

First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

DRAFT  
9.2.22

**BILL 8**

LLS NO. 23-0129.01 Megan McCall x4215

**INTERIM COMMITTEE BILL**

**Legislative Oversight Committee Concerning Tax Policy**

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**BILL TOPIC:** "Reduce Small Off-road Engine Emissions Tax Credit"

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**A BILL FOR AN ACT**

101 **CONCERNING CREATION OF A TAX CREDIT TO REDUCE EMISSIONS FROM**  
102 **SMALL OFF-ROAD ENGINES.**

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**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/>.)*

**Legislative Oversight Committee Concerning Tax Policy.** The bill establishes a state income tax credit in an amount equal to 30% of the purchase price for new, electric-powered, small off-road lawn equipment for purchases made in income tax years 2024 through 2026.

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*Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-549 as  
3 follows:

4 **39-22-549. Tax credit for reducing emissions from small**  
5 **off-road engines - report - legislative declaration - definitions - repeal.**

6 (1) (a) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

7 (I) SMALL OFF-ROAD ENGINES USED PRIMARILY IN LAWN  
8 EQUIPMENT, SUCH AS LAWN MOWERS, LEAF BLOWERS, AND TRIMMERS,  
9 EMIT HIGH LEVELS OF AIR POLLUTANTS, INCLUDING OXIDES OF NITROGEN  
10 AND REACTIVE ORGANIC GASES THAT, TOGETHER, FORM OZONE, AND  
11 PARTICULATE MATTER;

12 (II) REPLACING SUCH SMALL OFF-ROAD ENGINES WITH  
13 ELECTRIC-POWERED SMALL OFF-ROAD LAWN EQUIPMENT CAN REDUCE  
14 OZONE POLLUTION BY AS MUCH AS FOUR PARTS PER BILLION; AND

15 (III) THE PURPOSE OF THE TAX CREDIT IN SUBSECTION (2) OF THIS  
16 SECTION IS TO PROVIDE AN INCENTIVE FOR THE VOLUNTARY TRANSITION  
17 FROM GAS-POWERED TO ELECTRIC-POWERED SMALL OFF-ROAD LAWN  
18 EQUIPMENT.

19 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
20 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
21 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
22 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FURTHER FINDS AND  
23 DECLARES THAT:

24 (I) THE GENERAL LEGISLATIVE PURPOSE OF THE TAX CREDIT  
25 ALLOWED BY SUBSECTION (2) OF THIS SECTION IS TO INDUCE CERTAIN  
26 DESIGNATED BEHAVIORS BY TAXPAYERS, SPECIFICALLY THE PURCHASE OF  
27 ELECTRIC-POWERED SMALL OFF-ROAD LAWN EQUIPMENT; AND

1           (II) IN ORDER TO ALLOW THE GENERAL ASSEMBLY AND THE STATE  
2 AUDITOR TO MEASURE THE EFFECTIVENESS OF THE CREDIT, THE  
3 DEPARTMENT OF REVENUE SHALL SUBMIT TO THE GENERAL ASSEMBLY  
4 AND THE STATE AUDITOR AN ANNUAL REPORT IN ACCORDANCE WITH  
5 SUBSECTION (4) OF THIS SECTION DETAILING THE SALES OF NEW,  
6 ELECTRIC-POWERED, SMALL OFF-ROAD LAWN EQUIPMENT, AS REPORTED  
7 BY TAXPAYERS CLAIMING THE CREDIT AUTHORIZED UNDER SUBSECTION  
8 (2) OF THIS SECTION.

9           (2) (a) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
10 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2027, A TAXPAYER IS  
11 ALLOWED A CREDIT AGAINST THE TAX IMPOSED PURSUANT TO THIS  
12 ARTICLE 22 IN AN AMOUNT EQUAL TO THIRTY PERCENT OF THE AGGREGATE  
13 PURCHASE PRICE FOR ALL RETAIL SALES OF NEW, ELECTRIC-POWERED,  
14 SMALL OFF-ROAD LAWN EQUIPMENT THAT THE TAXPAYER SOLD IN THE  
15 STATE DURING THE TAX YEAR.

16           (II) FOR PURPOSES OF THIS SUBSECTION (2)(a), "PURCHASE PRICE"  
17 HAS THE SAME MEANING AS SET FORTH IN SECTION 39-26-102 (7) AND  
18 "RETAIL SALE" HAS THE SAME MEANING AS SET FORTH IN SECTION  
19 39-26-102 (9).

20           (b) IN ORDER TO QUALIFY FOR THE CREDIT ALLOWED UNDER THIS  
21 SUBSECTION (2), THE TAXPAYER SHALL PROVIDE TO THE PURCHASER AT  
22 THE TIME OF THE RETAIL SALE OF A PIECE OF NEW, ELECTRIC-POWERED,  
23 SMALL OFF-ROAD LAWN EQUIPMENT A THIRTY PERCENT DISCOUNT FROM  
24 THE PURCHASE PRICE OF THE PIECE OF NEW, ELECTRIC-POWERED, SMALL  
25 OFF-ROAD LAWN EQUIPMENT AND SHALL SHOW THE DISCOUNT AS A  
26 SEPARATE ITEM ON THE RECEIPT OR INVOICE PROVIDED TO THE  
27 PURCHASER.

1           (c) TO DETERMINE WHETHER A TAXPAYER SOLD NEW,  
2 ELECTRIC-POWERED, SMALL OFF-ROAD LAWN EQUIPMENT IN THIS STATE,  
3 THE RULES OF SECTION 39-26-104 (3)(a) APPLY.

4           (3) IF THE AMOUNT OF A CREDIT UNDER SUBSECTION (2) OF THIS  
5 SECTION EXCEEDS A TAXPAYER'S ACTUAL TAX LIABILITY FOR AN INCOME  
6 TAX YEAR, THE AMOUNT OF THE CREDIT NOT USED TO OFFSET INCOME TAX  
7 LIABILITY FOR THE INCOME TAX YEAR IS NOT REFUNDED TO THE  
8 TAXPAYER. THE TAXPAYER MAY CARRY FORWARD AND APPLY THE  
9 UNUSED CREDIT AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE  
10 SUCCEEDING INCOME TAX YEARS, BUT THE TAXPAYER SHALL APPLY THE  
11 CREDIT AGAINST THE INCOME TAX DUE FOR THE EARLIEST OF THE INCOME  
12 TAX YEARS POSSIBLE. ANY AMOUNT OF THE TAX CREDIT THAT IS NOT USED  
13 AFTER THIS PERIOD IS NOT REFUNDABLE.

14           (4) FOR THE PURPOSE OF PROVIDING DATA THAT ALLOWS THE  
15 GENERAL ASSEMBLY AND THE STATE AUDITOR TO MEASURE THE  
16 EFFECTIVENESS OF THE TAX CREDIT CREATED IN SUBSECTION (2) OF THIS  
17 SECTION PURSUANT TO SECTION 39-21-304 (3), AND NOTWITHSTANDING  
18 SECTION 24-1-136 (11)(a)(I), THE DEPARTMENT OF REVENUE, ON OR  
19 BEFORE JANUARY 1, 2025, AND ON OR BEFORE JANUARY 1 OF EACH YEAR  
20 THEREAFTER UNTIL JANUARY 1, 2028, SHALL SUBMIT TO THE GENERAL  
21 ASSEMBLY AND THE STATE AUDITOR A REPORT DETAILING THE SALES OF  
22 NEW, ELECTRIC-POWERED, SMALL OFF-ROAD LAWN EQUIPMENT, AS  
23 REPORTED BY TAXPAYERS CLAIMING THE CREDIT AUTHORIZED UNDER  
24 SUBSECTION (2) OF THIS SECTION. THE TAX CREDIT ESTABLISHED IN THIS  
25 SECTION WILL MEET ITS PURPOSE IF SALES OF ELECTRIC-POWERED SMALL  
26 OFF-ROAD LAWN EQUIPMENT INCREASE SIGNIFICANTLY WITHIN FIVE YEARS  
27 AFTER THE TAX CREDIT BECOMES EFFECTIVE.

1           (5) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
2 REQUIRES:

3           (a) "SMALL OFF-ROAD ENGINE" MEANS A GASOLINE-POWERED  
4 ENGINE OF TEN HORSEPOWER OR LESS THAT IS USED TO FUEL SMALL  
5 OFF-ROAD LAWN EQUIPMENT.

6           (b) "SMALL OFF-ROAD LAWN EQUIPMENT" MEANS A LAWN MOWER,  
7 LEAF BLOWER, OR TRIMMER.

8           (c) "TAXPAYER" HAS THE MEANING SET FORTH IN SECTION  
9 39-21-101 (4).

10          (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2036.

11          **SECTION 2. Act subject to petition - effective date.** This act  
12 takes effect at 12:01 a.m. on the day following the expiration of the  
13 ninety-day period after final adjournment of the general assembly; except  
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
15 of the state constitution against this act or an item, section, or part of this  
16 act within such period, then the act, item, section, or part will not take  
17 effect unless approved by the people at the general election to be held in  
18 November 2024 and, in such case, will take effect on the date of the  
19 official declaration of the vote thereon by the governor.