

**NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.**



HOUSE BILL 09-1331

BY REPRESENTATIVE(S) Gagliardi, Fischer, Frangas, Hullinghorst, Kefalas, Kerr A., Pace, Ryden, Schafer S., Todd, Apuan, Court, Gerou, Kerr J., Marostica, McFadyen, Pommer, Rice, Summers;  
also SENATOR(S) Boyd, Brophy, Groff, Heath, Hudak, King K., Kopp, Newell, Penry, Romer, Schwartz, Shaffer B., Tochtrop, White.

CONCERNING INCENTIVES FOR EFFICIENT MOTOR VEHICLES.

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

**SECTION 1. Short title.** This act shall be known and may be cited as the "Motor Vehicle Innovation Act".

**SECTION 2.** 39-22-516 (2.5) (b), (2.5) (d) (I), (2.5) (g), (2.5) (i), (3), and (4), Colorado Revised Statutes, are amended, and the said 39-22-516 (2.5) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

**39-22-516. Tax credit for purchase of vehicles using alternative fuels - repeal.** (2.5) (b) (I) ~~With respect to tax years commencing on or after July 1, 1998, but prior to July 1, 2000, 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:~~

---

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

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

~~(B) Is used in connection with a business; and~~

~~(C) Uses or is converted to use an alternative fuel or has its power source replaced with a power source that uses an alternative fuel.~~

(II) With respect to tax years commencing on or after July 1, 2000, but prior to ~~July 1, 2011~~ 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.

(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:

<b>Certification level:</b>	<b>Tax years commencing on or after July 1, 1998, but prior to January 1, 2007:</b>	<b>Tax years commencing on or after January 1, 2007, but prior to January 1, 2010:</b>	<b>Tax years commencing on or after <del>January 1, 2010,</del> but prior to <del>January 1, 2012:</del></b>
Low-emitting vehicle	50%	50%	25%

Ultra-low-emitting vehicle or inherently low-emitting vehicle	75%	75%	<del>50%</del>
Zero-emitting vehicle	85%	85%	<del>75%</del>

(g) ~~With respect to tax years commencing on or after July 1, 1998, but prior to July 1, 2000, for a motor vehicle that was not used solely and exclusively for business purposes during the tax year for which a credit is claimed, the amount of the credit allowed pursuant to this subsection (2.5) shall be prorated in proportion to the percentage of time during the tax year that the motor vehicle was used for business purposes.~~

(i) For income tax years commencing on and after January 1, 1999, but prior to ~~July 1, 2011~~ 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.

(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 ~~July 1, 2016~~ DECEMBER 31, 2016.

**SECTION 3.** 39-22-516, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**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:

(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 C.F.R. 600, AS IN EFFECT ON AUGUST 8, 2005.

(VI) "CATEGORY 4" MEANS LIGHT DUTY PASSENGER VEHICLE, LIGHT DUTY TRUCK, AND MEDIUM DUTY TRUCK COMPRESSED NATURAL GAS CONVERSIONS CERTIFIED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND ORIGINAL EQUIPMENT MANUFACTURER COMPRESSED NATURAL GAS VEHICLES.

(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.

(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:**

<b>CATEGORY 1</b>	85%
<b>CATEGORY 2</b>	65%
<b>CATEGORY 3</b>	75%
<b>CATEGORY 4</b>	75%
<b>CATEGORY 5</b>	25%
<b>CATEGORY 6</b>	75%
<b>CATEGORY 7</b>	50%

(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.

(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) OF THIS SUBSECTION (2.6) 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.

**SECTION 4.** Part 5 of article 22 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**39-22-516.5. Tax credit for innovative motor vehicles - repeal.**

(1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "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 SECTION.

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

(c) "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.

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

(e) "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.

(f) "CATEGORY 4" MEANS LIGHT DUTY PASSENGER VEHICLE, LIGHT DUTY TRUCK, AND MEDIUM DUTY TRUCK COMPRESSED NATURAL GAS CONVERSIONS CERTIFIED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND ORIGINAL EQUIPMENT MANUFACTURER

COMPRESSED NATURAL GAS VEHICLES.

(g) "CATEGORY 5" MEANS ANY IDLING REDUCTION TECHNOLOGIES.

(h) "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.

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

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

(k) "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.

(l) "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.

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

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

(o) "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.

(p) "MOTOR VEHICLE" MEANS ANY SELF-PROPELLED VEHICLE, INCLUDING A VEHICLE THAT USES A HYBRID PROPULSION SYSTEM, 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.

(q) "PLUG-IN HYBRID ELECTRIC VEHICLE" MEANS:

(I) 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

(II) 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.

(r) "POWER SOURCE" MEANS THE ENGINE OR MOTOR AND ASSOCIATED WIRING, FUEL LINES, ENGINE COOLANT SYSTEM, FUEL STORAGE CONTAINERS, AND MISCELLANEOUS COMPONENTS.

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

(t) "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.

(2) (a) WITH RESPECT TO THE TAX YEARS COMMENCING ON JANUARY 1, 2012, BUT PRIOR TO JANUARY 1, 2016, 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:

(I) USES OR IS CONVERTED TO USE AN ALTERNATIVE FUEL;

(II) IS A HYBRID VEHICLE;

(III) IS A PLUG-IN HYBRID ELECTRIC VEHICLE;

(IV) HAS ITS POWER SOURCE REPLACED WITH A POWER SOURCE THAT USES AN ALTERNATIVE FUEL; OR

(V) IS MODIFIED TO INCLUDE IDLING REDUCTION TECHNOLOGY.

(b) WITH RESPECT TO THE TAX YEARS COMMENCING ON JANUARY 1, 2012, BUT PRIOR TO JANUARY 1, 2016, 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 OWNED BY SUCH PERSON THAT IS CONVERTED TO A PLUG-IN HYBRID ELECTRIC VEHICLE.

(3) THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THIS SECTION SHALL BE AN AMOUNT EQUAL TO THE PERCENTAGE, AS SET FORTH IN SUBSECTION (4) OF THIS SECTION, OF THE FOLLOWING:

(a) 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;

(b) 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;

(c) 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) THE ACTUAL COST INCURRED BY SUCH PERSON IN PURCHASING IDLING REDUCTION TECHNOLOGIES; OR

(e) (I) THE ACTUAL COST INCURRED BY SUCH PERSON DURING THE TAX YEAR IN CONVERTING A HYBRID VEHICLE TO A PLUG-IN HYBRID ELECTRIC VEHICLE.

(II) 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.

(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:

<b>CATEGORY:</b>	<b>INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2012, BUT PRIOR TO JANUARY 1, 2013:</b>	<b>INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, BUT PRIOR TO JANUARY 1, 2014:</b>	<b>INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, BUT PRIOR TO JANUARY 1, 2015:</b>	<b>INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2015, BUT PRIOR TO JANUARY 1, 2016:</b>
<b>CATEGORY 1</b>	75%	75%	75%	75%
<b>CATEGORY 2</b>	45%	25%	15%	15%
<b>CATEGORY 3</b>	55%	35%	25%	25%

<b>CATEGORY 4</b>	55%	35%	25%	25%
<b>CATEGORY 5</b>	25%	25%	25%	25%
<b>CATEGORY 6</b>	10%	10%	0%	0%

(5) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF PARAGRAPH (E) OF SUBSECTION (3) OF THIS SECTION, NO MORE THAN ONE TAX CREDIT SHALL BE GRANTED PURSUANT TO THIS SECTION FOR ANY INDIVIDUAL MOTOR VEHICLE.

(6) 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.

(7) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2020.

**SECTION 5.** 39-33-101, Colorado Revised Statutes, is amended to read:

**39-33-101. Definitions - repeal.** As used in this article, unless the context otherwise requires:

(1) "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 REBATE SPECIFIED IN THIS ARTICLE.

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

(3) ~~Repealed~~ "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.

(4) "CATEGORY 2" MEANS LIGHT DUTY PASSENGER VEHICLE

DIESEL-ELECTRIC HYBRIDS WITH A MINIMUM FUEL ECONOMY OF SEVENTY MILES PER GALLON.

(5) "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.

(6) "CATEGORY 4" MEANS LIGHT DUTY PASSENGER VEHICLE, LIGHT DUTY TRUCK, AND MEDIUM DUTY TRUCK COMPRESSED NATURAL GAS CONVERSIONS CERTIFIED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND ORIGINAL EQUIPMENT MANUFACTURER COMPRESSED NATURAL GAS VEHICLES.

(7) "CATEGORY 5" MEANS ANY IDLING REDUCTION TECHNOLOGIES.

(8) "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.

~~(3)~~ (9) "Executive director" means the executive director of the department of revenue.

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

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

(12) "IDLING REDUCTION TECHNOLOGIES" MEANS IDLING REDUCTION DEVICES OR ADVANCED INSULATION, AS THOSE TERMS ARE DEFINED IN SECTION 4053 OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, EXEMPT FROM FEDERAL EXCISE TAX PURSUANT TO SAID SECTION 4053.

(13) "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.

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

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

(16) "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.

~~(4)~~ (17) "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.

~~(5)~~ (18) (a) "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)~~ (I) 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)~~ (II) 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.

(b) THIS SUBSECTION (18) IS REPEALED, EFFECTIVE JULY 1, 2010.

(19) "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.

~~(6)~~ (20) "Power source" means the engine or motor and associated wiring, fuel lines, engine coolant system, fuel storage containers, and miscellaneous components.

~~(7)~~ (21) "Qualified entity" means:

(a) The state, any county, municipality, city and county, district, or other political subdivision of the state of Colorado, and any institution, department, agency, or authority thereof;

(b) A person, organization, or other nongovernmental entity that is exempt from federal income taxation under the provisions of the federal "Internal Revenue Code of 1986", as amended.

~~(8)~~ (22) "Traditional fuel" means a petroleum-based motor fuel commonly used on the highways of this state in the year ~~1994~~ YEAR 2008.

~~(9)~~ (23) "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.

**SECTION 6.** The introductory portion to 39-33-102 (1), Colorado Revised Statutes, is amended, and the said 39-33-102 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**39-33-102. Rebate for motor vehicles using alternative fuels.**

(1) On and after July 1, 1998, but prior to ~~July 1, 2012~~ JULY 1, 2009, the executive director shall be authorized to grant a rebate to a qualified entity for each motor vehicle owned by such entity that:

(2) ON AND AFTER JULY 1, 2009, BUT PRIOR TO JULY 1, 2015, THE EXECUTIVE DIRECTOR SHALL BE AUTHORIZED TO GRANT A REBATE TO A QUALIFIED ENTITY FOR EACH MOTOR VEHICLE OWNED BY SUCH ENTITY THAT IS TITLED AND REGISTERED IN THE STATE OF COLORADO, IS USED IN CONNECTION WITH THE BUSINESS OR OFFICIAL ACTIVITIES OF THE ENTITY, AND:

- (a) USES OR IS CONVERTED TO USE AN ALTERNATIVE FUEL;
- (b) HAS ITS POWER SOURCE REPLACED WITH A POWER SOURCE THAT USES AN ALTERNATIVE FUEL;
- (c) USES OR IS CONVERTED TO USE AN ALTERNATIVE FUEL;
- (d) IS A HYBRID VEHICLE;
- (e) IS OR IS CONVERTED TO A PLUG-IN HYBRID ELECTRIC VEHICLE; OR
- (f) IS MODIFIED TO INCLUDE IDLING REDUCTION TECHNOLOGY.

**SECTION 7.** The introductory portion to 39-33-103 (1) and 39-33-103 (2) (a) (I) and (3), Colorado Revised Statutes, are amended, and the said 39-33-103 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**39-33-103. Amount of rebate for costs incurred prior to July 1, 2009 - repeal.** (1) The aggregate of all rebates granted to a qualified entity shall not exceed three hundred fifty thousand dollars in any state fiscal year.

The rebate granted to a qualified entity for each motor vehicle pursuant to this ~~article~~ SECTION shall not be an amount that exceeds the percentage, as set forth in paragraph (a) of subsection (2) of this section, of the following:

(2) (a) (I) For the purposes of subsection (1) of this section, except as otherwise provided in subparagraph (II) of this paragraph (a), the percentage of the difference in actual cost incurred or the percentage of the actual cost incurred by a qualified entity for which a rebate may be granted pursuant to this ~~article~~ SECTION shall be as follows:

<b>Certification level:</b>	<b>For costs</b>	<b>For costs</b>	<b>For costs</b>
Low-emitting	50%	25%	<del>0%</del>
Ultra-low-emitting	75%	50%	<del>25%</del>
Zero-emitting	85%	75%	<del>50%</del>

(3) Any application for a rebate shall be filed within twelve months after the end of the month in which the cost is incurred by the qualified entity. The executive director shall grant rebates in the order in which applications are received as moneys are made available. The executive director shall grant rebates to qualified entities only if the cost is incurred on or after July 1, 1998, but prior to ~~July 1, 2011~~ JULY 1, 2009. No rebate shall be granted more than twenty-four months after the date upon which the cost is incurred. Rebates shall be granted only from available moneys in the alternative fuels rebate fund created in section 39-33-105, and in no event shall the state have any obligation to provide rebates from any source other than the fund. For the purposes of this section, "cost is incurred" means, at the option of a qualified entity, either the date when the entity obligates itself to make a purchase or the date on which the entity pays for such purchase.

(4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2010.

**SECTION 8.** Article 33 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**39-33-103.5. Amount of rebate for costs incurred prior to July 1, 2015 - repeal.** (1) THE AGGREGATE OF ALL REBATES GRANTED TO A QUALIFIED ENTITY SHALL NOT EXCEED THREE HUNDRED FIFTY THOUSAND DOLLARS IN ANY STATE FISCAL YEAR. THE REBATE GRANTED TO A QUALIFIED

ENTITY FOR EACH MOTOR VEHICLE PURSUANT TO THIS SECTION SHALL NOT BE AN AMOUNT THAT EXCEEDS THE PERCENTAGE, AS SET FORTH IN PARAGRAPH (a) OF SUBSECTION (2) OF THIS SECTION, OF THE FOLLOWING:

(a) THE DIFFERENCE BETWEEN THE ACTUAL COST INCURRED BY SUCH ENTITY DURING A GIVEN STATE FISCAL 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 MODEL, MAKE, ENGINE SIZE, AND OPTIONS, THAT USES A TRADITIONAL FUEL;

(b) THE DIFFERENCE BETWEEN THE ACTUAL COST INCURRED BY SUCH ENTITY DURING A GIVEN STATE FISCAL 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;

(c) THE ACTUAL COST INCURRED BY SUCH ENTITY DURING A GIVEN STATE FISCAL YEAR IN CONVERTING A MOTOR VEHICLE TO A FUEL SYSTEM THAT USES AN ALTERNATIVE FUEL;

(d) THE ACTUAL COST INCURRED BY SUCH PERSON IN PURCHASING IDLING REDUCTION TECHNOLOGIES; OR

(e) (I) THE ACTUAL COST OF CONVERTING THE VEHICLE FROM A HYBRID VEHICLE TO A PLUG-IN HYBRID ELECTRIC VEHICLE.

(II) QUALIFIED ENTITIES WHO RECEIVED A REBATE IN PREVIOUS YEARS FOR THE PURCHASE OF MODEL YEAR 2004 AND NEWER HYBRID VEHICLES ARE ELIGIBLE TO APPLY FOR AN ADDITIONAL REBATE FOR THE CONVERSION OF SUCH A HYBRID VEHICLE TO A PLUG-IN HYBRID ELECTRIC VEHICLE.

(2) (a) FOR THE PURPOSES OF SUBSECTION (1) OF THIS SECTION, THE PERCENTAGE OF THE DIFFERENCE IN ACTUAL COST INCURRED OR THE PERCENTAGE OF THE ACTUAL COST INCURRED BY A QUALIFIED ENTITY FOR WHICH A REBATE MAY BE GRANTED PURSUANT TO THIS ARTICLE SHALL BE AS FOLLOWS:

<b>CATEGORY:</b>	<b>FOR COSTS INCURRED ON OR AFTER JULY 1, 2009, BUT PRIOR TO JULY 1, 2010:</b>	<b>FOR COSTS INCURRED ON OR AFTER JULY 1, 2010, BUT PRIOR TO JULY 1, 2011:</b>	<b>FOR COSTS INCURRED ON OR AFTER JULY 1, 2011, BUT PRIOR TO JULY 1, 2012:</b>	<b>FOR COSTS INCURRED ON OR AFTER JULY 1, 2012, BUT PRIOR TO JULY 1, 2013:</b>	<b>FOR COSTS INCURRED ON OR AFTER JULY 1, 2013, BUT PRIOR TO JULY 1, 2015:</b>
<b>CATEGORY 1</b>	85%	75%	75%	75%	75%
<b>CATEGORY 2</b>	65%	45%	25%	15%	15%
<b>CATEGORY 3</b>	75%	55%	35%	25%	25%
<b>CATEGORY 4</b>	75%	55%	35%	25%	25%
<b>CATEGORY 5</b>	25%	25%	25%	25%	25%
<b>CATEGORY 6</b>	75%	10%	10%	0%	0%

(b) FOR A MOTOR VEHICLE THAT IS NOT USED SOLELY AND EXCLUSIVELY FOR THE BUSINESS OR OFFICIAL ACTIVITIES OF THE QUALIFIED ENTITY, THE AMOUNT OF THE REBATE ALLOWED PURSUANT TO THIS SECTION SHALL BE PRORATED IN PROPORTION TO THE PERCENTAGE OF TIME DURING THE CALENDAR YEAR THAT THE MOTOR VEHICLE IS USED FOR THE BUSINESS OR OFFICIAL ACTIVITIES OF THE ENTITY.

(c) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF PARAGRAPH (e) OF SUBSECTION (1) OF THIS SECTION, NO MORE THAN ONE REBATE SHALL BE GRANTED PURSUANT TO THIS SECTION FOR ANY INDIVIDUAL MOTOR VEHICLE.

(3) ANY APPLICATION FOR A REBATE SHALL BE FILED WITHIN TWELVE MONTHS AFTER THE END OF THE MONTH IN WHICH THE COST IS INCURRED BY THE QUALIFIED ENTITY. THE EXECUTIVE DIRECTOR SHALL GRANT REBATES IN THE ORDER IN WHICH APPLICATIONS ARE RECEIVED AS MONEYS ARE MADE AVAILABLE. THE EXECUTIVE DIRECTOR SHALL GRANT REBATES TO

QUALIFIED ENTITIES ONLY IF THE COST IS INCURRED ON OR AFTER JULY 1, 2009, BUT PRIOR TO JULY 1, 2015. NO REBATE SHALL BE GRANTED MORE THAN TWENTY-FOUR MONTHS AFTER THE DATE UPON WHICH THE COST IS INCURRED. REBATES SHALL BE GRANTED ONLY FROM AVAILABLE MONEYS IN THE ALTERNATIVE FUELS REBATE FUND CREATED IN SECTION 39-33-105, AND IN NO EVENT SHALL THE STATE HAVE ANY OBLIGATION TO PROVIDE REBATES FROM ANY SOURCE OTHER THAN THE FUND. FOR THE PURPOSES OF THIS SECTION, "COST IS INCURRED" MEANS, AT THE OPTION OF A QUALIFIED ENTITY, EITHER THE DATE WHEN THE ENTITY OBLIGATES ITSELF TO MAKE A PURCHASE OR THE DATE ON WHICH THE ENTITY PAYS FOR SUCH PURCHASE.

(4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2016.

**SECTION 9.** 39-33-106, Colorado Revised Statutes, is amended to read:

**39-33-106. Repeal of article.** This article is repealed, effective ~~July 1, 2012~~ JULY 1, 2016.

**SECTION 10.** 24-30-1104 (2) (c) (II) (B), Colorado Revised Statutes, is amended to read:

**24-30-1104. Central services functions of the department - definitions.** (2) In addition to the county-specific functions set forth in subsection (1) of this section, the department of personnel shall take such steps as are necessary to fully implement a central state motor vehicle fleet system by January 1, 1993. The provisions of the motor vehicle fleet system created pursuant to this subsection (2) shall apply to the executive branch of the state of Colorado, its departments, its institutions, and its agencies; except that the governing board of each institution of higher education, by formal action of the board, and the Colorado commission on higher education, by formal action of the commission, may elect to be exempt from the provisions of this subsection (2) and may obtain a motor vehicle fleet system independent of the state motor vehicle fleet system. Under the direction of the executive director, the department of personnel shall perform the following functions pertaining to the motor vehicle fleet system throughout the state:

(c) (II) By January 1, 2008, the executive director shall adopt a policy to significantly increase the utilization of alternative fuels and that

establishes increasing utilization objectives for each following year. To encourage compliance with this policy, the rules promulgated pursuant to this paragraph (c) may establish progressively more stringent percentage mileposts and shall, for fiscal years commencing after July 1, 2004, require the collection of data concerning the annual percentage of state-owned bi-fueled vehicles that were fueled exclusively with an alternative fuel. Beginning January 1, 2008, the executive director shall purchase flexible fuel vehicles or hybrid vehicles, subject to availability, unless the increased cost of such vehicle is more than ten percent over the cost of a comparable nonflexible fuel vehicle. The executive director shall adopt a policy to allow some vehicles to be exempted from this requirement. As used in this subparagraph (II):

(B) "Hybrid vehicle" ~~has the meaning established in section 39-22-516 (2.5) (a) (H.5), C.R.S.~~ 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.

**SECTION 11.** 39-26-719 (1) (b) (I), (1) (b) (III), (2) (b) (II) (A), and (2) (b) (II) (C), Colorado Revised Statutes, are amended to read:

**39-26-719. Motor vehicles.** (1) (b) For purposes of this subsection (1), unless the context otherwise requires:

(I) "Motor vehicle" ~~shall have the same meaning as set forth in section 39-22-516 (2.5) (a) (H)~~ 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.

(III) "Power source" ~~shall have the same meaning as set forth in section 39-22-516 (2.5) (a) (V)~~ MEANS THE ENGINE OR MOTOR AND ASSOCIATED WIRING, FUEL LINES, ENGINE COOLANT SYSTEM, FUEL STORAGE CONTAINERS, AND MISCELLANEOUS COMPONENTS.

(2) The following shall be exempt from taxation under the provisions of part 2 of this article:

(b) (II) For purposes of this paragraph (b), unless the context



otherwise requires:

(A) "Motor vehicle" ~~shall have the same meaning as set forth in section 39-22-516 (2.5) (a) (H)~~ 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.

(C) "Power source" ~~shall have the same meaning as set forth in section 39-22-516 (2.5) (a) (V)~~ MEANS THE ENGINE OR MOTOR AND ASSOCIATED WIRING, FUEL LINES, ENGINE COOLANT SYSTEM, FUEL STORAGE CONTAINERS, AND MISCELLANEOUS COMPONENTS.

**SECTION 12.** 42-4-1012 (2.5) (a) (III), Colorado Revised Statutes, is amended to read:

**42-4-1012. High occupancy vehicle (HOV) and high occupancy toll (HOT) lanes.** (2.5) (a) (III) As used in this subsection (2.5), "hybrid vehicle" ~~has the meaning established in section 39-22-516 (2.5) (a) (H.5);~~ ~~C.R.S.~~ 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.

**SECTION 13. Safety clause.** The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

---

Terrance D. Carroll  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

---

Brandon C. Shaffer  
PRESIDENT OF  
THE SENATE

---

Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

---

Karen Goldman  
SECRETARY OF  
THE SENATE

APPROVED \_\_\_\_\_

---

Bill Ritter, Jr.  
GOVERNOR OF THE STATE OF COLORADO