

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

April 6, 2023
Date

Committee on Energy & Environment.

After consideration on the merits, the Committee recommends the following:

HB23-1272 be amended as follows, and as so amended, be referred to the Committee on Finance with favorable recommendation:

- 1 Amend printed bill, page 9, line 26, before "(1)(p.5)," insert "(1)(g.5),".
- 2 Page 10, after line 5 insert:
3 "(g.5) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE."
- 4 Page 12, line 16, strike "AMOUNT" and substitute "AMOUNTS".
- 5 Page 12, line 17, strike "SUBSECTION (4)(a)(XI)" and substitute
6 "SUBSECTIONS (4)(a)(XI) AND (4)(a.5)".
- 7 Page 13, line 2, strike "BY".
- 8 Page 16, strike lines 1 through 5 and substitute "JANUARY 1, 2029, OF A
9 CATEGORY 1 VEHICLE THAT EXCEEDS A MANUFACTURER'S SUGGESTED
10 RETAIL PRICE OF EIGHTY-THOUSAND DOLLARS."
- 11 Page 17, line 17, before "(1)(bb.1)," insert "(1)(q.5),".
- 12 Page 17, after line 20, insert:
13 "(q.5) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE."
- 14 Page 18, line 14, strike "MEDIUM-DUTY" and substitute "LIGHT-DUTY,
15 MEDIUM-DUTY,".
- 16 Page 37, line 8, strike the second "IN" and substitute "FOR".
- 17 Page 38, line 21, strike "DECEMBER 31, 2023," and substitute "JUNE 30,
18 2024,".

- 1 Page 43, strike lines 25 and 26 and substitute "PURSUANT TO THIS SECTION
2 IN AN AGGREGATE AMOUNT".
- 3 Page 53, line 22, strike "AN ELECTRIC".
- 4 Page 53, strike line 23.
- 5 Page 54, strike lines 3 and 4.
- 6 Page 55, strike lines 11 and 12.
- 7 Page 58, strike lines 18 and 19.
- 8 Page 59, line 15, strike "BUILDING;" and substitute "BUILDING.".
- 9 Page 59, strike lines 16 and 17.
- 10 Page 62, line 16, strike "2027" and substitute "2031".
- 11 Page 62, line 24, strike "SUBSECTION (3)(d)(V)" and substitute
12 "SUBSECTIONS (3)(d) AND (3)(e)".
- 13 Page 63, line 13, strike "2024," and substitute "2023,".
- 14 Page 72, line 12, strike "2035," and substitute "2033,".
- 15 Page 74, after line 18 insert:
- 16 "(6) (a) A QUALIFIED TAXPAYER SHALL SUBMIT A REPORT TO THE
17 OFFICE BY THE END OF THE FIRST MONTH AFTER THE END OF ANY INCOME
18 TAX YEAR IN WHICH THE QUALIFIED TAXPAYER RECEIVED A TAX CREDIT
19 UNDER THIS SECTION AND SHALL ANNUALLY SUBMIT A REPORT FOR FIVE
20 YEARS THEREAFTER REPORTING SUSTAINABLE AVIATION FUEL
21 PRODUCTION AND TOTAL FUEL PRODUCTION FOR THE FACILITY.".
- 22 Page 74, line 19, strike "(6)" and substitute "(b)".
- 23 Page 75, line 9, strike "2036," and substitute "2034,".
- 24 Page 75, after line 17 insert:
- 25 "(8) IF THE CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE
26 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED TAXPAYER FOR THE

1 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
2 MUST BE REFUNDED TO THE QUALIFIED TAXPAYER.

3 (9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038."

4 Page 75, line 24, strike "39-22-554." and substitute "39-22-553."

5 Page 83, line 6, strike "portion" and substitute "portion; and **add** (2)(d)".

6 Page 84, line 12, after "2026," insert "BUT BEFORE JANUARY 1, 2033,".

7 Page 84, after line 16 insert:

8 "(d) FOR A TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1,
9 2033, FOR EACH WELL THAT IS NOT EXEMPT FROM THE STATE SEVERANCE
10 TAX PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION, THERE IS
11 ALLOWED A CREDIT AGAINST THE TAX COMPUTED IN ACCORDANCE WITH
12 SUBSECTION (1)(b) OF THIS SECTION IN AN AMOUNT CALCULATED BY THE
13 FORMULA $C = 0.7656 \times GI \times ML$, WHERE:

14 (I) C IS THE AMOUNT OF THE CREDIT;

15 (II) GI IS THE GROSS INCOME ATTRIBUTABLE TO THE WELL FOR THE
16 CURRENT TAXABLE YEAR; AND

17 (III) ML IS THE TOTAL OF ALL MILL LEVIES, FIXED NOT LATER THAN
18 DECEMBER 22 OF THE PRECEDING CALENDAR YEAR PURSUANT TO SECTION
19 39-1-111, BY ALL LOCAL GOVERNMENTS FOR PROPERTY AT THE WELL'S
20 LOCATION."

21 Page 84, line 18, strike "and (7)(b);" and substitute "(7)(b), (7)(d), and
22 (7)(e);".

23 Page 85, line 2, strike "2024-25 THROUGH 2023-33," and substitute
24 "2023-24 THROUGH 2032-33,".

25 Page 85, line 6, strike "GENERAL FUND." and substitute
26 "DECARBONIZATION TAX CREDITS ADMINISTRATION CASH FUND CREATED
27 IN SECTION 24-38.5-119 (2)".

28 Page 87, after line 18 insert:

29 "(d) The persons identified in subsection (7)(a) of this section
30 shall submit the written implementation plan to the joint budget
31 committee no later than January 15, 2024; EXCEPT THAT THE
32 RECOMMENDATIONS REQUIRED PURSUANT TO SUBSECTION (7)(a)(IV) OF
33 THIS SECTION SHALL BE SUBMITTED TO THE JOINT BUDGET COMMITTEE NO

1 LATER THAN JANUARY 15, 2025. Prior to submission of the
2 implementation plan, the stakeholder group shall have an opportunity to
3 review the draft recommendations and individual stakeholders may
4 provide comments in response to the implementation plan to be included
5 with the submission of the implementation plan.

6 (e) This subsection (7) is repealed, effective ~~July 1, 2024~~. JULY 1,
7 2025."

8 Page 91, after line 23 insert:

9 "SECTION 20. In Colorado Revised Statutes, 24-38.5-102, add
10 (5) as follows:

11 **24-38.5-102. Colorado energy office - duties and powers -**
12 **definitions.** (5) (a) AS USED IN THIS SUBSECTION (5), UNLESS THE
13 CONTEXT OTHERWISE REQUIRES:

14 (I) "DECARBONIZATION TAX CREDITS" MEANS THE TAX CREDITS
15 CREATED IN SECTIONS 39-22-549, 39-22-550, 39-22-551, 39-22-552,
16 39-22-553, AND 39-22-554.

17 (II) "STANDARDS" MEAN THE STANDARDS OR GUIDELINES THE
18 OFFICE IS AUTHORIZED TO ADOPT TO IMPLEMENT THE DECARBONIZATION
19 TAX CREDITS.

20 (b) NOTWITHSTANDING 24-1-136 (11)(a)(I), BEGINNING ON AND
21 AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, THE COLORADO
22 ENERGY OFFICE SHALL ANNUALLY REPORT TO THE TRANSPORTATION AND
23 ENERGY COMMITTEE OF THE SENATE, THE ENERGY AND ENVIRONMENT
24 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, AND THE FINANCE
25 COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR
26 ANY SUCCESSOR COMMITTEES, THE FOLLOWING:

27 (I) STANDARDS ADOPTED IN THE PRECEDING YEAR;

28 (II) AMENDMENTS, MODIFICATIONS, CHANGES, OR REPEALS TO
29 PREVIOUSLY ADOPTED STANDARDS IN THE PRECEDING YEAR; AND

30 (III) INFORMATION ON ANY PUBLIC COMMENT SOLICITED OR
31 RECEIVED PURSUANT TO THE ADOPTION OF STANDARDS OR TO THE
32 AMENDMENT, MODIFICATION, CHANGE, OR REPEAL OF PREVIOUSLY
33 ADOPTED STANDARDS.

34 (c) THE COLORADO ENERGY OFFICE MAY INCLUDE THE
35 INFORMATION REQUIRED IN SUBSECTION (5)(b) OF THIS SECTION IN ITS
36 ANNUAL PRESENTATION TO ITS JOINT COMMITTEES OF REFERENCE
37 PURSUANT TO SECTION 2-7-203.

38 (d) IF IN THE PRECEDING YEAR THE COLORADO ENERGY OFFICE
39 DOES NOT ADOPT NEW STANDARDS OR MAKE ANY CHANGES OR
40 MODIFICATIONS TO ADOPTED STANDARDS, THEN IT IS NOT REQUIRED TO
41 REPORT IN THAT YEAR PURSUANT TO SUBSECTION (5)(b) OF THIS SECTION.

1 (e) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE DECEMBER 1,
2 2033."

3 Renumber succeeding sections accordingly.

4 Page 91, line 25, strike "(6)(b)" and substitute "(6)(b); and **add (3)(c)**".

5 Page 92, strike line 2 and insert:
6 **"reporting - repeal. (3) Grant program. (c) (I) GRANTS**
7 **CANNOT BE AWARDED FOR GREENHOUSE GAS EMISSIONS REDUCTION**
8 **IMPROVEMENTS PUT IN SERVICE AT AN INDUSTRIAL FACILITY FOR WHICH**
9 **AN INDUSTRIAL CLEAN ENERGY TAX CREDIT IS RECEIVED PURSUANT TO**
10 **SECTION 39-22-549.**

11 (II) AS USED IN THIS SUBSECTION (3)(c), UNLESS THE CONTEXT
12 OTHERWISE REQUIRES:
13 (A) "GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS"
14 HAS THE SAME MEANING AS SET FORTH IN SECTION 39-22-549 (2)(e).
15 (B) "INDUSTRIAL FACILITY" HAS THE SAME MEANING AS SET FORTH
16 IN SECTION 39-22-549 (2)(g).
17 (6) **Fund. (b) (I) The money in the fund is".**

18 Page 92, line 13, strike "39-22-549." and substitute "39-22-549 AND THE
19 TAX CREDIT FOR SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY
20 CREATED IN SECTION 39-22-554."

21 Page 93, line 1, strike "39-22-550 AND" and substitute "39-22-550,".

22 Page 93, line 2, strike "39-22-551." and substitute "39-22-551, AND THE
23 HEAT PUMP TECHNOLOGY AND THERMAL ENERGY NETWORK TAX CREDIT
24 CREATED IN SECTION 39-22-552."

25 Page 94, line 22, after "24-38.5-101," insert "AND THE DEPARTMENT OF
26 REVENUE".

27 Page 95, strike lines 5 through 20.

28 Renumber succeeding sections accordingly.

29 Page 95, before line 21, insert:
30 **"SECTION 25. In Colorado Revised Statutes, add 24-38.5-119**
31 **as follows:**
32 **24-38.5-119. Decarbonization tax credits administration cash**
33 **fund - definitions - repeal. (1) AS USED IN THIS SECTION, UNLESS THE**

1 CONTEXT OTHERWISE REQUIRES:
2 (a) "DECARBONIZATION TAX CREDITS" MEANS THE CREDITS
3 CREATED IN SECTIONS 39-22-516.7, 39-22-516.8, 39-22-549, 39-22-550,
4 39-22-551, 39-22-552, 39-22-553, AND 39-22-554.
5 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.
6 (c) "FUND" MEANS THE DECARBONIZATION TAX CREDITS
7 ADMINISTRATION CASH FUND CREATED IN SUBSECTION (2) OF THIS
8 SECTION.
9 (d) "OFFICE" MEANS THE COLORADO ENERGY OFFICE.
10 (2) THE DECARBONIZATION TAX CREDITS ADMINISTRATION CASH
11 FUND IS HEREBY CREATED IN THE STATE TREASURY. THE FUND CONSISTS
12 OF MONEY CREDITED TO THE FUND PURSUANT TO SECTION 39-29-108
13 (2)(e)(I) AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
14 APPROPRIATE OR TRANSFER TO THE FUND.
15 (3) SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL
16 ASSEMBLY, FOR STATE FISCAL YEARS 2024-25 THROUGH 2032-33, THE
17 OFFICE AND THE DEPARTMENT MAY EXPEND MONEY FROM THE FUND FOR
18 DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE IMPLEMENTATION
19 AND ADMINISTRATION OF THE DECARBONIZATION TAX CREDITS.
20 (4) THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED
21 AND UNENCUMBERED MONEY IN THE FUND ON JULY 1, 2033 TO THE
22 GENERAL FUND.
23 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033."

24 Renumber succeeding sections accordingly.

25 Page 95, line 26, strike "SECTION." and substitute "SECTION WITH RESPECT
26 TO THE IMPROVEMENTS OR EXPENDITURES FOR WHICH A CREDIT WAS
27 ALLOWED BY THOSE SECTIONS."

28 Strike "MUST" and substitute "SHALL" on: **Page 37**, line 5; **Page 38**, line
29 11; **Page 51**, line 5; and **Page 63**, line 19.

30 Strike "SHALL" and substitute "MUST" on: **Page 38**, line 3; and **Page 74**,
31 line 16.

32 After "BUILDING;" insert "AND" on: **Page 53**, line 27; **Page 55**, line 8;
33 **Page 58**, line 15; and **Page 59**, line 13.

34 Strike "BUILDING; AND" and insert "BUILDING." on: **Page 54**, line 2; **Page**
35 **55**, line 10; and **Page 58**, line 17.

36 Strike "A DUAL FUEL SYSTEM" and substitute "SUPPLEMENTAL HEAT" on:

- 1 **Page 55**, lines 4 and 5; **Page 58**, lines 10 and 11; and **Page 59**, lines 9 and
2 10.
- 3 Strike "REAL" and substitute "RETAIL" on: **Page 88**, line 21; and **Page 89**,
4 line 8.
- 5 After "OFFICE" insert "AND THE DEPARTMENT OF REVENUE" on: **Page 92**,
6 lines 10 and 24; and **Page 93**, line 20.
- 7 Page 2, line 105, before "DECREASING" insert "TEMPORARILY".
- 8 Page 2, strike lines 106 through 108 and substitute "**PRODUCTION,**
9 **REQUIRING THE REVENUE THAT IS ATTRIBUTABLE TO THE DECREASE BE**
10 **DEPOSITED IN THE DECARBONIZATION TAX CREDITS ADMINISTRATION**
11 **CASH FUND, AND CREATING THE CASH FUND.**".

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