

FY 2006-07 and **\$2.2 million in FY 2007-08**, assuming that hybrid fuel vehicle sales grow by 75 percent per year in 2004 and 2005 and 50 percent per year in 2006 and 2007 and that the income tax credits claimed by taxpayers will follow this trend. Table 1 shows the current and proposed credits.

Table 1. Current and Proposed Alternative Fuel Tax Credits under HB 05-1290			
	Tax years commencing on or after July 1, 1998, but prior to July 1, 2006:	Tax years commencing on or after July 1, 2006, but prior to July 1, 2009:	Tax years commencing on or after July 1, 2009, but prior to July 1, 2011:
Income Tax Years (for making eligible purchases)	1998 thru 2006	2007 thru 2009	2010 thru 2011
Fiscal Year Conversion * (for accruing the state impact)	FY 1997-98 thru FY 2006-07	FY 2006-07 thru FY 2009-10	FY 2009-10 thru FY 2011-12
Low-emitting vehicles	50%	Current 25% Proposed 50%	Current 0% Proposed 25%
Ultra-low-emitting vehicles or inherently low-emitting vehicles	75%	Current 50% Proposed 75%	Current 25% Proposed 50%
Zero-emitting vehicles	85%	Current 75% Proposed 85%	Current 50% Proposed 75%

* *The impact of each half of an income tax year is accrued to the fiscal year in which it falls.*

Historically, the state's alternative fuel tax credits have provided \$1,181,625 to taxpayers in FY 2003-04 and \$762,722 in FY 2002-03. Although the exact portion is unknown, it is estimated that nearly all of these credits were provided for hybrid vehicles.

Any reduction in income taxes caused by the bill will reduce the amount of excess state revenue required to be refunded to taxpayers under TABOR. Taxpayer refunds are currently paid from the General Fund.

State Appropriations

No new state appropriations are required to implement the bill in FY 2005-06.

Departments Contacted

Public Safety Revenue Transportation