

CHAPTER 226

TAXATION

HOUSE BILL 13-1247

BY REPRESENTATIVE(S) Duran and Singer, Court, Fields, Fischer, Gerou, Hullinghorst, Lebsock, Levy, Mitsch Bush, Moreno, Pabon, Primavera, Salazar, Schafer, Williams, Young;
also SENATOR(S) Johnston and Ulibarri, Giron, Heath, Jones, Kefalas, King, Newell, Nicholson, Schwartz, Steadman, Todd.

AN ACT**CONCERNING THE INNOVATIVE MOTOR VEHICLE INCOME TAX CREDIT.**

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

SECTION 1. Legislative declaration. (1) The General Assembly hereby finds that:

(a) A diverse range of Colorado stakeholders, both public and private, recognize the important health and market benefits of innovative motor vehicles as recognized in the "Multi-State Natural Gas Vehicles Memorandum of Understanding" (November 9, 2011) and "The Colorado Electric Vehicle and Infrastructure Readiness Plan" (December 2012);

(b) Tax credits for taxpayers purchasing innovative motor vehicles are an important incentive to accelerate the penetration of innovative motor vehicles into the Colorado market. However, the existing tax statute needs to be updated to reflect current technologies, simplify the administration of the tax credits by the department of revenue, and make it easier for Colorado taxpayers to understand the credits for which they may be eligible.

(c) Current statute sets appropriate levels of tax credits for each vehicle type for tax year 2013, and the new methodology for calculating tax credits is designed to simplify the administration of the tax credits and facilitate the understanding of the tax credits by the general public, while reproducing similar levels of credit for each vehicle type as existing statute;

(d) Tax credits should be extended beyond the current expiration date of December 31, 2015, in order to facilitate the penetration of innovative motor

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

vehicles into the marketplace.

SECTION 2. In Colorado Revised Statutes, **add** 39-22-516.7 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:

(a) (I) (A) "ACTUAL COST INCURRED" MEANS THE ACTUAL COST PAID BY THE PURCHASER FOR A USED MOTOR VEHICLE, CONVERSION, OR IDLING REDUCTION TECHNOLOGIES MINUS ANY CREDITS, GRANTS, OR REBATES, INCLUDING FEDERAL CREDITS, GRANTS, OR REBATES FOR WHICH THE PURCHASER IS ELIGIBLE, BUT EXCLUDING THE CREDIT SPECIFIED IN THIS SECTION.

(B) "ACTUAL COST INCURRED" MEANS THE MANUFACTURER'S SUGGESTED RETAIL PRICE FOR A NEW MOTOR VEHICLE THAT A PERSON PURCHASES MINUS ANY CREDITS, GRANTS, OR REBATES, INCLUDING FEDERAL CREDITS, GRANTS, OR REBATES FOR WHICH THE PERSON IS ELIGIBLE, BUT EXCLUDING THE CREDIT SPECIFIED IN THIS SECTION.

(II) FOR PURPOSES OF A LEASE, THE "ACTUAL COST INCURRED" MEANS THE TOTAL OF PAYMENTS CONTRACTED IN THE LEASE FOR THE MOTOR VEHICLE MINUS:

(A) ANY SECURITY DEPOSIT INCLUDED IN THE TOTAL OF PAYMENTS;

(B) THE RENT CHARGE INCLUDED IN THE TOTAL OF PAYMENTS;

(C) ANY SALES TAX INCLUDED IN THE TOTAL OF PAYMENTS;

(D) ANY TITLING AND REGISTRATION FEES INCLUDED IN THE TOTAL OF PAYMENTS;

(E) ANY DISPOSITION FEE INCLUDED IN THE TOTAL OF PAYMENTS;

(F) ANY ADMINISTRATIVE FEE OR ANY OTHER FEE THAT DOES NOT REFLECT THE VALUE OF THE MOTOR VEHICLE INCLUDED IN THE TOTAL OF PAYMENTS; AND

(G) ANY CREDITS, GRANTS, OR REBATES, INCLUDING FEDERAL CREDITS, GRANTS, OR REBATES FOR WHICH THE LESSEE OR LESSOR IS ELIGIBLE, BUT EXCLUDING THE CREDIT SPECIFIED IN THIS SECTION.

(b) "ALTERNATIVE FUEL" MEANS AN ALTERNATIVE FUEL AS DEFINED IN SECTION 25-7-106.8 (1) (a), C.R.S.

(c) "BATTERY CAPACITY" MEANS THE QUANTITY OF ELECTRICITY THAT A BATTERY IS CAPABLE OF STORING, EXPRESSED IN KILOWATT HOURS, AS MEASURED FROM A ONE HUNDRED PERCENT STATE OF CHARGE TO A ZERO PERCENT STATE OF CHARGE.

(d) "CATEGORY 1" MEANS AN ELECTRIC MOTOR VEHICLE AND A PLUG-IN HYBRID ELECTRIC MOTOR VEHICLE.

(e) "CATEGORY 1 A" MEANS A CONVERSION OF A MOTOR VEHICLE TO AN

ELECTRIC MOTOR VEHICLE OR A PLUG-IN HYBRID ELECTRIC MOTOR VEHICLE.

(f) "CATEGORY 2" MEANS LIGHT DUTY PASSENGER MOTOR VEHICLE DIESEL-ELECTRIC HYBRIDS WITH A MINIMUM FUEL ECONOMY OF SEVENTY MILES PER GALLON.

(g) "CATEGORY 3" MEANS LIGHT DUTY PASSENGER MOTOR VEHICLE, LIGHT DUTY TRUCK, AND MEDIUM DUTY TRUCK DIESEL-ELECTRIC HYBRID CONVERSIONS THAT INCREASE THE FUEL ECONOMY OF THE ORIGINAL MOTOR VEHICLE BY FORTY PERCENT OR MORE.

(h) "CATEGORY 4" MEANS ORIGINAL EQUIPMENT MANUFACTURER LIGHT DUTY PASSENGER MOTOR VEHICLES, LIGHT DUTY TRUCKS, AND MEDIUM DUTY TRUCKS THAT ARE EQUIPPED TO OPERATE ON COMPRESSED NATURAL GAS OR ON LIQUEFIED PETROLEUM GAS. FOR PURPOSES OF THIS PARAGRAPH (h), "OPERATE ON COMPRESSED NATURAL GAS OR ON LIQUEFIED PETROLEUM GAS" MEANS A MOTOR VEHICLE THAT OPERATES EXCLUSIVELY ON COMPRESSED NATURAL GAS OR ON LIQUEFIED PETROLEUM GAS OR A BI-FUEL MOTOR VEHICLE WITH A MULTI-FUEL ENGINE CAPABLE OF RUNNING ON EITHER COMPRESSED NATURAL GAS OR TRADITIONAL FUEL, OR EITHER LIQUEFIED PETROLEUM GAS OR TRADITIONAL FUEL.

(i) "CATEGORY 4 A" MEANS LIGHT DUTY PASSENGER MOTOR VEHICLE, LIGHT DUTY TRUCK, AND MEDIUM DUTY TRUCK COMPRESSED NATURAL GAS OR ON LIQUEFIED PETROLEUM GAS CONVERSIONS CERTIFIED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY. FOR PURPOSES OF THIS PARAGRAPH (i), "COMPRESSED NATURAL GAS OR LIQUEFIED PETROLEUM GAS CONVERSIONS" MEANS A CONVERSION TO A MOTOR VEHICLE THAT OPERATES EXCLUSIVELY ON COMPRESSED NATURAL GAS OR ON LIQUEFIED PETROLEUM GAS OR A BI-FUEL MOTOR VEHICLE WITH A MULTI-FUEL ENGINE CAPABLE OF RUNNING ON EITHER COMPRESSED NATURAL GAS OR TRADITIONAL FUEL, OR EITHER LIQUEFIED PETROLEUM GAS OR TRADITIONAL FUEL.

(j) "CATEGORY 5" MEANS THE INSTALLATION OF ANY IDLING REDUCTION TECHNOLOGIES ON OR IN A MOTOR VEHICLE.

(k) "ELECTRIC MOTOR VEHICLE" OR "PLUG-IN HYBRID ELECTRIC MOTOR VEHICLE" MEANS A MOTOR VEHICLE THAT:

(I) HAS A GROSS VEHICLE WEIGHT RATING THAT DOES NOT EXCEED EIGHT THOUSAND FIVE HUNDRED POUNDS;

(II) HAS A MAXIMUM SPEED CAPABILITY OF AT LEAST FIFTY-FIVE MILES PER HOUR;
AND

(III) IS PROPELLED TO A SIGNIFICANT EXTENT BY AN ELECTRIC MOTOR THAT DRAWS ELECTRICITY FROM A BATTERY THAT:

(A) HAS A BATTERY CAPACITY OF NOT LESS THAN FOUR KILOWATT HOURS; AND

(B) IS CAPABLE OF BEING RECHARGED FROM AN EXTERNAL SOURCE OF ELECTRICITY.

(l) "GROSS VEHICLE WEIGHT RATING" OR "GVWR" SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 42-2-402 (6), C.R.S.

(m) "HYBRID MOTOR VEHICLE" MEANS A MOTOR VEHICLE WITH A HYBRID PROPULSION SYSTEM THAT OPERATES ON BOTH ELECTRICITY AND AN ALTERNATIVE FUEL OR TRADITIONAL FUEL.

(n) "IDLING REDUCTION TECHNOLOGIES" MEANS IDLING REDUCTION DEVICES OR ADVANCED INSULATION, AS THOSE TERMS ARE DEFINED IN SECTION 4053 OF THE INTERNAL REVENUE CODE, AS AMENDED, EXEMPT FROM FEDERAL EXCISE TAX PURSUANT TO SAID SECTION 4053.

(o) "LIGHT DUTY PASSENGER MOTOR VEHICLE" MEANS A PRIVATE PASSENGER MOTOR VEHICLE, INCLUDING VANS, CAPABLE OF SEATING TWELVE PASSENGERS OR LESS; EXCEPT THAT THE TERM DOES NOT INCLUDE MOTOR HOMES AS DEFINED IN SECTION 42-1-102 (57), C.R.S., OR MOTOR VEHICLES DESIGNED TO TRAVEL ON THREE OR FEWER WHEELS IN CONTACT WITH THE GROUND.

(p) "LIGHT DUTY TRUCK" MEANS A TRUCK BETWEEN ZERO AND FOURTEEN THOUSAND POUNDS GVWR.

(q) "MEDIUM DUTY TRUCK" MEANS A TRUCK WITH A GROSS VEHICLE WEIGHT RATING GREATER THAN FOURTEEN THOUSAND POUNDS UP TO TWENTY-SIX THOUSAND POUNDS.

(r) "MOTOR VEHICLE" MEANS A SELF-PROPELLED VEHICLE WITH FOUR WHEELS, INCLUDING A TRUCK AND A HYBRID MOTOR VEHICLE, THAT IS:

(I) TITLED AND REGISTERED IN THE STATE; AND

(II) REQUIRED TO BE LICENSED OR SUBJECT TO LICENSING FOR OPERATION UPON THE HIGHWAYS OF THE STATE.

(s) "TRADITIONAL FUEL" MEANS A PETROLEUM-BASED MOTOR FUEL COMMONLY USED ON THE HIGHWAYS OF THE STATE IN THE YEAR 2008.

(2) (a) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2022, THERE SHALL BE ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE, NOT TO EXCEED SIX THOUSAND DOLLARS, FOR THE PURCHASE, LEASE, OR CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 1, CATEGORY 2, CATEGORY 3, CATEGORY 4, OR CATEGORY 4 A.

(b) (I) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014, THERE SHALL BE ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE, NOT TO EXCEED SEVEN THOUSAND FIVE HUNDRED DOLLARS, FOR THE CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 1 A.

(II) THIS PARAGRAPH (b) IS REPEALED, EFFECTIVE DECEMBER 31, 2018.

(c) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, BUT PRIOR TO JANUARY 1, 2022, THERE SHALL BE ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE, NOT TO EXCEED SIX THOUSAND DOLLARS, FOR THE CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 1 A.

(d) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2022, THERE SHALL BE ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE, NOT TO EXCEED SIX THOUSAND DOLLARS, FOR CATEGORY 5.

(3) IF A MOTOR VEHICLE IS LEASED, THE LESSEE, NOT THE LESSOR, IS ALLOWED TO CLAIM THE CREDIT ALLOWED PURSUANT TO THIS SECTION.

(4) THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS SECTION IS CALCULATED AS FOLLOWS:

(a) **Category 1. (I)** WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2019, THE ACTUAL COST INCURRED BY THE TAXPAYER DURING THE TAX YEAR FOR PURCHASING OR LEASING A CATEGORY 1 MOTOR VEHICLE MULTIPLIED BY THE BATTERY CAPACITY OF THE MOTOR VEHICLE AND DIVIDED BY ONE HUNDRED;

(II) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, SEVENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (a);

(III) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FIFTY PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (a);

(IV) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2022, TWENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (a).

(b) **Category 1 A. (I)** WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2019, SEVENTY-FIVE PERCENT OF THE ACTUAL COST INCURRED BY THE TAXPAYER DURING THE TAX YEAR FOR THE CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 1 A;

(II) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, SEVENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (b);

(III) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FIFTY PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (b);

(IV) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2022, TWENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (b).

(c) **Category 2. (I)** WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014, TWENTY-FIVE PERCENT OF THE DIFFERENCE BETWEEN THE ACTUAL COST INCURRED BY SUCH TAXPAYER DURING THE TAX YEAR IN PURCHASING OR LEASING A CATEGORY 2 MOTOR VEHICLE AND THE COST OF THE SAME MOTOR VEHICLE THAT USES A TRADITIONAL FUEL OR, IF THE SAME VEHICLE IS NOT AVAILABLE, THEN THE COST OF THE MOST SIMILAR VEHICLE, TAKING INTO ACCOUNT THE MODEL, MAKE, ENGINE SIZE, AND OPTIONS, THAT USES A TRADITIONAL FUEL;

(II) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, BUT PRIOR TO JANUARY 1, 2019, FIFTEEN PERCENT OF THE DIFFERENCE BETWEEN THE ACTUAL COST INCURRED BY SUCH TAXPAYER DURING THE TAX YEAR IN PURCHASING OR LEASING A CATEGORY 2 MOTOR VEHICLE AND THE COST OF THE SAME MOTOR VEHICLE THAT USES A TRADITIONAL FUEL OR, IF THE SAME VEHICLE IS NOT AVAILABLE, THEN THE COST OF THE MOST SIMILAR VEHICLE, TAKING INTO ACCOUNT THE MODEL, MAKE, ENGINE SIZE, AND OPTIONS, THAT USES A TRADITIONAL FUEL;

(III) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, SEVENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (c);

(IV) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FIFTY PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (c);

(V) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2022, TWENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (c).

(d) **Category 3. (I)** WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014, THIRTY-FIVE PERCENT OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR FOR THE CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 3;

(II) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, BUT PRIOR TO JANUARY 1, 2019, TWENTY-FIVE PERCENT OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR FOR THE CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 3;

(III) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, SEVENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (d);

(IV) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FIFTY PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (d);

(V) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2022, TWENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (d).

(e) **Category 4. (I)** WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014, TEN AND ONE-HALF PERCENT OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR IN PURCHASING OR LEASING A CATEGORY 4 MOTOR VEHICLE;

(II) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, BUT PRIOR TO JANUARY 1, 2017, TWELVE AND ONE-QUARTER PERCENT OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR IN PURCHASING OR LEASING A CATEGORY 4 MOTOR VEHICLE;

(III) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT PRIOR TO JANUARY 1, 2019, TEN AND ONE-HALF PERCENT OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR IN PURCHASING OR LEASING A CATEGORY 4 MOTOR VEHICLE;

(IV) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, SEVENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH (e);

(V) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FIFTY PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH (e);

(VI) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2022, TWENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH (e).

(f) **Category 4 A. (I)** WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014, THIRTY-FIVE PERCENT OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR FOR THE CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 4 A;

(II) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, BUT PRIOR TO JANUARY 1, 2019, TWENTY-FIVE PERCENT OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR FOR THE CONVERSION OF A MOTOR VEHICLE DEFINED AS CATEGORY 4 A;

(III) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, SEVENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (f);

(IV) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FIFTY PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (f);

(V) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2022, TWENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (f).

(g) **Category 5. (I)** WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2019, TWENTY-FIVE PERCENT

OF THE ACTUAL COST INCURRED BY A TAXPAYER DURING THE TAX YEAR FOR CATEGORY 5;

(II) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, BUT PRIOR TO JANUARY 1, 2020, SEVENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (g);

(III) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT PRIOR TO JANUARY 1, 2021, FIFTY PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (g);

(IV) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, BUT PRIOR TO JANUARY 1, 2022, TWENTY-FIVE PERCENT OF THE CALCULATION SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (g).

(5) WITH RESPECT TO ANY MODEL YEAR 2004 AND NEWER HYBRID MOTOR VEHICLE, NOTWITHSTANDING THE LIMITATION SET FORTH IN SUBSECTION (6) OF THIS SECTION, A TAXPAYER THAT CONVERTS SUCH A MOTOR VEHICLE TO A CATEGORY 1 A MOTOR VEHICLE SHALL BE ELIGIBLE FOR THE CATEGORY 1 A CREDIT.

(6) EXCEPT AS PROVIDED IN SUBSECTION (5) OF THIS SECTION, AND NOTWITHSTANDING THE ALLOWANCE OF CREDITS FOR ANY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014, UNDER THIS SECTION AND SECTION 39-22-516.5, NO MORE THAN ONE TAX CREDIT SHALL BE GRANTED PURSUANT TO THIS SECTION, SECTION 39-22-516, AND SECTION 39-22-516.5, FOR ANY INDIVIDUAL MOTOR VEHICLE.

(7) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE INCOME TAX DUE ON THE INCOME OF THE TAXPAYER FOR THE TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND SHALL BE REFUNDED TO THE TAXPAYER.

(8) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2026.

SECTION 3. In Colorado Revised Statutes, 39-22-516, **repeal as it will become effective January 1, 2014**, (2.6) (a) (VI) as follows:

39-22-516. Tax credit for purchase of vehicles using alternative fuels - repeal. (2.6) (a) As used in this subsection (2.6), unless the context otherwise requires:

(VI) "~~Category 4~~" means ~~light duty passenger vehicle, light duty truck, and medium duty truck compressed natural gas or liquefied petroleum gas conversions certified by the United States environmental protection agency and original equipment manufacturer compressed natural gas vehicles.~~

SECTION 4. In Colorado Revised Statutes, 39-22-516, **amend** (2.5) (h) and (2.6) (e) as follows:

39-22-516. Tax credit for purchase of vehicles using alternative fuels - repeal. (2.5) (h) EXCEPT AS PROVIDED IN SUB-SUBPARAGRAPH (B) OF SUBPARAGRAPH (V) OF PARAGRAPH (c) OF SUBSECTION (2.6) OF THIS SECTION, no more than one tax

credit shall be granted pursuant to ~~paragraph (d)~~ SUBPARAGRAPH (II) OF PARAGRAPH (b) of this subsection (2.5), PARAGRAPH (b) OF SUBSECTION (2.6) OF THIS SECTION, AND SECTIONS 39-22-516.5 AND 39-22-516.7, for any individual motor vehicle.

(2.6) (e) Except as provided in sub-subparagraph (B) of subparagraph (V) of paragraph (c) of this subsection (2.6), no more than one tax credit shall be granted pursuant to ~~paragraph (d)~~ PARAGRAPH (b) of this subsection (2.6), SUBPARAGRAPH (II) OF PARAGRAPH (b) OF SUBSECTION (2.5) OF THIS SECTION, AND SECTIONS 39-22-516.5 AND 39-22-516.7, for any individual motor vehicle.

SECTION 5. In Colorado Revised Statutes, 39-22-516.5, **repeal as it will become effective January 1, 2014**, (1) (f) as follows:

39-22-516.5. Tax credit for innovative motor vehicles - repeal. (1) As used in this section, unless the context otherwise requires:

(f) ~~"Category 4" means light duty passenger vehicle, light duty truck, and medium duty truck compressed natural gas or liquefied petroleum gas conversions certified by the United States environmental protection agency and original equipment manufacturer compressed natural gas vehicles.~~

SECTION 6. In Colorado Revised Statutes, 39-22-516.5, **amend** (2) (a) introductory portion, (2) (b), (4), (5), and (7) as follows:

39-22-516.5. Tax credit for innovative motor vehicles - repeal. (2) (a) With respect to the tax years commencing on OR AFTER January 1, 2012, but prior to ~~January 1, 2016~~ JANUARY 1, 2014, there shall be allowed to any person a credit against the tax imposed by this article, not to exceed six thousand dollars, for each motor vehicle purchased or leased by such person that:

(b) With respect to the tax years commencing on OR AFTER January 1, 2012, but prior to ~~January 1, 2016~~ JANUARY 1, 2014, there shall be allowed to any person a credit against the tax imposed by this article, not to exceed seven thousand five hundred dollars, for each motor vehicle purchased or leased by such person that is converted to a plug-in hybrid electric vehicle.

(4) For the purposes of subsection (3) of this section, the percentage of the difference in actual cost incurred or the percentage of the actual cost incurred that may be claimed as a credit pursuant to subsection (2) of this section shall be as follows:

Category:	Income tax years commencing on or after January 1, 2012, but prior to January 1, 2013:	Income tax years commencing on or after January 1, 2013, but prior to January 1, 2014:	Income tax years commencing on or after January 1, 2014, but prior to January 1, 2015:	Income tax years commencing on or after January 1, 2015, but prior to January 1, 2016:
Category 1	75%	75%	75%	75%
Category 2	45%	25%	15%	15%
Category 3	55%	35%	25%	25%
Category 4	55%	35%	25%	25%
Category 5	25%	25%	25%	25%
Category 6	10%	10%	0%	0%

(5) Except as provided in subparagraph (II) of paragraph (e) of subsection (3) of this section, AND NOTWITHSTANDING THE ALLOWANCE OF CREDITS FOR ANY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014, UNDER THIS SECTION AND SECTION 39-22-516.7, no more than one tax credit shall be granted pursuant to this section, SECTION 39-22-516, AND SECTION 39-22-516.7, for any individual motor vehicle.

(7) This section is repealed, effective ~~December 31, 2020~~ DECEMBER 31, 2018.

SECTION 7. 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 15, 2013