



FYI Sales 91

Sales and Use Tax Exemption for Low Emitting Heavy Vehicles

For sales made on or before June 30, 2014

Motor vehicles greater than 10,000 pounds gross motor vehicle weight rating (GVWR) that are certified by the United States Environmental Protection Agency (EPA) or any state provided in the Federal Clean Air Act as meeting an emission standard equal to or more stringent than the low-emitting vehicle (LEV) standard are exempt from state sales and use tax. [§39-26-719, C.R.S.]

Parts that are certified by the United States Environmental Protection Agency (EPA) or any state provided in the Federal Clean Air Act as meeting an emission standard equal to or more stringent than the low-emitting used for converting the power source of a vehicle greater than 10,000 pounds GVWR to a LEV vehicle are also exempt from state sales and use tax.

For sales made on or after July 1, 2014

Motor vehicles greater than 26,000 pounds gross vehicle weight rating (GVWR) that are certified by United States Environmental Protection Agency (EPA) as provided in the federal heavy-duty national program that includes new greenhouse gas emissions standards are exempt from state sales and use tax. Parts that are certified by the EPA are also exempt from state sales and use tax when converting motor vehicles greater than 26,000 pounds GVWR.

Motor vehicles greater than 10,000 pounds gross vehicle weight rating (GVWR) are exempt from state sales and use tax when one of the following criterion are met:

- The vehicle is equipped by the manufacturer to operate on compressed natural gas (CNG) or liquefied petroleum gas (LPG). The vehicle can run exclusively CNG or LPG or as a bi-fuel or dual fuel that can operate on traditional fuel and CNG or LPG. (Category 4 pursuant to §39-22-516.8)
- The vehicle is equipped with a CNG or LPG conversion certified by the EPA. The vehicle can run exclusively CNG or LPG or as a bi-fuel or dual fuel that can operate on traditional fuel and CNG or LPG. (Category 4A pursuant to §39-22-516.8)
- The vehicle is equipped by the manufacturer to operate on liquefied petroleum gas (LPG) or hydrogen. The vehicle can run exclusively LPG or hydrogen, or as a bi-fuel or dual fuel that can operated on traditional fuel and LPG or hydrogen. (Category 4B pursuant to §39-22-516.8)
- The vehicle is equipped with a LPG or hydrogen conversion certified by the EPA. The vehicle can run exclusively LPG or hydrogen, or as a bi-fuel or dual fuel that can operated on traditional fuel and LPG or hydrogen. (Category 4C pursuant to §39-22-516.8)
- The vehicle is equipped by the manufacturer as an electric truck or plug-in hybrid electric truck. (Category 7 pursuant to §39-22-516.8)
- The vehicle is converted to an electric truck or plug-in hybrid electric truck. (Category 7A pursuant to §39-22-516.8)

Claiming the Tax Exemption

The dealer should not collect the state sales tax (2.9%) on vehicles that qualify for this exemption. Local taxes may still be due. Likewise, the state tax should not be collected at the time the vehicle is registered at the county office. If any sales tax is paid in error, you can file a Claim for Refund (DR 0137) with the state to receive a refund of taxes paid in error.

Local Taxes

Unless cities, counties or special districts have adopted an ordinance or resolution to exempt LEV heavy vehicles, local taxes are due on the purchase or sale of LEV heavy vehicles. Refer to Colorado Sales/Use Tax Rates (DR 1002) to determine if a city or county has allowed this exemption. Home-rule cities are also listed in the DR 1002. Most home-rule cities enact their own sales tax ordinances and collect their own taxes. Contact home-rule cities directly for their rules regarding sales taxes on heavy vehicles. Evidence of gross vehicle weight rating and EPA certification must be submitted with the claim to qualify for a refund.

Exempt Vehicles

The Department of Revenue will no longer publish a list of exempt vehicles. Attached to this FYI is an affidavit (DR 1369) that motor vehicle dealers should complete when selling an exempt vehicle to customers that will register the vehicle in Colorado. The dealer should also provide evidence of GVWR and EPA certification. The customer will then take the affidavit, GVWR evidence and EPA certification to the county clerk when they register the vehicle so that the county does not charge state sales or use tax on an exempt vehicle.

If you purchased a vehicle that meets the exemption requirement and were charged state sales or use tax you may file a Claim for Refund (DR 0137). You must include proof of sales tax paid, evidence of GVWR, and EPA certificate or California Air Resource Board certificate (CA certificate is only valid for sales made prior of July, 1 2014). Tax information and forms are available at www.TaxColorado.com.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.