over 8,500 GVWR</td>
<td>$2,500 $2,000 $1,500</td>
</tr>
<tr>
<td>Light duty electric truck</td>
<td>$3,500 $2,750 $1,750</td>
</tr>
<tr>
<td>Medium duty electric truck</td>
<td>$5,000 $4,000 $2,500</td>
</tr>
<tr>
<td>Heavy duty truck</td>
<td>$10,000 $8,000 $5,000</td>
</tr>
</tbody>
</table>

(18) This section is repealed, effective December 31, 2026

DECEMBER 31, 2030.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.