

## CHAPTER 248

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**TAXATION**

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**HOUSE BILL 99-1271**

BY REPRESENTATIVES Sullivant, Paschall, Bacon, Leyba, McKay, McPherson, Plant, Scott, Veiga, Vigil, Witwer, and Zimmerman;  
also SENATORS Evans, Arnold, Hernandez, Pascoe, Perlmutter, Rupert, Tebedo, and Weddig.

**AN ACT**

CONCERNING FINANCIAL INCENTIVES FOR CLEAN FUEL VEHICLES, AND, IN CONNECTION THEREWITH, CREATING A STATE SALES AND USE TAX EXEMPTION FOR SPECIFIED MOTOR VEHICLES, POWER SOURCES FOR MOTOR VEHICLES, AND PARTS USED FOR CONVERTING THE POWER SOURCES OF MOTOR VEHICLES THAT ARE CERTIFIED TO MEET SPECIFIED EMISSION STANDARDS AND REMOVING THE PROHIBITION AGAINST A PERSON COVERED BY THE CLEAN FUEL FLEET PROGRAM FROM RECEIVING INCENTIVES FROM THE STATE FOR PURCHASING A CLEAN FUEL VEHICLE.

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

**SECTION 1.** 39-26-114, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**39-26-114. Exemptions - disputes - credits or refunds - definitions.** (22) (a) THE SALE OF ANY MOTOR VEHICLE, POWER SOURCE FOR ANY MOTOR VEHICLE, OR PARTS USED FOR CONVERTING THE POWER SOURCE FOR ANY MOTOR VEHICLE IF THE GROSS VEHICLE WEIGHT RATING OF THE MOTOR VEHICLE IS GREATER THAN TEN THOUSAND POUNDS AND IF THE MOTOR VEHICLE, POWER SOURCE, OR PARTS USED FOR CONVERTING THE POWER SOURCE ARE CERTIFIED BY THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY OR ANY STATE AS PROVIDED IN THE "FEDERAL CLEAN AIR ACT" AS MEETING AN EMISSION STANDARD EQUAL TO OR MORE STRINGENT THAN THE LOW-EMITTING VEHICLE EMISSION STANDARD SHALL BE EXEMPT FROM TAXATION UNDER THE PROVISIONS OF THIS PART 1.

(b) FOR PURPOSES OF THIS SUBSECTION (22), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(I) "MOTOR VEHICLE" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 39-22-516 (2.5) (a) (III).

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

(II) "PARTS USED FOR CONVERTING" SHALL MEAN THE WIRING, FUEL LINES, ENGINE COOLANT SYSTEM, FUEL STORAGE CONTAINERS, FUEL CONTROL SYSTEM, AND OTHER COMPONENTS ASSOCIATED WITH REDUCING THE EMISSIONS CHARACTERISTICS OF AN ENGINE OR MOTOR.

(III) "POWER SOURCE" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 39-22-516 (2.5) (a) (V).

**SECTION 2.** 39-26-203 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

**39-26-203. Exemptions - definitions.** (1) This part 2 is declared to be supplementary to the "Emergency Retail Sales Tax Law of 1935", part 1 of this article, and shall not apply:

(II) (I) TO THE STORAGE, USE, OR CONSUMPTION OF A MOTOR VEHICLE, POWER SOURCE FOR A MOTOR VEHICLE, AND PARTS USED FOR CONVERTING THE POWER SOURCE OF A MOTOR VEHICLE, IF THE GROSS VEHICLE WEIGHT RATING OF THE MOTOR VEHICLE IS GREATER THAN TEN THOUSAND POUNDS AND IF THE MOTOR VEHICLE, POWER SOURCE, OR PARTS USED FOR CONVERTING THE POWER SOURCE ARE CERTIFIED BY THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY OR ANY STATE AS PROVIDED IN THE "FEDERAL CLEAN AIR ACT" AS MEETING AN EMISSION STANDARD EQUAL TO OR MORE STRINGENT THAN THE LOW-EMITTING VEHICLE EMISSION STANDARD.

(II) FOR PURPOSES OF THIS PARAGRAPH (II), UNLESS THE CONTEXT OTHERWISE REQUIRES:

(A) "MOTOR VEHICLE" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 39-22-516 (2.5) (a) (III).

(B) "PARTS USED FOR CONVERTING" SHALL MEAN THE WIRING, FUEL LINES, ENGINE COOLANT SYSTEM, FUEL STORAGE CONTAINERS, FUEL CONTROL SYSTEM, AND OTHER COMPONENTS ASSOCIATED WITH REDUCING THE EMISSIONS CHARACTERISTICS OF AN ENGINE OR MOTOR.

(C) "POWER SOURCE" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 39-22-516 (2.5) (a) (V).

**SECTION 3.** 29-2-105 (1) (d), Colorado Revised Statutes, is amended to read:

**29-2-105. Contents of sales tax ordinances and proposals.** (1) The sales tax ordinance or proposal of any incorporated town, city, or county adopted pursuant to this article shall be imposed on the sale of tangible personal property at retail or the furnishing of services, as provided in paragraph (d) of this subsection (1). Any countywide or incorporated town or city sales tax ordinance or proposal shall include the following provisions:

(d) A provision that the tangible personal property and services taxable pursuant to this article shall be the same as the tangible personal property and services taxable pursuant to section 39-26-104, C.R.S., and subject to the same exemptions as those specified in section 39-26-114, C.R.S., except the exemption allowed by section

39-26-114 (11), C.R.S., for purchases of machinery or machine tools, the exemption of sales and purchases of those items in section 39-26-114 (1) (a) (XXI), C.R.S., the exemption for sales of food specified in section 39-26-114 (1) (a) (XX), C.R.S., ~~and~~ the exemption for occasional sales by a charitable organization set forth in section 39-26-114 (18), C.R.S., AND THE EXEMPTION FOR SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S. Sales of food, as defined in section 39-26-102 (4.5), C.R.S., exempted from the state sales tax pursuant to section 39-26-114 (1) (a) (XX), C.R.S., sales and purchases of those items exempted from the state sales tax pursuant to section 39-26-114 (1) (a) (XXI), C.R.S., purchases of machinery or machine tools as provided in section 39-26-114 (11), C.R.S., ~~or~~ occasional sales by a charitable organization as provided in section 39-26-114 (18), C.R.S., OR SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S., may be exempted from said town, city, or county sales tax only by the express inclusion of such exemption either at the time of adoption of the initial sales tax ordinance or resolution or by amendment thereto. Any such amendment shall be adopted in the same manner as the initial ordinance or resolution. In the absence of AN express provision for the exemption for sales of food, as defined in section 39-26-102 (4.5), C.R.S., or purchases of machinery or machine tools as provided in section 39-26-114 (11), C.R.S., or exemption of sales and purchases of those items in section 39-26-114 (1) (a) (XXI), C.R.S., or exemption of occasional sales by a charitable organization as provided in section 39-26-114 (18), C.R.S., OR EXEMPTION OF SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S., all sales tax ordinances or resolutions, whether adopted prior to, on, or subsequent to July 1, 1979, which provide in substance that the tangible personal property and services taxed shall be the same as the tangible personal property and services taxable pursuant to section 39-26-104, C.R.S., or any predecessor statute, and subject to the same exemptions as those specified in section 39-26-114, C.R.S., or any predecessor statute, shall be construed as imposing or continuing to impose the town, city, or county sales tax on food, as defined in section 39-26-102 (4.5), C.R.S., purchases of machinery and machine tools as described in section 39-26-114 (11), C.R.S., sales or purchases of those items described in section 39-26-114 (1) (a) (XXI), C.R.S., ~~and~~ occasional sales by a charitable organization as described in section 39-26-114 (18), C.R.S., AND SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S. The regional transportation district may, in its discretion, continue to levy a sales tax on purchases of machinery or machine tools, as provided in section 39-26-114 (11), C.R.S.

**SECTION 4.** 29-2-106 (4) (a), Colorado Revised Statutes, is amended to read:

**29-2-106. Collection - administration - enforcement.** (4) (a) The executive director of the department of revenue shall, at no charge, administer, collect, and distribute the sales tax of any home rule municipality, upon request of the governing body of such municipality, if the provisions of the sales tax ordinance of said municipality, other than those provisions relating to local procedures followed in adopting the ordinance and whether or not the ordinance applies the sales tax to the sale of food, as defined in section 39-26-102 (4.5), C.R.S., or purchases of machinery or machine tools as provided in section 39-26-114 (11), C.R.S., or sales or purchases

of electricity, coal, wood, gas, fuel oil, or coke as provided in section 39-26-114 (1) (a) (XXI), C.R.S., OR SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S., correspond to the requirements of this article for sales taxes imposed by counties, towns, and cities and if no use tax is to be collected by the department except as provided in section 39-26-208, C.R.S. At the time of making such request, said governing body shall certify to the executive director of the department of revenue a true copy of said sales tax ordinance.

**SECTION 5.** 32-9-119 (2) (a), Colorado Revised Statutes, is amended to read:

**32-9-119. Additional powers of district.** (2) (a) To provide revenue to finance the operations of the district, to defray the cost of construction of capital improvements and acquisition of capital equipment, and to pay the interest and principal on securities of the district, the board, for and on behalf of the district after approval by election held pursuant to articles 1 to 13 of title 1, C.R.S., shall have the power to levy uniformly throughout the district a sales tax at the rate of six-tenths of one percent upon every transaction or other incident with respect to which a sales tax is now levied by the state, pursuant to the provisions of article 26 of title 39, C.R.S.; EXCEPT THAT THE BOARD SHALL CONTINUE TO LEVY A SALES TAX ON THE SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S.

**SECTION 6.** 32-13-107 (1) (a), Colorado Revised Statutes, is amended to read:

**32-13-107. Sales and use tax imposed - collection - administration of tax - use.** (1) (a) Except as otherwise provided in paragraph (b) of this subsection (1), upon the approval of the registered electors pursuant to the provisions of section 32-13-105, the board shall have the power to levy such uniform sales and use taxes throughout the district created in section 32-13-104 upon every transaction or other incident with respect to which a sales and use tax is levied by the state, pursuant to the provisions of article 26 of title 39, C.R.S., except such sales and use tax shall be levied on:

(I) Purchases of machinery or machine tools which are otherwise exempt pursuant to section 39-26-114 (11), C.R.S., to the extent such purchases OR SALES are subject to a sales and use tax levied by the regional transportation district pursuant to section 29-2-105 (1) (d), C.R.S., on and after the January 1 following the election in which such sales and use taxes were approved; AND

(II) SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S.

**SECTION 7.** 32-14-114 (1), Colorado Revised Statutes, is amended to read:

**32-14-114. Sales tax imposed - collection - administration of tax - discontinuance.** (1) Upon the approval of the registered electors pursuant to the provisions of section 32-14-105 and upon the granting of a major league baseball franchise by major league baseball to be located in the district, the board shall have the power to levy such uniform sales tax for a period not to exceed twenty years

throughout the district created in section 32-14-104 upon every transaction or other incident with respect to which a sales tax is levied by the state, pursuant to the provisions of article 26 of title 39, C.R.S.; except that such sales tax shall be levied on:

(a) Purchases of machinery or machine tools which are otherwise exempt pursuant to section 39-26-114 (11), C.R.S., to the extent that such purchases OR SALES are subject to the sales tax levied by the regional transportation district pursuant to section 29-2-105 (1) (d), C.R.S., on and after the January 1 following the adoption of a resolution by the board; AND

(b) SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S.

**SECTION 8.** 32-15-110 (1), Colorado Revised Statutes, is amended to read:

**32-15-110. Sales tax imposed - collection - administration of tax - discontinuance.** (1) Upon the approval of the registered electors pursuant to the provisions of section 32-15-107, the board shall have the power to levy such uniform sales tax upon the adoption of a resolution for a period commencing after the termination of the sales tax levied and collected by the Denver metropolitan major league baseball stadium district pursuant to section 32-14-105 and continuing for a period not to extend beyond January 1, 2012, throughout the district created in section 32-15-104 upon every transaction or other incident with respect to which a sales tax is levied by the state, pursuant to the provisions of article 26 of title 39, C.R.S.; except that such sales tax shall be levied on:

(a) Purchases of machinery or machine tools that are otherwise exempt pursuant to section 39-26-114 (11), C.R.S., to the extent that such purchases OR SALES are subject to the sales tax levied by the regional transportation district pursuant to section 29-2-105 (1) (d), C.R.S.; AND

(b) SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S.

**SECTION 9.** 30-20-604.5 (1), Colorado Revised Statutes, is amended to read:

**30-20-604.5. District sales tax.** (1) The board of any county having a population greater than one hundred thousand, for the purpose of funding all or a portion of the cost of any improvements constructed pursuant to section 30-20-603 (1) (a), may levy a sales tax throughout the district upon every transaction or other incident with respect to which a sales tax is authorized pursuant to section 29-2-105, C.R.S.; except that such tax may be levied only upon those transactions specified in section 39-26-104 (1) (a), (1) (b), (1) (e), and (1) (f), C.R.S. THE BOARD MAY, IN ITS DISCRETION, LEVY OR CONTINUE TO LEVY A SALES TAX ON THE SALES OF LOW-EMITTING MOTOR VEHICLES, POWER SOURCES, OR PARTS USED FOR CONVERTING SUCH POWER SOURCES AS SPECIFIED IN SECTION 39-26-114 (22), C.R.S.

**SECTION 10.** 39-22-516 (2.5) (i), Colorado Revised Statutes, is amended to

read:

**39-22-516. Tax credit for purchase of business vehicles using alternative fuels - repeal.** (2.5) (i) (I) FOR INCOME TAX YEARS COMMENCING ON AND AFTER JANUARY 1, 1999, BUT PRIOR TO JULY 1, 2006, a motor vehicle, conversion, or power source certified to the low-emitting vehicle emissions standard that is purchased by a person covered by the clean fuel fleet program in order to satisfy the minimum requirements of such program shall ~~not~~ be eligible for a credit pursuant to this subsection (2.5).

**SECTION 11. Repeal.** 39-33-103 (2) (f), Colorado Revised Statutes, is repealed as follows:

**39-33-103. Amount of rebate.** (2) (f) ~~A motor vehicle, conversion, or power source certified to the low-emitting vehicle emissions standard that is purchased by a qualified entity covered by the clean fuel fleet program in order to satisfy the minimum requirements of the clean fuel fleet program shall not be eligible for a rebate pursuant to this article.~~

**SECTION 12. Applicability.** This act shall apply to sales, storage, use, or consumption of motor vehicles on and after July 1, 1999.

**SECTION 13. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 28, 1999