

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 18-0701.01 Esther van Mourik x4215

SENATE BILL 18-047

SENATE SPONSORSHIP

Marble,

HOUSE SPONSORSHIP

Saine,

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE REPEAL OF INCOME TAX CREDITS FOR INNOVATIVE**
102 **MOTOR VEHICLES FOR PURCHASES AND LEASES ENTERED INTO**
103 **ON OR AFTER JANUARY 1, 2019, AND, IN CONNECTION**
104 **THEREWITH, MAKING AN APPROPRIATION.**

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>.)

The bill repeals the income tax credits for innovative motor vehicles and innovative trucks for purchase and leases entered into on or after January 1, 2019.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
3rd Reading Unamended
March 23, 2018

SENATE
Amended 2nd Reading
March 21, 2018

For the 2018-19 state fiscal year and each fiscal year thereafter through the 2020-21 state fiscal year, the bill requires the state controller to credit an amount of tax revenue estimated to be retained by the repeal of the income tax credits to the highway users tax fund.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-516.7, **amend**
3 (1)(a)(I)(A) as follows:

4 **39-22-516.7. Tax credit for innovative motor vehicles -**
5 **definitions - repeal.** (1) As used in this section, unless the context
6 otherwise requires:

7 (a) (I) (A) "Actual cost incurred" means the actual cost paid by the
8 purchaser for a used motor vehicle, conversion, or idling reduction
9 technologies minus any credits, grants, or rebates, including federal
10 credits, grants, or rebates for which the purchaser is eligible, but
11 excluding the credit specified in this section. THIS SUBSECTION
12 (1)(a)(I)(A) IS REPEALED, EFFECTIVE DECEMBER 31, 2019.

13 **SECTION 2.** In Colorado Revised Statutes, 39-22-516.7, **repeal**
14 **as it will become effective December 31, 2019,** (1)(a)(I)(A) as follows:

15 **39-22-516.7. Tax credit for innovative motor vehicles -**
16 **definitions - repeal.** (1) As used in this section, unless the context
17 otherwise requires:

18 (a) (I) (A) "Actual cost incurred" means the actual cost paid by the
19 ~~purchaser for a used motor vehicle or conversion minus any credits,~~
20 ~~grants, or rebates, including federal credits, grants, or rebates for which~~
21 ~~the purchaser is eligible, but excluding the credit specified in this section.~~

22 **SECTION 3.** In Colorado Revised Statutes, 39-22-516.7, **amend**
23 (2)(a), (2)(c), (4)(a)(II), (4)(b)(II), and (10); and **repeal** (4)(a)(III),

1 (4)(a)(IV), (4)(b)(III), and (4)(b)(IV) as follows:

2 **39-22-516.7. Tax credit for innovative motor vehicles -**
3 **definitions - repeal.** (2) (a) With respect to the tax years commencing on
4 or after January 1, 2013, but prior to ~~January 1, 2022~~ JANUARY 1, 2019,
5 there is allowed to any person a credit against the tax imposed by this
6 article, not to exceed the amount specified in subsection (4) of this
7 section, for the purchase or lease of a motor vehicle defined as category
8 1.

9 (c) With respect to the tax years commencing on or after January
10 1, 2014, but prior to ~~January 1, 2022~~ JANUARY 1, 2019, there is allowed
11 to any person a credit against the tax imposed by this article, not to
12 exceed the amount specified in subsection (4) of this section, for the
13 conversion of a motor vehicle defined as category 1 A.

14 (4) The amount of the credit allowed pursuant to this section is
15 calculated as follows:

16 (a) **Category 1.** (II) With respect to the tax years commencing on
17 or after January 1, 2017, but prior to ~~January 1, 2020~~ JANUARY 1, 2019,
18 five thousand dollars for a purchase or two thousand five hundred dollars
19 for a lease;

20 (III) ~~With respect to the tax years commencing on or after January~~
21 ~~1, 2020, but prior to January 1, 2021, four thousand dollars for a purchase~~
22 ~~or two thousand dollars for a lease;~~

23 (IV) ~~With respect to the tax years commencing on or after January~~
24 ~~1, 2021, but prior to January 1, 2022, two thousand five hundred dollars~~
25 ~~for a purchase or one thousand five hundred dollars for a lease.~~

26 (b) **Category 1 A.** (II) With respect to the tax years commencing
27 on or after January 1, 2017, but prior to ~~January 1, 2020~~ JANUARY 1,

1 2019, five thousand dollars;

2 (III) ~~With respect to the tax years commencing on or after January~~
3 ~~1, 2020, but prior to January 1, 2021, four thousand dollars;~~

4 (IV) ~~With respect to the tax years commencing on or after January~~
5 ~~1, 2021, but prior to January 1, 2022, two thousand five hundred dollars.~~

6 (10) This section is repealed, effective ~~December 31, 2026~~
7 DECEMBER 31, 2022.

8 **SECTION 4.** In Colorado Revised Statutes, 39-22-516.8, **amend**
9 (2.3), (2.5), (3.5), (4.3), (4.5), (5.5), (6), (7), (8.3), (8.5), (9.5), (10), (11),
10 (11.6), and (18); and **repeal** (14) as follows:

11 **39-22-516.8. Tax credit for innovative trucks - definitions -**
12 **repeal.** (2.3) **Category 4 purchase.** (a) ~~Except as provided in subsection~~
13 ~~(14) of this section,~~ With respect to the income tax years commencing on
14 or after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019,
15 there is allowed to any person a credit against the tax imposed by this
16 article in an amount set forth in paragraph (b) of this subsection (2.3) for
17 each purchase of a category 4 truck during the tax year.

18 (b)

	Income tax year commencing:		
	1/1/2017 but before 1/1/2020 1/1/2019	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

28 (2.5) **Category 4 lease.** (a) ~~Except as provided in subsection (14)~~

1 ~~of this section~~, With respect to the income tax years commencing on or
 2 after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there
 3 is allowed to any person a credit against the tax imposed by this article in
 4 an amount set forth in paragraph (b) of this subsection (2.5) for each lease
 5 of a category 4 truck during the tax year.

6 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	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

16 (3.5) **Category 4 A.** (a) ~~Except as provided in subsection (14) of~~
 17 ~~this section~~, With respect to the income tax years commencing on or after
 18 January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there is
 19 allowed to any person a credit against the tax imposed by this article an
 20 amount set forth in paragraph (b) of this subsection (3.5) for the
 21 conversion of a category 4 A truck during the tax year.

22 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	1/1/2022
Light duty passenger motor vehicle	\$5,000	\$4,000	\$2,500
Light duty truck	\$7,000	\$5,500	\$3,500

1	Medium duty truck	\$10,000	\$8,000	\$5,000
2	Heavy duty truck	\$20,000	\$16,000	\$10,000

3 **(4.3) Category 4 B purchase.** (a) ~~Except as provided in~~
4 ~~subsection (14) of this section,~~ With respect to the income tax years
5 commencing on or after January 1, 2017, but before ~~January 1, 2022~~
6 JANUARY 1, 2019, there is allowed to any person a credit against the tax
7 imposed by this article an amount set forth in paragraph (b) of this
8 subsection (4.3) for each purchase of a category 4 B truck during the tax
9 year.

10	(b)	Income tax year commencing:		
11		1/1/2017		
12		but before	1/1/2020	1/1/2021
13		1/1/2020	but before	but before
14		1/1/2019	1/1/2021	1/1/2022
15	Light duty passenger motor vehicle	\$5,000	\$4,000	\$2,500
16	Light duty truck	\$7,000	\$5,500	\$3,500
17	Medium duty truck	\$10,000	\$8,000	\$5,000
18	Heavy duty truck	\$20,000	\$16,000	\$10,000

19 **(4.5) Category 4 B lease.** (a) ~~Except as provided in subsection~~
20 ~~(14) of this section,~~ With respect to the income tax years commencing on
21 or after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019,
22 there is allowed to any person a credit against the tax imposed by this
23 article an amount set forth in paragraph (b) of this subsection (4.5) for
24 each lease of a category 4 B truck during the tax year.

25	(b)	Income tax year commencing:
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	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	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

(5.5) **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~~ JANUARY 1, 2019, 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.

(b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	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

(6) **Category 5.** With respect to the income tax years commencing on or after January 1, 2015, but before ~~January 1, 2022~~ JANUARY 1, 2019, there is allowed to any person a credit against the tax imposed by this article of twenty-five percent of the actual cost incurred by the taxpayer during a tax year for category 5, not to exceed six thousand dollars.

1 (7) **Category 6.** With respect to the income tax years commencing
 2 on or after January 1, 2014, but before ~~January 1, 2022~~ JANUARY 1, 2019,
 3 there is allowed to any person a credit against the tax imposed by this
 4 article of twenty-five percent of the actual cost incurred by the taxpayer
 5 during a tax year for category 6, not to exceed six thousand dollars for
 6 each installed device and not to exceed fifty thousand dollars during a tax
 7 year for the installation of multiple devices. For purposes of the income
 8 tax year commencing on or after January 1, 2014, but before January 1,
 9 2015, the installation must occur on or after July 1, 2014, but before
 10 January 1, 2015.

11 (8.3) **Category 7 purchase.** (a) ~~Except as provided in subsection~~
 12 ~~(14) of this section,~~ With respect to the income tax years commencing on
 13 or after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019,
 14 there is allowed to any person a credit against the tax imposed by this
 15 article in an amount set forth in paragraph (b) of this subsection (8.3) for
 16 each purchase of a category 7 truck during the tax year.

17 (b)

	Income tax year commencing:		
	1/1/2017 but before 1/1/2020 1/1/2019	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

27 (8.5) **Category 7 lease.** (a) ~~Except as provided in subsection (14)~~
 28 ~~of this section,~~ With respect to the income tax years commencing on or

1 after January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there
 2 is allowed to any person a credit against the tax imposed by this article in
 3 an amount set forth in paragraph (b) of this subsection (8.5) for each lease
 4 of a category 7 truck during the tax year.

5 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	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

15 (9.5) **Category 7 A.** (a) ~~Except as provided in subsection (14) of~~
 16 ~~this section,~~ With respect to the income tax years commencing on or after
 17 January 1, 2017, but before ~~January 1, 2022~~ JANUARY 1, 2019, there is
 18 allowed to any person a credit against the tax imposed by this article in an
 19 amount set forth in paragraph (b) of this subsection (9.5) for the
 20 conversion of a category 7 A truck during the tax year.

21 (b)

	Income tax year commencing:		
	1/1/2017		
	but before	1/1/2020	1/1/2021
	1/1/2020	but before	but before
	1/1/2019	1/1/2021	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

1	Medium duty electric truck	\$10,000	\$8,000	\$5,000
2	Heavy duty truck	\$20,000	\$16,000	\$10,000

3 (10) **Category 8.** (a) With respect to the income tax years
4 commencing on or after January 1, 2014, but before ~~January 1, 2022~~
5 JANUARY 1, 2019, there is allowed to any person a credit against the tax
6 imposed by this article as a percentage set forth in paragraph (b) of this
7 subsection (10) of the actual cost incurred by the taxpayer during the tax
8 year for each purchase or lease of a category 8 trailer, not to exceed the
9 amount set forth in paragraph (b) of this subsection (10). For purposes of
10 the income tax year commencing on or after January 1, 2014, but before
11 January 1, 2015, the purchase or lease of a category 8 trailer must occur
12 on or after July 1, 2014, but before January 1, 2015.

13 (b)

Income tax year commencing:							
	1/1/2014	1/1/2017	1/1/2019	1/1/2020	1/1/2021	Cap per	
	1/1/2015	1/1/2018			but	income	
	1/1/2016	BUT			before	tax year	
		BEFORE			1/1/2022		
		1/1/2019					
21	Category 8	18%	15%	11.75%	7.5%	3.75%	\$7,500

23 (11) **Category 8 A.** (a) With respect to the income tax years
24 commencing on or after January 1, 2014, but before ~~January 1, 2022~~
25 JANUARY 1, 2019, there is allowed to any person a credit against the tax
26 imposed by this article as a percentage set forth in paragraph (b) of this
27 subsection (11) of the actual cost incurred by the taxpayer during the tax

1 year for the conversion of a refrigerated trailer to a category 8 A trailer,
 2 not to exceed the amount set forth in paragraph (b) of this subsection
 3 (11). For purposes of the income tax year commencing on or after January
 4 1, 2014, but before January 1, 2015, the conversion of a refrigerated
 5 trailer to a category 8 A trailer must occur on or after July 1, 2014, but
 6 before January 1, 2015.

7 (b)

	Income tax year commencing:					
	1/1/2014	1/1/2017	1/1/2019	1/1/2020	1/1/2021	Cap per
	1/1/2015	1/1/2018			but	income
	1/1/2016	BUT			before	tax year
		BEFORE			1/1/2022	
		<i>1/1/2019</i>				
Category 8 A	55%	45%	33.75%	22.5%	11.25%	\$7,500

17 (11.6) **Category 9.** (a) ~~Except as otherwise provided in~~
 18 ~~subsection (14) of this section,~~ With respect to the income tax years
 19 commencing on or after January 1, 2017, but before ~~January 1, 2022~~
 20 JANUARY 1, 2019, there is allowed to any person a credit against the tax
 21 imposed by this article in an amount set forth in paragraph (b) of this
 22 subsection (11.6) for the conversion of a category 9 truck during the tax
 23 year.

24 (b)

Income tax year commencing:

	1/1/2017	1/1/2020	1/1/2021
	but before	but before	but before
	1/1/2020	1/1/2021	1/1/2022
	<i>1/1/2019</i>		
Category 9	\$5,000	\$4,000	\$2,500

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6 (14) (a) ~~During the calendar year ending December 31, 2018, the~~
7 ~~Colorado energy office created in section 24-38.5-101, C.R.S., shall~~
8 ~~determine whether category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 medium or~~
9 ~~heavy duty trucks generate life-cycle emissions materially greater than~~
10 ~~comparable medium or heavy duty trucks using traditional fuel. Such a~~
11 ~~life-cycle analysis must include the direct emissions regulated by the~~
12 ~~United States environmental protection agency or by the department of~~
13 ~~public health and environment that are associated with producing,~~
14 ~~transporting, and using the alternative or traditional fuels. The Colorado~~
15 ~~energy office shall consider the likely adoption of future technology at~~
16 ~~each stage of the life-cycle.~~

17 (b) ~~In making the determinations described in paragraph (a) of this~~
18 ~~subsection (14), the Colorado energy office shall consider public input,~~
19 ~~any analysis or reports prepared by the department of public health and~~
20 ~~environment, other states, or the United States environmental protection~~
21 ~~agency, and any peer-reviewed studies conducted in the United States that~~
22 ~~evaluate similar matters.~~

23 (c) ~~In the event that category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 medium~~
24 ~~or heavy duty trucks are shown to generate life-cycle emissions materially~~
25 ~~greater than comparable traditional fuel trucks, then the Colorado energy~~
26 ~~office shall notify the department of revenue that no tax credit specified~~
27 ~~in this section is available for such trucks for the income tax years~~

1 ~~commencing on or after January 1, 2019, but before January 1, 2022;~~
2 ~~except that the Colorado energy office may determine if a particular~~
3 ~~category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 truck model or engine does not~~
4 ~~generate life-cycle emissions materially greater than a comparable~~
5 ~~traditional fuel truck model or engine and is thus allowed a credit for a~~
6 ~~given income tax year, or the Colorado energy office may allow a credit~~
7 ~~if the taxpayer can demonstrate that the taxpayer has a long-term fuel~~
8 ~~contract for his or her category 4, 4 A, 4 B, 4 C, 7, 7 A, or 9 truck from~~
9 ~~a green fuel provider, such that the life-cycle emissions from such truck~~
10 ~~are not materially greater than the emissions of a comparable traditional~~
11 ~~fuel truck. For purposes of this paragraph (c), "green fuel provider"~~
12 ~~means the alternative fuel is produced and delivered by providers that~~
13 ~~have adopted best practices for low life-cycle emissions. On or before~~
14 ~~January 1, 2019, and on or before each January 1 thereafter through~~
15 ~~January 1, 2021, the Colorado energy office and the department of~~
16 ~~revenue shall, through their respective websites, specify which category~~
17 ~~4, 4 A, 4 B, 4 C, 7, 7 A, or 9 medium or heavy duty trucks are not allowed~~
18 ~~a credit for a given income tax year.~~

19 (18) This section is repealed, effective ~~December 31, 2026~~
20 DECEMBER 31, 2022.

21 **SECTION 5.** In Colorado Revised Statutes, 43-4-205, **add** (6.4)
22 as follows:

23 **43-4-205. Allocation of fund.** (6.4) FOR THE 2018-19 STATE
24 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER THROUGH THE 2020-21
25 STATE FISCAL YEAR, THE STATE CONTROLLER SHALL CREDIT AN AMOUNT
26 OF TAX REVENUE ESTIMATED TO BE RETAINED BY THE REPEAL OF THE
27 INCOME TAX CREDIT FOR INNOVATIVE MOTOR VEHICLES AND THE REPEAL

1 OF THE INCOME TAX CREDIT FOR INNOVATIVE TRUCKS TO THE HIGHWAY
2 USERS TAX FUND, TO BE ALLOCATED AND EXPENDED IN ACCORDANCE WITH
3 THE FORMULA SPECIFIED IN SUBSECTION (6)(b) OF THIS SECTION.

4 **SECTION 6. Appropriation.** (1) For the 2018-19 state fiscal
5 year, \$16,000 is appropriated to the department of revenue. This
6 appropriation is from the general fund. To implement this act, the
7 department may use this appropriation as follows:

8 (a) \$10,000 for tax administration IT system (GenTax) support;
9 and

10 (b) \$6,000 for the purchase of document management services.

11 (2) For the 2018-19 state fiscal year, \$6,000 is appropriated to the
12 department of personnel. This appropriation is from reappropriated funds
13 received from the department of revenue under subsection (1)(b) of this
14 section. To implement this act, the department of personnel may use this
15 appropriation to provide document management services for the
16 department of revenue.

17 **SECTION 7. Act subject to petition - effective date.** This act
18 takes effect at 12:01 a.m. on the day following the expiration of the
19 ninety-day period after final adjournment of the general assembly (August
20 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
21 referendum petition is filed pursuant to section 1 (3) of article V of the
22 state constitution against this act or an item, section, or part of this act
23 within such period, then the act, item, section, or part will not take effect
24 unless approved by the people at the general election to be held in
25 November 2018 and, in such case, will take effect on the date of the
26 official declaration of the vote thereon by the governor.