

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 23-0648.01 Richard Sweetman x4333

HOUSE BILL 23-1134

HOUSE SPONSORSHIP

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A BILL FOR AN ACT

101 **CONCERNING MANDATORY PROVISIONS IN HOME WARRANTY SERVICE**
102 **CONTRACTS, AND, IN CONNECTION THEREWITH, REQUIRING A**
103 **HOME WARRANTY SERVICE CONTRACT TO INCLUDE TERMS**
104 **ALLOWING A HOMEOWNER TO REPLACE ANY OF CERTAIN**
105 **GAS-FUELED DEVICES WITH A DEVICE THAT OPERATES ON**
106 **ELECTRICITY OR TO RECEIVE AN AMOUNT THAT IS EQUIVALENT**
107 **TO THE RETAIL CASH VALUE OF THE GAS-FUELED DEVICE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
Amended 2nd Reading
February 13, 2023

The bill requires that, on and after January 1, 2024, every home warranty service contract that provides coverage for the replacement of any of certain gas-fueled appliances must include terms:

- Allowing the homeowner to replace the gas-fueled appliance with a similar device of the homeowner's choosing that operates on electricity rather than gas;
- Describing minimum efficiency and performance standards for each gas-fueled appliance and for electric replacements; and
- Allowing the homeowner to receive an equivalent cash value of a gas-fueled appliance in lieu of a replacement appliance.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Reducing greenhouse gas emissions and improving air quality
5 are integral to preserving Colorado's way of life, the health of Colorado
6 communities, and the state's natural environment;

7 (b) Clean and energy-efficient electric appliances can make use
8 of the state's increasing renewable energy resources and reduce the
9 production and use of fossil fuels;

10 (c) Fossil fuel production and use are two of the largest
11 contributors to ozone and poor outdoor air quality in Colorado; and

12 (d) Homes without gas appliances have better indoor air quality,
13 which is particularly important for the health of Colorado's children and
14 seniors.

15 (2) The general assembly also finds and declares that:

16 (a) Home warranty service contracts, also known as home
17 warranties, cover repairs and replacements for expensive home appliances
18 and systems;

19 (b) Home warranties that replace only existing aging appliances

1 on a like-for-like basis can create disincentives for people to purchase
2 cleaner and more energy-efficient appliances; and

3 (c) In keeping with the state's goals concerning greenhouse gas
4 reduction and air quality improvement, companies that offer home
5 warranties to Coloradans should help consumers purchase cleaner and
6 more energy-efficient replacement appliances.

7 (3) Therefore, the general assembly finds and declares that it is in
8 the state's best interest to require home warranties to include terms that
9 allow homeowners to replace gas appliances with electric replacements.

10 **SECTION 2.** In Colorado Revised Statutes, **amend** 12-10-901 as
11 follows:

12 **12-10-901. Definitions.** As used in this part 9, unless the context
13 otherwise requires:

14 (1) "GAS-FUELED APPLIANCE" MEANS A FURNACE, HVAC SYSTEM,
15 BOILER, WATER HEATER, OVEN, STOVE, OR DRYER THAT DIRECTLY
16 COMBUSTS A GASEOUS OR LIQUID FUEL TO PROVIDE SERVICES WITHIN A
17 HOME.

18 (2) "HEAT PUMP" MEANS AN ELECTRICAL DEVICE THAT USES A
19 REFRIGERATION CYCLE TO:

20 (a) HEAT THE INTERNAL SPACE OF A STRUCTURE BY TRANSFERRING
21 THERMAL ENERGY FROM OUTSIDE OF THE STRUCTURE TO INSIDE THE
22 STRUCTURE; OR

23 (b) COOL THE INTERNAL SPACE OF A STRUCTURE BY TRANSFERRING
24 THERMAL ENERGY FROM THE INSIDE OF THE STRUCTURE TO THE OUTSIDE
25 OF THE STRUCTURE.

26 ~~(1)~~ (3) "Home warranty service company" ~~referred to in this part~~
27 ~~9 as the~~ OR "company" means any person ~~who~~ THAT undertakes a

1 contractual obligation on a new or preowned home through a home
2 warranty service contract.

3 ~~(2)~~ (4) (a) "Home warranty service contract" means any contract
4 or agreement whereby a person undertakes for a predetermined fee, with
5 respect to a specified period of time, to maintain, repair, or replace any or
6 all of the following elements of a specified new or preowned home:

7 (I) Structural components, such as the roof, foundation, basement,
8 walls, ceilings, or floors;

9 (II) Utility systems, such as electrical, air conditioning, plumbing,
10 HVAC, and heating systems, including furnaces; and

11 (III) Appliances, such as stoves, washers, dryers, and dishwashers.

12 (b) "Home warranty service contract" does not include:

13 (I) Any contract or agreement whereby a public utility undertakes
14 for a predetermined fee, with respect to a specified period of time, to
15 repair or replace any or all of the elements of a specified new or
16 preowned home as specified in subsection ~~(2)(a)(II) or (2)(a)(III)~~
17 (4)(a)(II) OR (4)(a)(III) of this section; or

18 (II) A builder's warranty provided in connection with the sale of
19 a new home.

20 (5) "HVAC SYSTEM" MEANS A HEATING, VENTILATION, AND AIR
21 CONDITIONING SYSTEM.

22 ~~(3)~~ (6) "Person" includes an individual, company, corporation,
23 association, agent, and every other legal entity.

24 ~~(4)~~ (7) "Preowned" means ~~a single-family residence, residential~~
25 ~~unit in a multiple-dwelling structure, or mobile home on a foundation~~
26 ANY OF THE FOLLOWING that is occupied as a residence and not owned by
27 the builder-developer or first occupant:

- 1 (a) A SINGLE-FAMILY RESIDENCE;
- 2 (b) A RESIDENTIAL UNIT IN A MULTIPLE-DWELLING STRUCTURE; OR
- 3 (c) A MOBILE HOME ON A FOUNDATION.

4 **SECTION 3.** In Colorado Revised Statutes, 12-10-903, **add** (2)
5 as follows:

6 **12-10-903. Contract requirements.** (2) (a) ON AND AFTER
7 JANUARY 1, 2024, EVERY HOME WARRANTY SERVICE CONTRACT THAT
8 PROVIDES COVERAGE FOR THE REPLACEMENT OF A GAS-FUELED APPLIANCE
9 MUST INCLUDE TERMS:

10 (I) ALLOWING THE HOMEOWNER TO REPLACE THE GAS-FUELED
11 APPLIANCE WITH A SIMILAR DEVICE OF THE HOMEOWNER'S CHOOSING THAT
12 OPERATES ON ELECTRICITY RATHER THAN GAS. A HOME WARRANTY
13 SERVICE CONTRACT MAY REQUIRE A HOMEOWNER TO PAY ANY
14 ADDITIONAL COST TO REPLACE A GAS-FUELED APPLIANCE WITH AN
15 APPLIANCE THAT HAS A RETAIL COST THAT EXCEEDS THE COST OF
16 REPLACING THE GAS-FUELED APPLIANCE WITH ANOTHER GAS-FUELED
17 APPLIANCE UNDER THE TERMS OF THE HOME WARRANTY SERVICE
18 CONTRACT.

19 (II) PROVIDING THAT THE HOME WARRANTY SERVICE COMPANY IS
20 REQUIRED TO PROVIDE A REPLACEMENT APPLIANCE THAT SATISFIES THE
21 EFFICIENCY REQUIREMENTS SET FORTH IN ARTICLE 7.5 OF TITLE 6 AND ANY
22 OTHER STATE LAW.

23 (b) (I) IN THE CASE OF REPLACEMENT OF A GAS-FUELED FURNACE,
24 HVAC SYSTEM, BOILER, OR WATER HEATER, A HOME WARRANTY SERVICE
25 CONTRACT MUST INCLUDE TERMS THAT ALLOW THE HOMEOWNER TO
26 REPLACE THE FURNACE, HVAC SYSTEM, BOILER, OR WATER HEATER WITH
27 A HEAT PUMP-BASED SYSTEM.

1 (II) IN THE CASE OF REPLACEMENT OF A GAS-FUELED STOVE, A
2 HOME WARRANTY SERVICE CONTRACT MUST INCLUDE TERMS THAT ALLOW
3 THE HOMEOWNER TO REPLACE THE GAS-FUELED STOVE WITH EITHER AN
4 ELECTRIC STOVE OR AN INDUCTION STOVE, AT THE HOMEOWNER'S
5 DISCRETION.

6 **SECTION 4. Act subject to petition - effective date -**
7 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
8 the expiration of the ninety-day period after final adjournment of the
9 general assembly; except that, if a referendum petition is filed pursuant
10 to section 1 (3) of article V of the state constitution against this act or an
11 item, section, or part of this act within such period, then the act, item,
12 section, or part will not take effect unless approved by the people at the
13 general election to be held in November 2024 and, in such case, will take
14 effect on the date of the official declaration of the vote thereon by the
15 governor.

16 (2) This act applies to home warranty service contracts executed
17 or renewed on or after January 1, 2024.