

**Please Support HB23-1272 (Weissman/Joseph & Fenberg)**  
*“CONCERNING TAX POLICY THAT ADVANCES DECARBONIZATION”*

**Section by Section Overview**

- 1. Non-statutory leg dec**
- 2. Modifications to “innovative motor vehicle” income tax credit**
  - a. Assignable – dealer/financing entity may receive \$250 for taking assignment
  - b. On and after 1/1/2025, advance payments of credits allowed under 39-22-629
  - c. Amount of credit
    - i. 7/1/23 to 12/31/24 - \$5000
    - ii. 1/1/25 to 12/31/25 - \$3500
    - iii. 1/1/26 to 12/31/26 - \$1500
    - iv. 1/1/27 to 12/31/27 - \$1000
    - v. 1/1/28 to 12/31/28 - \$500
  - d. 1/1/24 to 1/1/26 – additional \$600 available to dealer or financing entity for taking assignment
  - e. MSRP limitation
  - f. Additional \$2500 credit for vehicles with MSRP < \$30,000
  - g. For 2026, 2027, 2028 tax years - 50% reduction in credit due to lower-growth fiscal conditions – no credit if reduction would reduce the amount below \$500
- 3. Modifications to “innovative truck” income tax credit**
  - a. Assignable – dealer/financing entity may receive \$250 for taking assignment
  - b. On and after 1/1/2025, advance payments of credits allowed under 39-22-629
  - c. Amount of credit – passenger vehicle > 8500 GVWR or light duty electric truck
    - i. 1/1/24 to 12/31/24 - \$5000
    - ii. 1/1/25 to 12/31/25 - \$3500
    - iii. 1/1/26 to 12/31/26 - \$1500
    - iv. 1/1/27 to 12/31/27 - \$1000
    - v. 1/1/28 to 12/31/28 - \$500
  - d. Amount of credit – medium duty electric truck
    - i. 1/1/24 to 12/31/24 - \$12000
    - ii. 1/1/26 to 12/31/32 - \$4000
  - e. Amount of credit – heavy duty electric truck
    - i. 1/1/24 to 12/31/24 - \$12000
    - ii. 1/1/26 to 12/31/32 - \$8000
  - f. For 2026, 2027, 2028 tax years - 50% reduction in credit due to lower-growth fiscal conditions – no credit if reduction would reduce the amount below \$500
- 4. Existing heat pump income tax credit – sunset – to conform to new credit credited in this bill**
- 5. New (income) tax credit for industrial clean energy**
  - a. Credit available 1/1/24 to 12/31/32
  - b. “Industrial study” – not more than \$1M
  - c. “Greenhouse gas emission reduction improvements” – 19 different options - \$75K - \$5M
  - d. Applicable percentage – 30% of capital investments; up to 50% in limited situations
  - e. Tax credit recipient may not also receive enterprise zone credit or Industrial & manufacturing clean air grant
  - f. Process – CEO develops standards for review of applications; may revise annually; applications accepted through June 2024 and semi-annually thereafter
  - g. Factors considered – resources leveraged; location; GHG reductions; cobenefits; readiness; innovative status

- h. Limitation on total tax credits
  - i. Through 12/31/28 - \$10M aggregate / year
  - ii. 1/1/29 to 6/30/32 - \$12.5M aggregate / year
  - iii. CEO may increase aggregate limit in one period but must reduce in next period
  - iv. Unused credit amounts may roll forward
- i. Any credit in excess of tax liability is refunded

**6. Geothermal energy investment (income) tax credit**

- a. Credit available 1/1/24 to 12/31/32
- b. 30% credit for qualified expenditures – 9 different allowable expense types
- c. Maximum per taxpayer - \$1M/year; \$5M/lifetime of project
- d. Applications accepted through June 2024 and semi-annually thereafter
- e. Process – CEO develops standards – including demonstration of “firm” no-carbon electricity; replicability; GHG reductions
- f. Factors considered – workforce development; technology demonstration; community resilience; DIC or non-attainment area
- g. Any credit in excess of tax liability is refunded

**7. Geothermal energy production (income) tax credit**

- a. Credit available 1/1/24 to 12/31/32
- b. (3/1000) \$1 per kWh of geothermal electricity produced
- c. Maximum per taxpayer - \$1M/year
- d. Any credit in excess of tax liability is refunded

**8. Heat pump / thermal energy network (income) tax credit**

- a. Applicability – air, ground or water source heat pumps; heat pump water heaters; variable refrigerant flow heat pumps; thermal energy networks
- b. Credit amount – air source heat pump or variable refrigerant flow system
  - i. 1/1/24 to 12/31/25 - \$1500
  - ii. 1/1/26 to 12/31/28 - \$1000
  - iii. 1/1/29 to 12/31/32 - \$500
- c. Credit amount – ground or water source or combined system
  - i. 1/1/24 to 12/31/25 - \$3000
  - ii. 1/1/26 to 12/31/28 - \$2000
  - iii. 1/1/29 to 12/31/32 - \$1000
- d. Credit amount – heat pump water heater
  - i. 1/1/24 to 12/31/25 - \$500
  - ii. 1/1/26 to 12/31/32 - \$250
- e. Larger installations
  - i. Multi-family residential – multiply above amounts by number of units
  - ii. Non-residential – multiply above by 4-ton increments; 100 tons max
  - iii. Thermal energy networks – multiply by number of networked units + non-residential adjustment
- f. For 2026, 2027, 2028 tax years - 50% reduction in credit in existing facilities due to lower-growth fiscal conditions – no credit if reduction would reduce the amount below \$250
- g. CEO will develop list of qualified installers for heat pump technology
- h. Any credit in excess of tax liability is refunded

**9. Electric bike (income) tax credit**

- a. Credit available 1/1/24 to 12/31/32
- b. On and after 1/1/2025, advance payments of credits allowed under 39-22-629
- c. \$800 per qualifying e-bike sold to a CO resident by a qualified retailer
- d. Retailer must reduce purchase price by lesser of \$700 or purchase price

- e. Office to develop standards for eligible e-bikes including compliance with safety standards
- f. Any credit in excess of tax liability is refunded
- g. For 2026-2032 tax years - 50% reduction in credit in existing facilities due to lower-growth fiscal conditions – no credit if reduction would reduce the amount below \$250

**10. Sustainable aviation fuel (SAF) production (income) tax credit**

- a. Credit available 1/1/24 to 12/31/33
- b. SAF defined to be the same as under federal tax law – 26 USC 40B(d)
  - i. Lifecycle GHG reduction of at least 50% compared to regular aviation fuel
- c. Credit amount - % for construction of a facility beginning & ending on:
  - i. 1/1/24 to 12/31/26 – 30%
  - ii. 1/1/27 to 12/31/27 – 24%
  - iii. 1/1/28 to 12/31/28 – 18%
  - iv. 1/1/29 to 12/31/32 – 12%
- d. Limitation on total tax credits
  - i. 2024 - \$1M aggregate
  - ii. 2025 & 2026 - \$2M aggregate / year
  - iii. 2027 - \$3M aggregate
  - iv. 2028 – 2032 - \$5M aggregate / year

**11. Advance payments of income tax credits – for innovative vehicles, innovative trucks, e-bikes, and SAF**

- a. Taxpayer may elect to receive payments of credits in connection with quarterly returns – instead of waiting until filing annual return to claim all tax credits
- b. This allows businesses taking assignment of tax credits or filing for otherwise eligible for tax credits to have options to manage cash flow

**12. Sales tax on electric medium- and heavy-duty trucks – partial exemption**

- a. “Category 7” medium- and heavy-duty fleet trucks are 50% exempt from sales & use tax 1/1/24 to 12/31/27
- b. “Category 7” medium- and heavy-duty fleet trucks are 60% exempt from sales & use tax 1/1/28 to 12/31/33

**13. Existing heat pump sales tax exemption – sunset – to conform with new credit created in this bill**

- a. Conforming amendment to end existing heat pump sales & use tax exemption 12/31/23

**14. Sales tax on heat pump / thermal energy network – exemption**

- a. Sales & use tax exemption for heat pump technology & thermal energy network equipment from 1/1/24 to 12/31/32.

**15. Severance tax – adjustment**

**16. Severance tax allocation – transfers to general fund & grant funds (see below)**

- a. Also includes additional directives to severance tax working group

**17. Property tax (specific ownership tax) on innovative trucks – partial reduction in taxable basis**

- a. “Category 7” fleet vehicle > 16,000 lbs empty weight: taxable value is 50% of purchase price 1/1/24 to 12/31/27
- b. “Category 7” fleet vehicle <= 16,000 lbs empty weight: taxable value is 50% of purchase price 1/1/24 to 12/31/27
- c. “Category 7” fleet vehicle > 16,000 lbs empty weight: taxable value is 60% of purchase price 1/1/28 to 12/31/32
- d. “Category 7” fleet vehicle <= 16,000 lbs empty weight: taxable value is 60% of purchase price 1/1/28 to 12/31/32

**18. Local government sales tax – option**

- a. Local government may, but is not required to, exclude medium- or heavy-duty electric trucks and heat pump / thermal energy network equipment from sales tax

**19. Local government use tax – option**

- a. Local government may, but is not required to, exclude medium- or heavy-duty electric trucks and heat pump / thermal energy network equipment from use tax

**20. Industrial & manufacturing clean air grant program**

- a. Authority to expend funds to administer industrial clean energy income tax credit

**21. Geothermal energy grant program**

- a. Authority to expend funds to administer geothermal investment and production tax credits

**22. Electric bicycles grant program**

- a. authority to expend funds to administer electric bicycle income tax credit

**23. Electric school bus grant program**

- a. Authority to expend funds to administer innovative vehicle and innovative truck tax credits and sales and use tax exemptions

**24. Industrial & manufacturing clean air grant program**

- a. Prohibition on grants for projects that receive an industrial clean energy tax credit

**25. Enterprise zone credits**

- a. Prohibition on claiming where industrial clean energy or geothermal production tax credit claimed

**26. Income tax administration**

- a. Conforming amendments re required electronic filing

**27. Safety clause**

- a. to make tax credits available as soon as possible