

## CHAPTER 237

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**TAXATION**

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**HOUSE BILL 16-1332**

BY REPRESENTATIVE(S) Duran and Rankin, Arndt, Becker K., Brown, Danielson, Esgar, Hamner, Lee, Mitsch Bush, Pettersen, Priola, Ryden, Williams, Windholz, Winter, Young, Hullinghorst;  
also SENATOR(S) Scott and Johnston, Aguilar, Carroll, Donovan, Guzman, Heath, Hodge, Jones, Kefalas, Kerr, Merrifield, Newell, Roberts, Steadman, Tate, Todd, Ulibarri.

**AN ACT**

**CONCERNING MODIFICATIONS TO THE INCOME TAX CREDITS FOR ALTERNATIVE FUEL MOTOR VEHICLES, AND, IN CONNECTION THEREWITH, FIXING SPECIFIED DOLLAR AMOUNTS FOR THE CREDITS, ALLOWING THE CREDIT TO BE ASSIGNED TO A FINANCING ENTITY, REQUIRING VEHICLE IDENTIFICATION NUMBER TRACKING OF THE MOTOR VEHICLE FOR WHICH A CREDIT IS CLAIMED, AND MAKING AN APPROPRIATION.**

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

**SECTION 1.** In Colorado Revised Statutes, 39-22-516.7, **amend** (1) (r), (2) (a), (2) (c), (3), (4) (a), (4) (b), (4) (c), (4) (d), and (8); and **add** (1) (k.5), (1) (r.3), (2) (a.3), (2) (e), (9), and (10) 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:

(k.5) "FINANCING ENTITY" MEANS THE ENTITY THAT FINANCES THE PURCHASE OR LEASE OF A CATEGORY 1 OR CATEGORY 1 A VEHICLE ELIGIBLE FOR A CREDIT ALLOWED BY THIS SECTION.

(r) (I) "Motor vehicle" means, FOR TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2017, a self-propelled vehicle with four wheels, including a truck and a hybrid motor vehicle, that is:

(⊕) (A) Titled and registered in the state; and

(⊕) (B) Required to be licensed or subject to licensing for operation upon the highways of the state.

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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) "MOTOR VEHICLE" MEANS, FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT PRIOR TO JANUARY 1, 2022, A SELF-PROPELLED VEHICLE WITH FOUR WHEELS, INCLUDING A TRUCK AND A HYBRID MOTOR VEHICLE, THAT IS:

(A) NEW, NOT USED, UNLESS THE MOTOR VEHICLE IS BEING CONVERTED;

(B) TITLED AND REGISTERED IN THE STATE; AND

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

(r.3) "PURCHASER" MEANS THE BUYER OR THE LESSEE OF A CATEGORY 1 OR CATEGORY 1 A VEHICLE, BUT DOES NOT INCLUDE THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE. FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, A LESSEE SEEKING TO CLAIM A CREDIT ALLOWED IN THIS SECTION MUST ENTER INTO A LEASE WITH A TERM OF NOT LESS THAN TWO YEARS.

(2)(a) With respect to the tax years commencing on or after January 1, 2013, but prior to January 1, 2022, there is allowed to any person a credit against the tax imposed by this article, not to exceed ~~six thousand dollars~~ THE AMOUNT SPECIFIED IN SUBSECTION (4) OF THIS SECTION, for the ~~purchase, lease, or conversion~~ PURCHASE OR LEASE of a motor vehicle defined as category 1. ~~category 2, or category 3.~~

(a.3) WITH RESPECT TO THE TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2017, THERE IS 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 2 OR CATEGORY 3.

(c) With respect to the tax years commencing on or after January 1, 2014, but prior to January 1, 2022, there ~~shall be~~ is allowed to any person a credit against the tax imposed by this article, not to exceed ~~six thousand dollars~~ THE AMOUNT SPECIFIED IN SUBSECTION (4) OF THIS SECTION, for the conversion of a motor vehicle defined as category 1 A.

(e)(I) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED IN THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 1 OR CATEGORY 1 A VEHICLE COMPLETED ON OR AFTER JANUARY 1, 2017, TO A FINANCING ENTITY AS FOLLOWS:

(A) THE ASSIGNMENT TO THE FINANCING ENTITY MUST BE COMPLETED AT THE TIME OF PURCHASE OR LEASE BY ENTERING INTO AN ELECTION STATEMENT AS SET FORTH IN SUBPARAGRAPH (III) OF THIS PARAGRAPH (e);

(B) THE PURCHASER MUST TITLE AND REGISTER THE VEHICLE IN THE STATE AS REQUIRED BY STATE LAW;

(C) THE PURCHASER MUST ASSIGN THE TAX CREDIT TO THE FINANCING ENTITY AND FORFEIT THE RIGHT TO CLAIM THE TAX CREDIT ON THE PURCHASER'S TAX RETURN IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION; AND

(D) THE FINANCING ENTITY SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF THE TAX CREDIT; EXCEPT THAT THE FINANCING ENTITY MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED ONE HUNDRED FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE COMPENSATION PAID TO THE PURCHASER IS CONSIDERED A REFUND OF STATE TAXES AND IS NOT INCOME.

(II) NOTWITHSTANDING SECTION 39-21-108(3), IF A PURCHASER ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY PURSUANT TO THIS PARAGRAPH (e), THE FINANCING ENTITY RECEIVES THE FULL AMOUNT OF THE TAX CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

(III) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER AND THE FINANCING ENTITY MUST ENTER INTO AN ELECTION STATEMENT THAT MUST:

(A) IDENTIFY THE VEHICLE IDENTIFICATION NUMBER OF THE CATEGORY 1 OR CATEGORY 1 A VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS SECTION; AND

(B) AFFIRM THAT THE REQUIREMENTS SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH (e) WERE MET.

(IV) THE FINANCING ENTITY MAY AUTHORIZE AN AGENT OR A DESIGNEE TO SIGN THE ELECTION STATEMENT ON ITS BEHALF.

(V) THE FINANCING ENTITY SHALL ELECTRONICALLY SUBMIT A REPORT CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT DESCRIBED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH (e) TO THE DEPARTMENT OF REVENUE WITHIN THIRTY DAYS OF THE PURCHASE OR LEASE OF A CATEGORY 1 OR CATEGORY 1 A VEHICLE IN SUCH A FORM AND IN SUCH A MANNER AS REQUIRED BY THE DEPARTMENT.

(VI) THE FINANCING ENTITY SHALL ALSO FILE THE ELECTION STATEMENT DESCRIBED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH (e) WITH THE ORIGINAL TAX RETURN FOR THE TAXABLE YEAR IN WHICH THE CATEGORY 1 OR CATEGORY 1 A VEHICLE IS PURCHASED OR LEASED.

(VII) THE DEPARTMENT OF REVENUE, IN CONSULTATION WITH THE COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101, C.R.S., SHALL DEVELOP A MODEL REPORT AND ELECTION STATEMENT NO LATER THAN DECEMBER 1, 2016.

(3) If a motor vehicle is leased, the lessee, not the lessor, is allowed to claim the credit allowed pursuant to this section. THE LESSEE MAY ELECT TO ASSIGN THE TAX CREDIT ALLOWED PURSUANT TO THIS SECTION FOR THE LEASE OF A CATEGORY 1 OR CATEGORY 1 A VEHICLE TO A FINANCING ENTITY AS SPECIFIED IN PARAGRAPH (e) OF SUBSECTION (2) OF 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~~ JANUARY 1, 2017, 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, NOT TO EXCEED SIX THOUSAND DOLLARS;

(II) With respect to the tax years commencing on or after ~~January 1, 2019~~ JANUARY 1, 2017, but prior to January 1, 2020, ~~seventy-five percent of the calculation specified in subparagraph (I) of this paragraph (a)~~ FIVE THOUSAND DOLLARS FOR A PURCHASE OR TWO THOUSAND FIVE HUNDRED DOLLARS FOR A LEASE;

(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)~~ FOUR THOUSAND DOLLARS FOR A PURCHASE OR TWO THOUSAND DOLLARS FOR A LEASE;

(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)~~ TWO THOUSAND FIVE HUNDRED DOLLARS FOR A PURCHASE OR ONE THOUSAND FIVE HUNDRED DOLLARS FOR A LEASE.

(b) **Category 1 A.** (I) With respect to the tax years commencing on or after January 1, 2013, but prior to ~~January 1, 2019~~ JANUARY 1, 2017, 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, NOT TO EXCEED SIX THOUSAND DOLLARS;

(II) With respect to the tax years commencing on or after ~~January 1, 2019~~ JANUARY 1, 2017, but prior to January 1, 2020, ~~seventy-five percent of the calculation specified in subparagraph (I) of this paragraph (b)~~ FIVE THOUSAND DOLLARS;

(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)~~ FOUR THOUSAND DOLLARS;

(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)~~ TWO THOUSAND FIVE HUNDRED DOLLARS.

(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~~ JANUARY 1, 2017, 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 (H) 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 (H) 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 (H) of this paragraph (c);~~

(VI) THIS PARAGRAPH (C) IS REPEALED, EFFECTIVE DECEMBER 31, 2021.

(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~~ JANUARY 1, 2017, 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 (H) 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 (H) 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 (H) of this paragraph (d);~~

(VI) THIS PARAGRAPH (D) IS REPEALED, EFFECTIVE DECEMBER 31, 2021.

~~(8) This section is repealed, effective December 31, 2026~~ WITH RESPECT TO TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, THE TAXPAYER CLAIMING A CREDIT ALLOWED IN THIS SECTION SHALL PROVIDE THE DEPARTMENT OF REVENUE WITH, AND THE DEPARTMENT SHALL COMMENCE TRACKING, THE VEHICLE IDENTIFICATION NUMBER OF THE MOTOR VEHICLE FOR WHICH A CREDIT IS CLAIMED AS ALLOWED IN THIS SECTION.

(9) MAKING THE PURCHASER AWARE OF THE INCOME TAX CREDIT ALLOWED IN THIS SECTION OR HELPING THE PURCHASER ASSIGN THE INCOME TAX CREDIT TO A

FINANCING ENTITY AS ALLOWED IN THIS SECTION DOES NOT RISE TO THE LEVEL OF PROVIDING THE PURCHASER WITH UNAUTHORIZED TAX ADVICE.

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

**SECTION 2.** In Colorado Revised Statutes, 39-22-516.8, **amend** (1) (ee), (2), (3), (4), (5), (8), (9), (11.5), and (16); and **add** (1) (r.5), (1) (bb.3), (2.3), (2.5), (3.5), (4.3), (4.5), (5.5), (8.3), (8.5), (9.5), (11.6), (13.5), (17), and (18) as follows:

**39-22-516.8. Tax credit for innovative trucks - definitions - repeal.** (1) As used in this section, unless the context otherwise requires:

(r.5) "FINANCING ENTITY" MEANS THE ENTITY THAT FINANCES THE PURCHASE OR LEASE OF A CATEGORY 4, CATEGORY 4 A, CATEGORY 4 B, CATEGORY 4 C, CATEGORY 7, CATEGORY 7 A, OR CATEGORY 9 VEHICLE ELIGIBLE FOR A CREDIT ALLOWED BY THIS SECTION.

(bb.3) "PURCHASER" MEANS THE BUYER OR THE LESSEE OF A CATEGORY 4, CATEGORY 4 A, CATEGORY 4 B, CATEGORY 4 C, CATEGORY 7, CATEGORY 7 A, OR CATEGORY 9 VEHICLE, BUT DOES NOT INCLUDE THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE. FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, A LESSEE SEEKING TO CLAIM A CREDIT ALLOWED IN THIS SECTION MUST ENTER INTO A LEASE WITH A TERM OF NOT LESS THAN TWO YEARS.

(ee) (I) "Truck", FOR TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2017, HAS THE SAME MEANING AS IN SECTION 42-1-102 (108), C.R.S., INCLUDES A HYBRID TRUCK, A LIGHT DUTY PASSENGER MOTOR VEHICLE, AND A BUS, HAS A MAXIMUM SPEED CAPABILITY OF AT LEAST FIFTY-FIVE MILES PER HOUR, IS LICENSED OR SUBJECT TO LICENSING FOR OPERATION UPON THE HIGHWAYS OF THE STATE, AND IS EITHER:

(A) Titled and registered in the state; or

(B) Registered under the international registration plan and base plated in the state.

(II) "TRUCK", FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, HAS THE SAME MEANING AS IN SECTION 42-1-102 (108), C.R.S., AND INCLUDES A HYBRID TRUCK, A LIGHT DUTY PASSENGER MOTOR VEHICLE, AND A BUS, HAS A MAXIMUM SPEED CAPABILITY OF AT LEAST FIFTY-FIVE MILES PER HOUR, IS LICENSED OR SUBJECT TO LICENSING FOR OPERATION UPON THE HIGHWAYS OF THE STATE, IS NEW, NOT USED, UNLESS THE TRUCK IS BEING CONVERTED, AND IS EITHER:

(A) TITLED AND REGISTERED IN THE STATE; OR

(B) REGISTERED UNDER THE INTERNATIONAL REGISTRATION PLAN AND BASE PLATED IN THE STATE.

(2) **Category 4.** (a) ~~Except as provided in subsection (14) of this section,~~ With respect to the income tax years commencing on or after January 1, 2014, but before ~~January 1, 2022~~ JANUARY 1, 2017, there is allowed to any person a credit against the tax imposed by this article as a percentage set forth in paragraph (b) of this

subsection (2) of the actual cost incurred by the taxpayer during the tax year for each purchase or lease of a category 4 truck, not to exceed the amount set forth in paragraph (b) of this subsection (2). For purposes of the income tax year commencing on or after January 1, 2014, but before January 1, 2015, the purchase or lease of a category 4 truck must occur on or after July 1, 2014, but before January 1, 2015.

(b) Income tax year commencing:

	1/1/2014 <del>1/1/2015</del> <del>1/1/2016</del> BUT BEFORE 1/1/2017	<del>1/1/2017</del> <del>1/1/2018</del>	<del>1/1/2019</del>	<del>1/1/2020</del>	<del>1/1/2021</del> but before <del>1/1/2022</del>	Cap per income tax year
Light duty passenger motor vehicle	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$6,000
Light duty truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$7,500
Medium duty truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$15,000
Heavy duty truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$20,000

(2.3) **Category 4 purchase.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (2.3) FOR EACH PURCHASE OF A CATEGORY 4 TRUCK DURING THE TAX YEAR.

(b) INCOME TAX YEAR COMMENCING:

	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 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

(2.5) **Category 4 lease.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (2.5) FOR EACH LEASE OF A CATEGORY 4 TRUCK DURING THE TAX YEAR.

(b)

	INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 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

(3) **Category 4 A.** (a) ~~Except as provided in subsection (14) of this section,~~ With respect to the income tax years commencing on or after January 1, 2014, but before ~~January 1, 2022~~ JANUARY 1, 2017, there is allowed to any person a credit against the tax imposed by this article as a percentage set forth in paragraph (b) of this subsection (3) of the actual cost incurred by the taxpayer during the tax year for the conversion of a category 4 A truck, not to exceed the amount set forth in paragraph (b) of this subsection (3). For purposes of the income tax year commencing on or after January 1, 2014, but before January 1, 2015, the conversion of a category 4 A truck must occur on or after July 1, 2014, but before January 1, 2015.

(b)

Income tax year commencing:
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	1/1/2014 <del>1/1/2015</del> <del>1/1/2016</del> BUT BEFORE 1/1/2017	<del>1/1/2017</del> <del>1/1/2018</del>	<del>1/1/2019</del>	<del>1/1/2020</del>	<del>1/1/2021</del> <del>but before</del> <del>1/1/2022</del>	Cap per income tax year
Light duty passenger motor vehicle	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$6,000
Light duty truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$7,500
Medium duty truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$15,000
Heavy duty truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$20,000

(3.5) **Category 4 A.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (3.5) FOR THE CONVERSION OF A CATEGORY 4 A TRUCK DURING THE TAX YEAR.

(b)

	INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 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

(4) **Category 4 B.** (a) ~~Except as provided in subsection (14) of this section,~~ With respect to the income tax years commencing on or after January 1, 2014, but before

~~January 1, 2022~~ JANUARY 1, 2017, there is allowed to any person a credit against the tax imposed by this article as a percentage set forth in paragraph (b) of this subsection (4) of the actual cost incurred by the taxpayer during the tax year for each purchase or lease of a category 4 B truck, not to exceed the amount set forth in paragraph (b) of this subsection (4). For purposes of the income tax year commencing on or after January 1, 2014, but before January 1, 2015, the purchase or lease of a category 4 B truck must occur on or after July 1, 2014, but before January 1, 2015.

	Income tax year commencing:					
	1/1/2014 <del>1/1/2015</del> <del>1/1/2016</del> BUT BEFORE 1/1/2017	<del>1/1/2017</del> <del>1/1/2018</del>	<del>1/1/2019</del>	<del>1/1/2020</del>	<del>1/1/2021</del> but before <del>1/1/2022</del>	Cap per income tax year
Light duty passenger motor vehicle	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$6,000
Light duty truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$7,500
Medium duty truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$15,000
Heavy duty truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$20,000

**(4.3) Category 4 B purchase.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (4.3) FOR EACH PURCHASE OF A CATEGORY 4 B TRUCK DURING THE TAX YEAR.

	INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 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

(4.5) **Category 4 B lease.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (4.5) FOR EACH LEASE OF A CATEGORY 4 B TRUCK DURING THE TAX YEAR.

(b) INCOME TAX YEAR COMMENCING:

	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 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

(5) **Category 4 C.** (a) ~~Except as provided in subsection (14) of this section,~~ With respect to the income tax years commencing on or after January 1, 2014, but before ~~January 1, 2022~~ JANUARY 1, 2017, there is allowed to any person a credit against the tax imposed by this article as a percentage set forth in paragraph (b) of this subsection (5) of the actual cost incurred by the taxpayer during the tax year for the conversion of a category 4 C truck, not to exceed the amount set forth in paragraph (b) of this subsection (5). For purposes of the income tax year commencing on or after January 1, 2014, but before January 1, 2015, the conversion of a category 4 C truck must occur on or after July 1, 2014, but before January 1, 2015.

(b) Income tax year commencing:

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	1/1/2014 <del>1/1/2015</del> <del>1/1/2016</del> BUT BEFORE 1/1/2017	<del>1/1/2017</del> <del>1/1/2018</del>	<del>1/1/2019</del>	<del>1/1/2020</del>	<del>1/1/2021</del> <del>but before</del> <del>1/1/2022</del>	Cap per income tax year
Light duty passenger motor vehicle	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$6,000
Light duty truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$7,500
Medium duty truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$15,000
Heavy duty truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$20,000

(5.5) **Category 4 C.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN THE AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (5.5) FOR THE CONVERSION OF A CATEGORY 4 C TRUCK DURING THE TAX YEAR.

	INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 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

(8) **Category 7.** (a) ~~Except as provided in subsection (14) of this section,~~ With respect to the income tax years commencing on or after January 1, 2014, but before

~~January 1, 2022~~ JANUARY 1, 2017, there is allowed to any person a credit against the tax imposed by this article as a percentage set forth in paragraph (b) of this subsection (8) of the actual cost incurred by the taxpayer during the tax year for each purchase or lease of a category 7 truck, not to exceed the amount set forth in paragraph (b) of this subsection (8). For purposes of the income tax year commencing on or after January 1, 2014, but before January 1, 2015, the purchase or lease of a category 7 truck must occur on or after July 1, 2014, but before January 1, 2015.

	(b) Income tax year commencing:					
	1/1/2014 <del>1/1/2015</del> <del>1/1/2016</del> BUT BEFORE 1/1/2017	<del>1/1/2017</del> 1/1/2018	<del>1/1/2019</del>	<del>1/1/2020</del>	<del>1/1/2021</del> but before 1/1/2022	Cap per income tax year
Light duty passenger motor vehicle over 8,500 GVWR	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$6,000
Light duty electric truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$7,500
Medium duty electric truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$15,000
Heavy duty truck	18%	<del>15%</del>	<del>11.25%</del>	<del>7.5%</del>	<del>3.75%</del>	\$20,000

**(8.3) Category 7 purchase.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (8.3) FOR EACH PURCHASE OF A CATEGORY 7 TRUCK DURING THE TAX YEAR.

	(b) INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	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

(8.5) **Category 7 lease.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (8.5) FOR EACH LEASE OF A CATEGORY 7 TRUCK DURING THE TAX YEAR.

	(b) INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	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	\$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

(9) **Category 7 A.** (a) ~~Except as provided in subsection (14) of this section,~~ With respect to the income tax years commencing on or after January 1, 2014, but before ~~January 1, 2022~~ JANUARY 1, 2017, there is allowed to any person a credit against the tax imposed by this article as a percentage set forth in paragraph (b) of this subsection (9) of the actual cost incurred by the taxpayer during the tax year for the conversion of a category 7 A truck, not to exceed the amount set forth in paragraph (b) of this subsection (9). For purposes of the income tax year commencing on or after January 1, 2014, but before January 1, 2015, the conversion of a category 7 A truck must occur on or after July 1, 2014, but before January 1, 2015.

(b) Income tax year commencing:

	1/1/2014 <del>1/1/2015</del> <del>1/1/2016</del> BUT BEFORE 1/1/2017	<del>1/1/2017</del> 1/1/2018	1/1/2019	1/1/2020	<del>1/1/2021</del> but before 1/1/2022	Cap per income tax year
Light duty passenger motor vehicle with a GVWR over 8,500 lbs	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$6,000
Light duty electric truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$7,500
Medium duty electric truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$15,000
Heavy duty truck	55%	<del>45%</del>	33.75%	22.5%	11.25%	\$20,000

(9.5) **Category 7 A.** (a) EXCEPT AS PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (9.5) FOR THE CONVERSION OF A CATEGORY 7 A TRUCK DURING THE TAX YEAR.

	INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 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

(11.5) **Category 9.** (a) ~~Except as otherwise provided in subsection (14) of this section,~~ With respect to the income tax years commencing on or after January 1, 2014, but before ~~January 1, 2022~~ JANUARY 1, 2017, there is allowed to any person a credit against the tax imposed by this article as a percentage set forth in paragraph (b) of this subsection (11.5) of the actual cost incurred by the taxpayer during the tax year for the conversion of a category 9 truck, not to exceed the amount set forth in paragraph (b) of this subsection (11.5).

	Income tax year commencing:					
	1/1/2014 <del>1/1/2015</del> <del>1/1/2016</del> BUT BEFORE 1/1/2017	<del>1/1/2017</del> 1/1/2018	1/1/2019	1/1/2020	<del>1/1/2021</del> but before 1/1/2022	Cap per income tax year
Category 9	55%	<del>45%</del>	33.75%	22.5%	<del>11.25%</del>	\$6,000



(11.6) **Category 9.** (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (14) OF THIS SECTION, WITH RESPECT TO THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, BUT BEFORE JANUARY 1, 2022, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (11.6) FOR THE CONVERSION OF A CATEGORY 9 TRUCK DURING THE TAX YEAR.

(b)	INCOME TAX YEAR COMMENCING:		
	1/1/2017 BUT BEFORE 1/1/2020	1/1/2020 BUT BEFORE 1/1/2021	1/1/2021 BUT BEFORE 1/1/2022
CATEGORY 9	\$5,000	\$4,000	\$2,500

(13.5) (a) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED IN THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 4, CATEGORY 4 A, CATEGORY 4 B, CATEGORY 4 C, CATEGORY 7, CATEGORY 7 A, OR CATEGORY 9 VEHICLE COMPLETED ON OR AFTER JANUARY 1, 2017, TO A FINANCING ENTITY AS FOLLOWS:

(I) THE ASSIGNMENT TO THE FINANCING ENTITY MUST BE COMPLETED AT THE TIME OF PURCHASE OR LEASE BY ENTERING INTO AN ELECTION STATEMENT AS SET FORTH IN PARAGRAPH (c) OF THIS SUBSECTION (13.5);

(II) THE PURCHASER MUST TITLE AND REGISTER THE VEHICLE IN THE STATE OR REGISTER THE VEHICLE UNDER THE INTERNATIONAL REGISTRATION PLAN AND BASE PLATE THE VEHICLE IN THE STATE AS REQUIRED BY STATE LAW;

(III) THE PURCHASER MUST ASSIGN THE TAX CREDIT TO THE FINANCING ENTITY AND FORFEIT THE RIGHT TO CLAIM THE TAX CREDIT ON THE PURCHASER'S TAX RETURN IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION; AND

(IV) THE FINANCING ENTITY SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF THE TAX CREDIT; EXCEPT THAT THE FINANCING ENTITY MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED ONE HUNDRED FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE COMPENSATION PAID TO THE PURCHASER IS CONSIDERED A REFUND OF STATE TAXES AND IS NOT INCOME.

(b) NOTWITHSTANDING SECTION 39-21-108(3), IF A PURCHASER ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY PURSUANT TO THIS SUBSECTION (13.5), THE FINANCING ENTITY RECEIVES THE FULL AMOUNT OF THE TAX CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

(c) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER AND THE FINANCING ENTITY MUST ENTER INTO AN ELECTION STATEMENT THAT MUST:

(I) IDENTIFY THE VEHICLE IDENTIFICATION NUMBER OF THE CATEGORY 4, CATEGORY 4 A, CATEGORY 4 B, CATEGORY 4 C, CATEGORY 7, CATEGORY 7 A, OR CATEGORY 9 VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS SECTION; AND

(II) AFFIRM THAT THE REQUIREMENTS SPECIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (13.5) WERE MET.

(d) THE FINANCING ENTITY MAY AUTHORIZE AN AGENT OR A DESIGNEE TO SIGN THE ELECTION STATEMENT ON ITS BEHALF.

(e) THE FINANCING ENTITY SHALL ELECTRONICALLY SUBMIT A REPORT CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT DESCRIBED IN PARAGRAPH (c) OF THIS SUBSECTION (13.5) TO THE DEPARTMENT OF REVENUE WITHIN THIRTY DAYS OF THE PURCHASE OR LEASE OF A CATEGORY 4, CATEGORY 4 A, CATEGORY 4 B, CATEGORY 4 C, CATEGORY 7, CATEGORY 7 A, OR CATEGORY 9 VEHICLE IN SUCH A FORM AND IN SUCH A MANNER AS REQUIRED BY THE DEPARTMENT.

(f) THE FINANCING ENTITY SHALL ALSO FILE THE ELECTION STATEMENT DESCRIBED IN PARAGRAPH (c) OF THIS SUBSECTION (13.5) WITH THE ORIGINAL TAX RETURN FOR THE TAXABLE YEAR IN WHICH THE CATEGORY 4, CATEGORY 4 A, CATEGORY 4 B, CATEGORY 4 C, CATEGORY 7, CATEGORY 7 A, OR CATEGORY 9 VEHICLE IS PURCHASED OR LEASED.

(g) THE DEPARTMENT OF REVENUE, IN CONSULTATION WITH THE COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101, C.R.S., SHALL DEVELOP A MODEL REPORT AND ELECTION STATEMENT NO LATER THAN DECEMBER 1, 2016.

(16) ~~This section is repealed, effective December 31, 2026~~ WITH RESPECT TO TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2017, THE TAXPAYER CLAIMING A CREDIT ALLOWED IN THIS SECTION SHALL PROVIDE THE DEPARTMENT OF REVENUE WITH, AND THE DEPARTMENT SHALL COMMENCE TRACKING, THE VEHICLE IDENTIFICATION NUMBER OF THE MOTOR VEHICLE OR TRUCK FOR WHICH A CREDIT IS CLAIMED AS ALLOWED IN THIS SECTION.

(17) MAKING THE PURCHASER AWARE OF THE INCOME TAX CREDIT ALLOWED IN THIS SECTION OR HELPING THE PURCHASER ASSIGN THE INCOME TAX CREDIT TO A FINANCING ENTITY AS ALLOWED IN THIS SECTION DOES NOT RISE TO THE LEVEL OF PROVIDING THE PURCHASER WITH UNAUTHORIZED TAX ADVICE.

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

**SECTION 3. Appropriation.** (1) For the 2016-17 state fiscal year, \$37,038 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

(a) \$33,200 for CITA annual maintenance and support; and

(b) \$3,838 for personal services related to administration of the taxation business group.

**SECTION 4. 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: June 6, 2016