



States' Biofuels Statutes

STATE OF COLORADO

This project was undertaken in partnership with the USDA Office of the Chief Economist, The Office of Energy Policy and New Uses. For information on the full project, visit [States' Biofuels Statutory Citations](#). These statutes are placed in reverse chronological order using the date of the most recent amendment to the statute. Many biofuels laws were enacted as amendments to previously passed laws.

Current through the 2013 Legislative Session of the Colorado General Assembly.

§ 39-22-516. Tax credit for purchase of vehicles using alternative fuels--repeal

(1) Repealed by Laws 1992, H.B.92-1191, § 1, eff. July 1, 1994.

(2) Repealed by Laws 1998, Ch. 304, § 2, eff. July 1, 1998.

(2.5)(a) As used in this subsection (2.5), unless the context otherwise requires:

(I) "Alternative fuel" means an alternative fuel as defined in section 25-7-106.8(1)(a), C.R.S.

(II) Deleted by Laws 2002, Ch. 273, § 3, eff. Aug. 7, 2002.

(II.5) "Hybrid vehicle" means a motor vehicle with a hybrid propulsion system that uses an alternative fuel by operating on both an alternative fuel, including electricity, and a traditional fuel.

(III) "Motor vehicle" means any self-propelled vehicle required to be licensed or subject to licensing for operation upon the highways of this state, including a vehicle that uses a hybrid propulsion system.

(IV) "Near zero-emitting vehicle" means a motor vehicle exhibiting emissions characteristics that are near those of a zero-emitting vehicle. To qualify as a near zero-emitting vehicle, a motor vehicle must meet at least one of the following minimum requirements:

(A) The vehicle must be certified by the federal environmental protection agency as meeting an emission standard between the ultra-low-emitting vehicle emission standard and the zero-emitting vehicle emission standard; or

(B) The vehicle must be certified by the federal environmental protection agency as meeting the federal ultra-low-emitting vehicle emission standard and must be certified by any state as provided in the "Federal Clean Air Act" to an emission standard between the ultra-low-emitting vehicle emission

standard and the zero-emitting vehicle emission standard.

(V) “Power source” means the engine or motor and associated wiring, fuel lines, engine coolant system, fuel storage containers, and miscellaneous components.

(VI) “Traditional fuel” means a petroleum-based motor fuel commonly used on the highways of this state in the year 1994.

(VII) “Uses an alternative fuel” or “to use an alternative fuel” means to operate solely on an alternative fuel, to operate on both an alternative fuel and a traditional fuel, or to operate alternately on a traditional fuel and an alternative fuel.

(b)(I) Deleted by Laws 2009, Ch. 416, § 2, eff. June 4, 2009.

(II) With respect to tax years commencing on or after July 1, 2000, but prior to January 1, 2010, there shall be allowed to any person a credit against the tax imposed by this article for each motor vehicle owned by such person that:

(A) Is titled and registered in the state of Colorado; and

(B) Uses or is converted to use an alternative fuel, is a hybrid vehicle, or has its power source replaced with a power source that uses an alternative fuel.

(c) The amount of the credit allowed pursuant to this subsection (2.5) shall be an amount equal to the percentage, as set forth in paragraph (d) of this subsection (2.5), of the following:

(I) The difference between the actual cost incurred by such person during the tax year in purchasing a motor vehicle that uses an alternative fuel 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) The difference between the actual cost incurred by such person during the tax year in replacing an existing power source in a motor vehicle that uses a traditional fuel with a power source that uses an alternative fuel and the cost of replacing the existing power source in the motor vehicle with the same type of power source that uses a traditional fuel; or

(III) The actual cost incurred by such person during the tax year in converting the motor vehicle to a fuel system that uses an alternative fuel.

(d)(I) For the purposes of paragraph (c) of this subsection (2.5), except as otherwise provided in subparagraph (II) of this paragraph (d), 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 paragraph (b) of this subsection (2.5) shall be as follows:

Certification level:	Tax years commencing on or after July 1, 1998, but prior to	Tax years commencing on or after January 1, 2007, but
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	January 1, 2007:	prior to January 1, 2010:
Low-emitting vehicle	50%	50%
Ultra-low-emitting vehicle or inherently low-emitting vehicle	75%	75%
Zero-emitting vehicle	85%	85%

(II) For a motor vehicle purchase or power source replacement that permanently displaces a motor vehicle or power source that is ten years old or older, the percentage specified in subparagraph (I) that may be claimed pursuant to this paragraph (d) shall be multiplied by two, but in no event shall the percentage exceed one hundred percent. For the purposes of this subparagraph (II), “permanently displaces a motor vehicle or power source” means the vehicle or power source being replaced by the alternative fuel vehicle or power source will no longer be operated upon the highways of this state.

(e) The certification levels set forth in paragraph (d) of this subsection (2.5) shall have the same meaning as set forth in the regulations promulgated by the federal environmental protection agency in 40 CFR part 88 governing clean fuel vehicles.

(f) A near zero-emitting vehicle shall be treated as a zero-emitting vehicle for all purposes under this subsection (2.5).

(g) Deleted by Laws 2009, Ch. 416, § 2, eff. June 4, 2009.

(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 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.

(i) For income tax years commencing on and after January 1, 1999, but prior to January 1, 2010, a motor vehicle, conversion, or power source certified to the low-emitting vehicle emissions standard that is purchased by a person shall be eligible for a credit pursuant to this subsection (2.5).

(j) This subsection (2.5) is repealed, effective December 31, 2014.

(2.6)(a) As used in this subsection (2.6), unless the context otherwise requires:

(I) “Actual cost incurred” means the actual cost paid by the purchaser for the vehicle, conversion, or idling reduction technologies. The actual cost paid shall be calculated as the net of any credits, grants, or rebates, including federal credits, grants, or rebates for which the purchaser is eligible, but excluding the credit specified in this subsection (2.6).

(II) “Alternative fuel” means an alternative fuel as defined in section 25-7-106.8(1)(a), C.R.S.

(III) “Category 1” means a motor vehicle that complies with bin 1 of the federal tier 2 emissions standards published by the federal environmental protection agency in the federal register at 65 FR 6698 (February 10, 2000), as amended.

(IV) “Category 2” means light duty passenger vehicle diesel-electric hybrids with a minimum fuel economy of seventy miles per gallon.

(V) “Category 3” means light duty passenger 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. “Category 3” also means new medium duty trucks that are diesel-electric hybrids or gasoline-electric hybrids that have thirty percent better fuel economy than a comparable vehicle powered solely by a diesel or gasoline internal combustion engine. For purposes of establishing a comparable vehicle, the diesel or gasoline internal combustion engine shall be standard in a vehicle of the same model year and the same vehicle class as established by the United States environmental protection agency and be comparable in weight, size, and use. Fuel economy comparisons shall be made using city fuel economy standards in a manner that is substantially similar to the manner in which city fuel economy is measured in accordance with procedures set forth in 40 CFR 600, as in effect on August 8, 2005.

(VI)(A) “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.

(B) This subparagraph (VI) is repealed, effective January 1, 2014.

(VII) “Category 5” means any idling reduction technologies.

(VIII) “Category 6” means a motor vehicle that complies with bin 2 or bin 3 of the federal tier 2 emissions standards published by the federal environmental protection agency in the federal register at 65 FR 6698 (February 10, 2000), as amended, with a minimum fuel economy of forty miles per gallon or miles per gallon gasoline equivalent or greater.

(IX)(A) “Category 7” means a motor vehicle that complies with bin 2 or bin 3 of the federal tier 2 emissions standards published by the federal environmental protection agency in the federal register at 65 FR 6698 (February 10, 2000), as amended, with a minimum fuel economy of thirty miles per gallon or miles per gallon gasoline equivalent or greater, but less than forty miles per gallon or miles per gallon gasoline equivalent.

(B) “Category 7” shall not mean original equipment manufacturer compressed natural gas vehicles certified by the United States environmental protection agency.

(X) “Gross vehicle weight rating” or “GVWR” shall have the same meaning as set forth in section 42-2-402(6), C.R.S.

(XI) “Hybrid vehicle” means a motor vehicle with a hybrid propulsion system that operates on both electricity and an alternative fuel or traditional fuel.

(XII) “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.

(XIII) “Light duty passenger vehicle” means a private passenger 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 vehicles designed to travel on three or fewer wheels in contact with the ground.

(XIV) “Light duty truck” means a truck between zero and fourteen thousand pounds GVWR.

(XV) “Medium duty truck” means a truck with a gross vehicle weight rating greater than fourteen thousand pounds up to twenty-six thousand pounds.

(XVI) “Miles per gallon gasoline equivalent” means the standard unit of measure that measures how many miles an alternative vehicle can travel on the equivalent energy of one United States gallon of traditional fuel.

(XVII) “Motor vehicle” means any self-propelled vehicle, including a vehicle that uses a hybrid propulsion system, 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.

(XVIII) “Plug-in hybrid electric vehicle” means:

(A) An original equipment manufacturer plug-in hybrid electric vehicle that can operate solely on electric power and that is capable of recharging its battery from an on-board generation source and an off-board electricity source; and

(B) A plug-in hybrid electric vehicle conversion that provides an increase in city fuel economy of seventy-five percent or more as compared to a comparable nonhybrid version vehicle for a minimum of twenty miles and that is capable of recharging its battery from an on-board generation source and an off-board electricity source. A vehicle shall be comparable if it is the same model year and the same vehicle class as established by the United States environmental protection agency and is comparable in weight, size, and use. Fuel economy comparisons shall be made using city fuel economy standards in a manner that is substantially similar to the manner in which city fuel economy is measured in accordance with procedures set forth in 40 CFR 600, as in effect on August 8, 2005.

(XIX) “Power source” means the engine or motor and associated wiring, fuel lines, engine coolant system, fuel storage containers, and miscellaneous components.

(XX) “Traditional fuel” means a petroleum-based motor fuel commonly used on the highways of this state in the year 2008.

(XXI) “Uses an alternative fuel” or “to use an alternative fuel” means to operate solely on an alternative fuel, to operate on both an alternative fuel and a traditional fuel, or to operate alternately on a traditional fuel and an alternative fuel.

(b)(I) Except as provided in subparagraph (II) of this paragraph (b), with respect to the tax years commencing on January 1, 2010, and January 1, 2011, 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 owned by such person that:

(A) Uses or is converted to use an alternative fuel;

(B) Is a hybrid vehicle;

(C) Is a plug-in hybrid electric vehicle;

(D) Has its power source replaced with a power source that uses an alternative fuel;

(E) Is modified to include idling reduction technology; or

(F) Is converted to a plug-in hybrid electric vehicle.

(II) With respect to the tax years commencing on January 1, 2010, and January 1, 2011, there shall be allowed to any person a credit against the tax imposed by this article for each category 4 vehicle.

(III) There shall be allowed to any person a credit against the tax imposed by this article, not to exceed six thousand dollars, for each category 7 vehicle purchased by such person on or after January 1, 2010, but before January 1, 2011.

(c) The amount of the credit allowed pursuant to this subsection (2.6) shall be an amount equal to the percentage, as set forth in paragraph (d) of this subsection (2.6), of the following:

(I) The difference between the actual cost incurred by such person during the tax year in purchasing a motor vehicle that uses an alternative fuel 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) The difference between the actual cost incurred by such person during the tax year in replacing an existing power source in a motor vehicle that uses a traditional fuel with a power source that uses an alternative fuel and the cost of replacing the existing power source in the motor vehicle with the same type of power source that uses a traditional fuel;

(III) The actual cost incurred by such person during the tax year in converting the motor vehicle to a fuel system that uses an alternative fuel;

(IV) The actual cost incurred by such person in purchasing idling reduction technologies; or

(V)(A) The actual cost incurred by such person during the tax year in converting a hybrid vehicle to a plug-in hybrid electric vehicle.

(B) Persons who claimed a tax credit in previous years for the purchase of model year 2004 and newer hybrid vehicles are eligible to claim an additional credit for the conversion of such a hybrid vehicle to a plug-in hybrid electric vehicle.

(d)(I) Except as provided in subparagraph (II) of this paragraph (d), for the purposes of paragraph (c) of this subsection (2.6), 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 paragraph (b) of this subsection (2.6) shall be as follows:

Category:	Income tax years commencing on or after January 1, 2010, but prior to January 1, 2012:
Category 1	85%
Category 2	65%
Category 3	75%
Category 4	75%
Category 5	25%
Category 6	75%

(II) For the purchase or conversion of a category 3 or category 4 medium duty truck that permanently displaces a motor vehicle or power source that is twelve years old or older, the percentages specified for category 3 and category 4 in subparagraph (I) of this paragraph (d) shall be multiplied by one and twenty-five one-hundredths, but in no event shall the percentage exceed one hundred percent. For purposes of this subparagraph (II), “permanently displaces a motor vehicle or power source” means the vehicle or power source being replaced will be rendered inoperable and donated to an established auto parts recycler, as defined in section 42-4-2201(1), C.R.S., or a scrap metal recycler, that operates pursuant to all laws, rules, and regulations of the state and the United States environmental protection agency regarding recycling.

(III) For the purposes of paragraph (c) of this subsection (2.6), the percentage of the difference in actual cost incurred or the percentage of the actual cost incurred that may be claimed as a credit for the purchase of a category 7 motor vehicle pursuant to subparagraph (III) of paragraph (b) of this subsection (2.6) shall be fifty percent.

(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 (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.

(f) If a credit authorized in this subsection (2.6) 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.

(g) This subsection (2.6) is repealed, effective December 31, 2016.

(2.7)(a) As used in this subsection (2.7), unless the context otherwise requires:

(I) "Alternative fuel" shall have the same meaning as set forth in Title III of the federal "Energy Policy Act of 1992", Public Law 102-486, as amended.¹

(II) "Renewable energy source" means an alternative fuel that comes from a source that is not depleted with use or that can be replenished indefinitely, including solar, wind, hydropower, biomass, geothermal, or other similar source. Alternative fuels from a renewable energy source shall include ethanol from biomass, natural gas from waste treatment plants or landfills, electricity from wind, solar, or hydro power, and other alternative fuels from similar sources in conformance with this subparagraph (II) as designated by the air quality control commission.

(b) With respect to tax years commencing on or after January 1, 1998, but prior to January 1, 2011, there shall be allowed to any person a credit against the tax imposed by this article in an amount equal to a percentage, as determined pursuant to paragraph (c) of this subsection (2.7), of the actual cost incurred by the person during the tax year in constructing, reconstructing, or acquiring an alternative fuel refueling facility that is directly attributable to the storage, compression, charging, or dispensing of alternative fuels to motor vehicles.

(c) A person may claim the following percentage of costs described in paragraph (b) of this subsection (2.7) as a credit pursuant to this subsection (2.7):

(I) Fifty percent of the costs incurred on or after January 1, 1998, but prior to January 1, 2006;

(II) Thirty-five percent of the costs incurred on or after January 1, 2006, but prior to January 1, 2009;

(III) Twenty percent of the costs incurred on or after January 1, 2009, but prior to July 1, 2011.

(d) For an alternative fuel refueling facility that will be generally accessible for use by persons in addition to the person claiming the credit, the percentage that may be claimed in paragraph (c) shall be multiplied by one and one-fourth.

(e) For an alternative fuel refueling facility that dispenses an alternative fuel derived from a renewable energy source, the percentage credit that may be claimed pursuant to paragraph (c) of this subsection (2.7) shall be multiplied by one and one-fourth. For a person to receive a higher percentage calculated pursuant to this paragraph (e), such person shall provide certification that at least seventy percent of the

alternative fuel dispensed each year by the refueling facility will be derived from a renewable energy source for ten years.

(f) A person may elect to claim an increased percentage credit pursuant to either paragraph (d) or (e) of this subsection (2.7); except that in no event may both be relied upon to increase the credit.

(g) The aggregate amount of credit claimed by a person for any one alternative fuel refueling facility pursuant to this subsection (2.7) shall not exceed four hundred thousand dollars during any period of five consecutive tax years.

(h) In no event shall any person claim a credit for all or any portion of the cost of constructing, reconstructing, or acquiring an alternative fuel refueling facility, or any equipment used in connection with such facility, for which the person or any other person has previously claimed a credit pursuant to this subsection (2.7).

(3) Except as provided in paragraph (f) of subsection (2.6) of this section, the credits allowed by this section for any income tax year shall not exceed the taxpayer's actual tax liability for such taxable year. If the amount of a credit allowed by this section exceeds the taxpayer's actual tax liability for any income tax year in which the credit is claimed, referred to in this subsection (3) as the "unused credit year", such excess shall be an investment tax credit carryover to each of the five income tax years following the unused credit year and shall be applied first to the earliest income tax years possible.

(4) This section is repealed, effective December 31, 2016.

(5) If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this section that can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

Credits: Added by Laws 1992, H.B.92-1191, § 1, eff. June 5, 1992. Amended by Laws 1998, Ch. 304, § 2, eff. June 1, 1998; Laws 1999, Ch. 248, § 10, eff. May 28, 1999; Laws 2000, Ch. 301, § 1, eff. Aug. 2, 2000; Laws 2002, Ch. 273, § 3, eff. Aug. 7, 2002; Laws 2003, Ch. 162, §§ 1, 2, eff. Sept. 1, 2003; Laws 2005, Ch. 195, § 1, eff. Aug. 8, 2005; Laws 2009, Ch. 416, §§ 2, 3, eff. June 4, 2009; Laws 2010, Ch. 12, §§ 1, 2, eff. Feb. 24, 2010; Laws 2011, Ch. 262, § 1, eff. Jan. 1, 2014; Laws 2013, Ch. 226, §§ 3, 4, eff. May 15, 2013; Laws 2013, Ch. 316, § 125, eff. Aug. 7, 2013.