

For income tax years commencing on or after January 1, 2024, but before January 1, 2027, Colorado allows an income tax credit to incentivize the purchase of electric-powered lawn equipment. The credit is allowed to qualified retailers for all retail sales of new, electric-powered lawn equipment sold in Colorado during the retailer's income tax year. The qualified retailer may claim a credit equal to 33% of the aggregate purchase price of the qualifying lawn equipment and must provide the purchaser a discount as described later in this publication. The credit is subject to several requirements and limitations.

This publication is designed to provide general guidance regarding the credit and is intended to supplement guidance provided in the [Colorado Individual Income Tax Guide](#) and the [Colorado Corporate Income Tax Guide](#). Nothing in this publication modifies or is intended to modify the requirements of Colorado's statutes and regulations. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

Qualified retailers

Only qualified retailers may claim the credit. Purchasers may not claim the credit on their own income tax returns. A retailer that sells electric-powered lawn equipment must satisfy all of the following criteria to qualify for the credit:

- They must hold a current Colorado sales tax license.
- They must have timely filed monthly Colorado sales tax returns showing a tax liability for at least twelve months.
- They must have paid the taxes due on each monthly sales tax return.
- They must have registered with the Department for the credit.

Registration

Before selling a piece of new, electric-powered lawn equipment for which a retailer intends to claim this credit, the retailer must register as a qualified retailer with the Department. If the retailer is an affiliated corporation included in a combined or consolidated return, the registration must be made under the account for the parent corporation or other filing member. If the retailer is a partnership or S corporation, the registration must be made under the account for the partnership or S corporation. If the retailer is a disregarded LLC, the registration must be made under the account of the member or owner.

For specific instructions on how to register as a qualified retailer for the credit, please visit [Tax.Colorado.gov/electric-powered-lawn-equipment-tax-credit](https://tax.colorado.gov/electric-powered-lawn-equipment-tax-credit).

Qualifying lawn equipment

A qualified retailer is allowed a credit for all retail sales of new, electric-powered lawn equipment sold in Colorado. Lawn mowers, leaf blowers, trimmers, and snowblowers are all lawn equipment that can qualify for the credit.

Electric-powered

Qualifying lawn equipment must have an electric motor that is powered exclusively by electricity through an electrical outlet or by a rechargeable battery to qualify for the credit. Lawn equipment that is manual, hybrid, or partially electric is not powered exclusively by electricity and does not qualify for the credit.

While qualifying lawn equipment must be electric-powered to qualify for the credit, any ancillary pieces sold separately that may be necessary to operate the equipment, such as chargers, batteries, or extension cords, do not qualify for the credit.



New qualifying lawn equipment

Qualifying lawn equipment must be new at the time of purchase to qualify for the credit. Lawn equipment is new if it is being transferred for the first time from a manufacturer, dealer or agent of a manufacturer, or retailer to the end user or consumer. Lawn equipment is **not** considered new if:

- The lawn equipment was previously sold, unless it meets the conditions to be considered new below;
- The lawn equipment was used by a retailer for the purpose of demonstration; or
- The lawn equipment was used by a retailer for the purpose of a rental.

Lawn equipment that was previously sold and returned to the qualified retailer is still considered new and eligible for the credit on a subsequent sale if:

- The qualified retailer provided a full refund to the original purchaser; and
- The lawn equipment can be resold in new condition for the full price on a subsequent sale and is not discounted because it was previously returned.

If returned lawn equipment is used in such a way that it cannot be resold in new condition for the full price on a subsequent sale, the lawn equipment is no longer new and is not eligible for the credit.

Specific types of qualifying lawn equipment

Lawn mowers, leaf blowers, trimmers, and snowblowers can all qualify for the credit.

Lawn Mower

For the purpose of the credit, a lawn mower is any machine with one or more revolving or rotating blades used for cutting grass on a lawn. Various types of lawn mowers can qualify for the credit, including push or walk-behind, reel or cylinder, riding or ride-on, stand-behind, hover, and robotic mowers as well as lawn tractors, brush cutters, and mowers.

Brush hogs or rotary cutters, grooming mowers, flail mowers or shredders, hay and forage mowing equipment, and farm tractors are not lawn mowers and do not qualify for the credit.

Leaf Blower

The credit is allowed for leaf blowers, which are machines that generate a concentrated stream of air that blows or vacuums debris such as dirt, dust, leaves, grass, clippings, cuttings, and trimmings. Leaf blowers come in various forms, including hand-held models, backpack models, corded and cordless models, walk-behind models, leaf vacuums, and combo kits that include a leaf blower.

Trimmer

Trimmers for which a credit may be claimed are portable machines with cords, blade(s), or line that cut, clip, pare, prune, or remove unwanted or untidy parts of a lawn, tree, hedge, bush, or shrub. The credit may be claimed for corded or cordless string and hedge trimmers, grass shears, pruners, loppers, and combo kits that include a trimmer.

Chainsaws and tractor-mounted hedge trimmers do not qualify for the credit.

Snowblower

The credit is allowed for snowblowers, which are machines with an auger to remove snow by picking it up and propelling it aside through a chute. Snowblower includes snow throwers.

Snowplows and devices that attach to a tractor or other vehicle do not qualify for the credit.



Qualifying Sales

A qualified retailer is allowed a credit for all retail sales of new, electric-powered lawn equipment that the qualified retailer sold in Colorado during a tax year for which the credit is allowed.

Eligible tax years

The credit is allowed for qualifying sales made during income tax years beginning on or after January 1, 2024, but before January 1, 2027. Sales made during a qualified retailer's tax year beginning prior to January 1, 2024, or after December 31, 2026, do not qualify for the credit even if those sales are made between January 1, 2024, and January 1, 2027.

Example

A qualified retailer's income tax year is a fiscal year running from July 1 to June 30. The qualified retailer cannot claim any credits on its return for its tax year running from July 1, 2023, through June 30, 2024, even if those sales occur on or after January 1, 2024. However, the qualified retailer can claim credits on its return for its tax year running from July 1, 2026, through June 30, 2027, even if those sales occur on or after January 1, 2027.

Retail Sales

A retail sale is a sale to the user or consumer. A sale to a retailer, dealer, or wholesaler for the purpose of resale is not a retail sale.

For additional information about retail sales, please see Part 1 of the [Colorado Sales Tax Guide](#).

Sales in Colorado

Lawn equipment must be sold in Colorado to qualify for the credit. A retail sale is considered to be sold in Colorado if it is sourced to Colorado in accordance with Colorado sales tax law. In general, a retail sale is sourced to the location where the purchaser takes possession of the purchased property. For more information regarding the sourcing of retail sales, please see Part 1 of the [Colorado Sales Tax Guide](#)

Retailer credit and purchaser discount

A qualified retailer may claim a credit equal to 33% of the aggregate purchase price for all qualifying retail sales of new, electric-powered lawn equipment sold in Colorado during the retailer's income tax year.

The qualified retailer claiming the credit must provide to the purchaser, at the time of the retail sale, a discount equal to 30% of the purchase price of the qualifying lawn equipment. The qualified retailer must show the discount as a separate line item on the receipt or invoice provided to the purchaser.

The qualified retailer may retain an administrative fee not to exceed 3% of the purchase price of the new, electric-powered lawn equipment sold.

The credit, required discount, and administrative fee are all calculated on the full price of the new, electric-powered lawn equipment.

However, if the qualified retailer provides a store coupon or other discount reducing the sales price, the amount of credit, required discount, and administrative fee are all calculated on the sales price after reduction by the store coupon or other discount.

There is no minimum or maximum purchase price for new, electric-powered lawn equipment that may be sold and eligible for the credit and discount. Please see Part 3 of the [Colorado Sales Tax Guide](#) for more information about purchase price.



Sales tax

Sales tax is calculated on the full price of the new, electric-powered lawn equipment, rather than the net price to the consumer after deducting the amount of the discount required for the credit.

However, if the qualified retailer provides a store coupon or other discount reducing the sales price, the sales tax is calculated on the purchase price after reduction by the store coupon or other discount.

Please see Part 3 of the [Colorado Sales Tax Guide](#) for more information about sales tax.

Returned lawn equipment

No credit is allowed if the qualifying lawn equipment is returned. Please see the quarterly reporting instructions in [Revenue Online](#) for information on reporting returned lawn equipment.

However, returned qualifying lawn equipment that is still considered new may be eligible for a credit on a subsequent sale if it meets the conditions required to be considered new.

Reporting and filing requirements

The qualified retailer must electronically submit quarterly reports through [Revenue Online](#). Additionally, a Colorado income tax return must be filed to claim the credit.

Quarterly reports

The qualified retailer can claim the credit only after electronically submitting quarterly reports through their [Revenue Online](#) account. If the qualified retailer is an affiliated corporation included in a combined or consolidated return, the parent corporation or other filing member must file the quarterly reports through their own [Revenue Online](#) account. If the qualified retailer is a partnership or S corporation, the partnership or S corporation must file the quarterly reports through their own [Revenue Online](#) account. If the qualified retailer is a disregarded LLC, the member or owner must file the quarterly reports through their own [Revenue Online](#) account.

Due dates

The due dates for quarterly reports coincide with the qualified retailer's due dates for making estimated tax payments. For additional information regarding estimated payments, please see Part 7 of the [Colorado Individual Income Tax Guide](#) and Part 9 of the [Colorado Corporate Income Tax Guide](#).

Reporting qualifying sales

Each qualifying sale must be included in the first quarterly report due after the month in which the sale occurred. If the qualified retailer fails to include any qualifying sale in the appropriate quarterly report, the qualified retailer may include that sale in the report they file for a subsequent quarter. If the four quarterly reports filed by the retailer do not accurately reflect the correct number of qualifying sales made by the qualified retailer during the income tax year, the retailer must send a web message through their Revenue Online account to request any necessary correction to their quarterly reports.

For specific instructions on how to file quarterly reports, please visit [Tax.Colorado.gov/electric-powered-lawn-equipment-tax-credit](https://tax.colorado.gov/electric-powered-lawn-equipment-tax-credit).



Income tax return

The qualified retailer must file a Colorado income tax return with the applicable credit schedule to claim the credit. If the qualified retailer is an affiliated corporation included in a combined or consolidated return, the parent corporation or other filing member must claim the credit on its Colorado income tax return. If the qualified retailer is a partnership or S corporation, the partnership or S corporation must issue a Colorado K-1 (DR 0106K) to each partner or shareholder showing their share of the credit. Each partner or shareholder must claim their share of the credit on their Colorado income tax return. If the qualified retailer is a disregarded LLC, the member or owner must claim the credit on its Colorado income tax return.

The credits may be claimed only on the Colorado income tax return filed for the tax year in which the new electric-powered lawn equipment was sold. If the previously filed quarterly reports do not accurately reflect the correct number of qualifying sales made by the qualified retailer during the income tax year, the retailer must send a web message through their Revenue Online account to request any necessary correction to their quarterly reports.

If the allowable credit exceeds the qualified retailer's tax liability for the income tax year, the excess credit will be refunded to the qualified retailer and may not be carried forward.

Estimated tax payments

Although credits may not be claimed prior to the filing of the qualified retailer's Colorado income tax return, a qualified retailer may take any allowable credits into account in calculating their required estimated payments for the tax year. Any allowable credits reduce the qualified retailer's tax liability for the tax year in which the qualifying electric-powered lawn equipment is sold and thereby reduce the amount of the required estimated payments.

For additional information regarding estimated payments, please see Part 7 of the [Colorado Individual Income Tax Guide](#) and Part 9 [Colorado Corporate Income Tax Guide](#).

Additional resources

The following is a list of statutes, regulations, forms, and guidance pertaining to the sale of electric-powered lawn equipment. This list is not, and is not intended to be, an exhaustive list of authorities that govern the tax treatment of every situation. Individuals and businesses with specific questions should consult their tax advisors.

Statutes and regulations

- § 39-22-550, C.R.S. Tax credit for reducing emissions for certain lawn equipment
- § 39-26-102, C.R.S. Definitions

Forms and guidance

- [Tax.Colorado.gov](https://tax.colorado.gov)
- [Tax.Colorado.gov/electric-powered-lawn-equipment-tax-credit](https://tax.colorado.gov/electric-powered-lawn-equipment-tax-credit)
- [Revenue Online](#)
- [Colorado Corporate Income Tax Guide](#)
- [Colorado Individual Income Tax Guide](#)
- [Colorado Sales Tax Guide](#)