

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0701.01 Esther van Mourik x4215

SENATE BILL 18-047

SENATE SPONSORSHIP

Marble,

HOUSE SPONSORSHIP

Saine,

Senate Committees

Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING THE REPEAL OF INCOME TAX CREDITS FOR INNOVATIVE
102 MOTOR VEHICLES FOR PURCHASES AND LEASES ENTERED INTO
103 ON OR AFTER JANUARY 1, 2019.

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 repeals the income tax credits for innovative motor vehicles and innovative trucks for purchase and leases entered into on or after January 1, 2019.

For the 2018-19 state fiscal year and each fiscal year thereafter through the 2020-21 state fiscal year, the bill requires the state controller

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

to credit an amount of tax revenue estimated to be retained by the repeal of the income tax credits to the highway users tax fund.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-516.7, **amend**
3 (1)(a)(I)(A) as follows:

4 **39-22-516.7. Tax credit for innovative motor vehicles -**
5 **definitions - repeal.** (1) As used in this section, unless the context
6 otherwise requires:

7 (a) (I) (A) "Actual cost incurred" means the actual cost paid by the
8 purchaser for a used motor vehicle, conversion, or idling reduction
9 technologies minus any credits, grants, or rebates, including federal
10 credits, grants, or rebates for which the purchaser is eligible, but
11 excluding the credit specified in this section. THIS SUBSECTION
12 (1)(a)(I)(A) IS REPEALED, EFFECTIVE DECEMBER 31, 2019.

13 **SECTION 2.** In Colorado Revised Statutes, 39-22-516.7, **repeal**
14 **as it will become effective December 31, 2019,** (1)(a)(I)(A) as follows:

15 **39-22-516.7. Tax credit for innovative motor vehicles -**
16 **definitions - repeal.** (1) As used in this section, unless the context
17 otherwise requires:

18 ~~(a) (I) (A) "Actual cost incurred" means the actual cost paid by the~~
19 ~~purchaser for a used motor vehicle or conversion minus any credits,~~
20 ~~grants, or rebates, including federal credits, grants, or rebates for which~~
21 ~~the purchaser is eligible, but excluding the credit specified in this section.~~

22 **SECTION 3.** In Colorado Revised Statutes, 39-22-516.7, **amend**
23 (2)(a), (2)(c), (4)(a)(II), (4)(b)(II), and (10); and **repeal** (4)(a)(III),
24 (4)(a)(IV), (4)(b)(III), and (4)(b)(IV) as follows:

25 **39-22-516.7. Tax credit for innovative motor vehicles -**

1 **definitions - repeal.** (2) (a) With respect to the tax years commencing on
2 or after January 1, 2013, but prior to ~~January 1, 2022~~ JANUARY 1, 2019,
3 there is allowed to any person a credit against the tax imposed by this
4 article, not to exceed the amount specified in subsection (4) of this
5 section, for the purchase or lease of a motor vehicle defined as category
6 1.

7 (c) With respect to the tax years commencing on or after January
8 1, 2014, but prior to ~~January 1, 2022~~ JANUARY 1, 2019, there is allowed
9 to any person a credit against the tax imposed by this article, not to
10 exceed the amount specified in subsection (4) of this section, for the
11 conversion of a motor vehicle defined as category 1 A.

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

14 (a) **Category 1.** (II) With respect to the tax years commencing on
15 or after January 1, 2017, but prior to ~~January 1, 2020~~ JANUARY 1, 2019,
16 five thousand dollars for a purchase or two thousand five hundred dollars
17 for a lease;

18 (III) ~~With respect to the tax years commencing on or after January~~
19 ~~1, 2020, but prior to January 1, 2021, four thousand dollars for a purchase~~
20 ~~or two thousand dollars for a lease;~~

21 (IV) ~~With respect to the tax years commencing on or after January~~
22 ~~1, 2021, but prior to January 1, 2022, two thousand five hundred dollars~~
23 ~~for a purchase or one thousand five hundred dollars for a lease.~~

24 (b) **Category 1 A.** (II) With respect to the tax years commencing
25 on or after January 1, 2017, but prior to ~~January 1, 2020~~ JANUARY 1,
26 2019, five thousand dollars;

27 (III) ~~With respect to the tax years commencing on or after January~~

1 ~~1, 2020, but prior to January 1, 2021, four thousand dollars;~~

2 (IV) ~~With respect to the tax years commencing on or after January~~
3 ~~1, 2021, but prior to January 1, 2022, two thousand five hundred dollars.~~

4 (10) This section is repealed, effective ~~December 31, 2026~~
5 DECEMBER 31, 2022.

6 **SECTION 4.** In Colorado Revised Statutes, 39-22-516.8, **amend**
7 (2.3), (2.5), (3.5), (4.3), (4.5), (5.5), (6), (7), (8.3), (8.5), (9.5), (10), (11),
8 (11.6), and (18); and **repeal** (14) as follows:

9 **39-22-516.8. Tax credit for innovative trucks - definitions -**
10 **repeal.** (2.3) **Category 4 purchase.** (a) ~~Except as provided in subsection~~
11 ~~(14) of this section,~~ With respect to the income tax years commencing on
12 or after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019,
13 there is allowed to any person a credit against the tax imposed by this
14 article in an amount set forth in paragraph (b) of this subsection (2.3) for
15 each purchase of a category 4 truck during the tax year.

16 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	<i>1/1/2019</i>	1/1/2021	1/1/2022
21 Light duty passenger			
22 motor vehicle	\$5,000	\$4,000	\$2,500
23 Light duty truck	\$7,000	\$5,500	\$3,500
24 Medium duty truck	\$10,000	\$8,000	\$5,000
25 Heavy duty truck	\$20,000	\$16,000	\$10,000

26 (2.5) **Category 4 lease.** (a) ~~Except as provided in subsection (14)~~
27 ~~of this section,~~ With respect to the income tax years commencing on or
28 after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there

1 is allowed to any person a credit against the tax imposed by this article in
 2 an amount set forth in paragraph (b) of this subsection (2.5) for each lease
 3 of a category 4 truck during the tax year.

4 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	1/1/2022
Light duty passenger motor vehicle	\$2,500	\$2,000	\$1,500
Light duty truck	\$3,500	\$2,750	\$1,750
Medium duty truck	\$5,000	\$4,000	\$2,500
Heavy duty truck	\$10,000	\$8,000	\$5,000

14 (3.5) **Category 4 A.** (a) ~~Except as provided in subsection (14) of~~
 15 ~~this section,~~ With respect to the income tax years commencing on or after
 16 January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there is
 17 allowed to any person a credit against the tax imposed by this article an
 18 amount set forth in paragraph (b) of this subsection (3.5) for the
 19 conversion of a category 4 A truck during the tax year.

20 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	1/1/2022
Light duty passenger motor vehicle	\$5,000	\$4,000	\$2,500
Light duty truck	\$7,000	\$5,500	\$3,500
Medium duty truck	\$10,000	\$8,000	\$5,000
Heavy duty truck	\$20,000	\$16,000	\$10,000

1 (4.3) **Category 4 B purchase.** (a) ~~Except as provided in~~
 2 ~~subsection (14) of this section,~~ With respect to the income tax years
 3 commencing on or after January 1, 2017, but before ~~January 1, 2022~~
 4 JANUARY 1, 2019, there is allowed to any person a credit against the tax
 5 imposed by this article an amount set forth in paragraph (b) of this
 6 subsection (4.3) for each purchase of a category 4 B truck during the tax
 7 year.

8 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	1/1/2022
Light duty passenger motor vehicle	\$5,000	\$4,000	\$2,500
Light duty truck	\$7,000	\$5,500	\$3,500
Medium duty truck	\$10,000	\$8,000	\$5,000
Heavy duty truck	\$20,000	\$16,000	\$10,000

17 (4.5) **Category 4 B lease.** (a) ~~Except as provided in subsection~~
 18 ~~(14) of this section,~~ With respect to the income tax years commencing on
 19 or after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019,
 20 there is allowed to any person a credit against the tax imposed by this
 21 article an amount set forth in paragraph (b) of this subsection (4.5) for
 22 each lease of a category 4 B truck during the tax year.

23 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	1/1/2022
Light duty passenger motor vehicle	\$2,500	\$2,000	\$1,500

1	Light duty truck	\$3,500	\$2,750	\$1,750
2	Medium duty truck	\$5,000	\$4,000	\$2,500
3	Heavy duty truck	\$10,000	\$8,000	\$5,000

4 (5.5) **Category 4 C.** (a) ~~Except as provided in subsection (14) of~~
5 ~~this section,~~ With respect to the income tax years commencing on or after
6 January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there is
7 allowed to any person a credit against the tax imposed by this article in
8 the amount set forth in paragraph (b) of this subsection (5.5) for the
9 conversion of a category 4 C truck during the tax year.

10	(b)	Income tax year commencing:		
11		1/1/2017		
12		but before	1/1/2020	1/1/2021
13		1/1/2020	but before	but before
14		<i>1/1/2019</i>	1/1/2021	1/1/2022
15	Light duty passenger motor vehicle	\$5,000	\$4,000	\$2,500
16	Light duty truck	\$7,000	\$5,500	\$3,500
17	Medium duty truck	\$10,000	\$8,000	\$5,000
18	Heavy duty truck	\$20,000	\$16,000	\$10,000

19 (6) **Category 5.** With respect to the income tax years commencing
20 on or after January 1, 2015, but before ~~January 1, 2022~~ JANUARY 1, 2019,
21 there is allowed to any person a credit against the tax imposed by this
22 article of twenty-five percent of the actual cost incurred by the taxpayer
23 during a tax year for category 5, not to exceed six thousand dollars.

24 (7) **Category 6.** With respect to the income tax years commencing
25 on or after January 1, 2014, but before ~~January 1, 2022~~ JANUARY 1, 2019,
26 there is allowed to any person a credit against the tax imposed by this
27 article of twenty-five percent of the actual cost incurred by the taxpayer
28 during a tax year for category 6, not to exceed six thousand dollars for

1 each installed device and not to exceed fifty thousand dollars during a tax
 2 year for the installation of multiple devices. For purposes of the income
 3 tax year commencing on or after January 1, 2014, but before January 1,
 4 2015, the installation must occur on or after July 1, 2014, but before
 5 January 1, 2015.

6 (8.3) **Category 7 purchase.** (a) ~~Except as provided in subsection~~
 7 ~~(14) of this section,~~ With respect to the income tax years commencing on
 8 or after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019,
 9 there is allowed to any person a credit against the tax imposed by this
 10 article in an amount set forth in paragraph (b) of this subsection (8.3) for
 11 each purchase of a category 7 truck during the tax year.

12 (b)

	Income tax year commencing:		
	1/1/2017 but before 1/1/2020 1/1/2019	1/1/2020 but before 1/1/2021	1/1/2021 but before 1/1/2022
Light duty passenger motor vehicle over 8,500 GVWR	\$5,000	\$4,000	\$2,500
Light duty electric truck	\$7,000	\$5,500	\$3,500
Medium duty electric truck	\$10,000	\$8,000	\$5,000
Heavy duty truck	\$20,000	\$16,000	\$10,000

22 (8.5) **Category 7 lease.** (a) ~~Except as provided in subsection (14)~~
 23 ~~of this section,~~ With respect to the income tax years commencing on or
 24 after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there
 25 is allowed to any person a credit against the tax imposed by this article in
 26 an amount set forth in paragraph (b) of this subsection (8.5) for each lease
 27 of a category 7 truck during the tax year.

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	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	1/1/2022
Light duty passenger motor vehicle over 8,500 GVWR	\$2,500	\$2,000	\$1,500
Light duty electric truck	\$3,500	\$2,750	\$1,750
Medium duty electric truck	\$5,000	\$4,000	\$2,500
Heavy duty truck	\$10,000	\$8,000	\$5,000

11 (9.5) **Category 7 A.** (a) Except as provided in subsection (14) of
 12 ~~this section~~, With respect to the income tax years commencing on or after
 13 January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there is
 14 allowed to any person a credit against the tax imposed by this article in an
 15 amount set forth in paragraph (b) of this subsection (9.5) for the
 16 conversion of a category 7 A truck during the tax year.

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	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	1/1/2022
Light duty passenger motor vehicle with a GVWR over 8,500 lbs	\$5,000	\$4,000	\$2,500
Light duty electric truck	\$7,000	\$5,500	\$3,500
Medium duty electric truck	\$10,000	\$8,000	\$5,000
Heavy duty truck	\$20,000	\$16,000	\$10,000

27 (10) **Category 8.** (a) With respect to the income tax years
 28 commencing on or after January 1, 2014, but before ~~January 1, 2022~~

1 JANUARY 1, 2019, there is allowed to any person a credit against the tax
 2 imposed by this article as a percentage set forth in paragraph (b) of this
 3 subsection (10) of the actual cost incurred by the taxpayer during the tax
 4 year for each purchase or lease of a category 8 trailer, not to exceed the
 5 amount set forth in paragraph (b) of this subsection (10). For purposes of
 6 the income tax year commencing on or after January 1, 2014, but before
 7 January 1, 2015, the purchase or lease of a category 8 trailer must occur
 8 on or after July 1, 2014, but before January 1, 2015.

9 (b)

	Income tax year commencing:					
	1/1/2014	1/1/2017	1/1/2019	1/1/2020	1/1/2021	Cap per
	1/1/2015	1/1/2018			but	income
	1/1/2016	BUT			before	tax year
		BEFORE			1/1/2022	
		1/1/2019				
Category 8	18%	15%	11.75%	7.5%	3.75%	\$7,500

19 (11) **Category 8 A.** (a) With respect to the income tax years
 20 commencing on or after January 1, 2014, but before ~~January 1, 2022~~
 21 JANUARY 1, 2019, there is allowed to any person a credit against the tax
 22 imposed by this article as a percentage set forth in paragraph (b) of this
 23 subsection (11) of the actual cost incurred by the taxpayer during the tax
 24 year for the conversion of a refrigerated trailer to a category 8 A trailer,
 25 not to exceed the amount set forth in paragraph (b) of this subsection
 26 (11). For purposes of the income tax year commencing on or after January
 27 1, 2014, but before January 1, 2015, the conversion of a refrigerated

1 trailer to a category 8 A trailer must occur on or after July 1, 2014, but
 2 before January 1, 2015.

3 (b)

Income tax year commencing:							
1/1/2014	1/1/2017	1/1/2019	1/1/2020	1/1/2021	Cap per	income tax year	
1/1/2015	1/1/2018			but			
1/1/2016	BUT			before			
	BEFORE <i>1/1/2019</i>			1/1/2022			
Category 8 A	55%	45%	33.75%	22.5%	11.25%	\$7,500	

13 (11.6) **Category 9.** (a) ~~Except as otherwise provided in~~
 14 ~~subsection (14) of this section,~~ With respect to the income tax years
 15 commencing on or after January 1, 2017, but before ~~January 1, 2022~~
 16 JANUARY 1, 2019, there is allowed to any person a credit against the tax
 17 imposed by this article in an amount set forth in paragraph (b) of this
 18 subsection (11.6) for the conversion of a category 9 truck during the tax
 19 year.

20 (b)

Income tax year commencing:			
1/1/2017	1/1/2020	1/1/2021	
but before	but before	but before	
1/1/2020	1/1/2021	1/1/2022	
<i>1/1/2019</i>			
Category 9	\$5,000	\$4,000	\$2,500

26 (14) (a) ~~During the calendar year ending December 31, 2018, the~~
 27 ~~Colorado energy office created in section 24-38.5-101, C.R.S., shall~~

1 determine whether category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 medium or
2 heavy duty trucks generate life-cycle emissions materially greater than
3 comparable medium or heavy duty trucks using traditional fuel. Such a
4 life-cycle analysis must include the direct emissions regulated by the
5 United States environmental protection agency or by the department of
6 public health and environment that are associated with producing,
7 transporting, and using the alternative or traditional fuels. The Colorado
8 energy office shall consider the likely adoption of future technology at
9 each stage of the life-cycle.

10 (b) In making the determinations described in paragraph (a) of this
11 subsection (14), the Colorado energy office shall consider public input,
12 any analysis or reports prepared by the department of public health and
13 environment, other states, or the United States environmental protection
14 agency, and any peer-reviewed studies conducted in the United States that
15 evaluate similar matters.

16 (c) In the event that category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 medium
17 or heavy duty trucks are shown to generate life-cycle emissions materially
18 greater than comparable traditional fuel trucks, then the Colorado energy
19 office shall notify the department of revenue that no tax credit specified
20 in this section is available for such trucks for the income tax years
21 commencing on or after January 1, 2019, but before January 1, 2022;
22 except that the Colorado energy office may determine if a particular
23 category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 truck model or engine does not
24 generate life-cycle emissions materially greater than a comparable
25 traditional fuel truck model or engine and is thus allowed a credit for a
26 given income tax year, or the Colorado energy office may allow a credit
27 if the taxpayer can demonstrate that the taxpayer has a long-term fuel

1 contract for his or her category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 truck from
2 a green fuel provider, such that the life-cycle emissions from such truck
3 are not materially greater than the emissions of a comparable traditional
4 fuel truck. For purposes of this paragraph (c), "green fuel provider"
5 means the alternative fuel is produced and delivered by providers that
6 have adopted best practices for low life-cycle emissions. On or before
7 January 1, 2019, and on or before each January 1 thereafter through
8 January 1, 2021, the Colorado energy office and the department of
9 revenue shall, through their respective websites, specify which category
10 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 medium or heavy duty trucks are not allowed
11 a credit for a given income tax year.

12 (18) This section is repealed, effective ~~December 31, 2026~~
13 DECEMBER 31, 2022.

14 **SECTION 5.** In Colorado Revised Statutes, 43-4-205, **add** (6.4)
15 as follows:

16 **43-4-205. Allocation of fund.** (6.4) FOR THE 2018-19 STATE
17 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER THROUGH THE 2020-21
18 STATE FISCAL YEAR, THE STATE CONTROLLER SHALL CREDIT AN AMOUNT
19 OF TAX REVENUE ESTIMATED TO BE RETAINED BY THE REPEAL OF THE
20 INCOME TAX CREDIT FOR INNOVATIVE MOTOR VEHICLES AND THE REPEAL
21 OF THE INCOME TAX CREDIT FOR INNOVATIVE TRUCKS TO THE HIGHWAY
22 USERS TAX FUND, TO BE ALLOCATED AND EXPENDED IN ACCORDANCE WITH
23 THE FORMULA SPECIFIED IN SUBSECTION (6)(b) OF THIS SECTION.

24 **SECTION 6. Act subject to petition - effective date.** This act
25 takes effect at 12:01 a.m. on the day following the expiration of the
26 ninety-day period after final adjournment of the general assembly (August
27 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a

1 referendum petition is filed pursuant to section 1 (3) of article V of the
2 state constitution against this act or an item, section, or part of this act
3 within such period, then the act, item, section, or part will not take effect
4 unless approved by the people at the general election to be held in
5 November 2018 and, in such case, will take effect on the date of the
6 official declaration of the vote thereon by the governor.