First Regular Session Seventy-fifth General Assembly STATE OF COLORADO

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BILL 1

LLS NO. 25-0230.01 Josh Schultz x5486

INTERIM COMMITTEE BILL

Transportation Legislation Review Committee

BILL TOPIC: Vehicle Emission Measures **DEADLINES:** File by: 9/6/2024

A BILL FOR AN ACT

101 CONCERNING MEASURES TO REDUCE EMISSIONS OF AIR POLLUTANTS 102 FROM MOTOR VEHICLES.

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/.)

Section 2 of the bill requires the division of administration (division) in the department of public health and environment (department) to renegotiate or renew a contract for emission inspection services no later than October 1, 2025, and requires that the new contract provide for adding additional testing stations and expanding the clean screen inspection units.

Section 3 changes the maximum fee a licensed inspection and readjustment station, inspection-only facility, or motor vehicle dealer test facility may charge for the inspection of vehicles, model year 1982 and newer, from \$25 to \$35.

Section 4 requires the air quality control commission (commission) to adopt rules for reducing emissions from one or more indirect source categories within the 8-hour ozone Denver Metro/North Front Range nonattainment area (nonattainment area), including warehouses and any other indirect sources that the commission determines by rule to be large indirect sources of ozone precursor pollutants.

Section 5 requires the department to propose, and the commission to adopt, modify, or reject, average annual motor vehicle emission budgets for nitrogen oxides and volatile organic compounds for 2026 through 2050 that apply to the nonattainment area.

Sections 6 and 7 allow the division of oil and public safety to use money in the petroleum storage tank fund (fund) for costs related to relocation or redevelopment of the division of oil and public safety's petroleum laboratory. The bill reserves money in the fund for these costs and exempts the reserved money from the calculation of the total balance in the fund for the purpose of determining the amount of a fee paid by certain petroleum purchasers, manufacturers, and distributors.

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

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

- (a) Air pollution disproportionately impacts overburdened communities, and without concerted action, air pollution could worsen in overburdened communities, even as statewide emissions decline or stay the same;
- (b) Air pollution levels vary greatly within towns and even neighborhoods, and the variation is missed by standard monitoring techniques;
- (c) Facilities such as warehouses, parking facilities, shopping centers, and airports generate high amounts of truck and motor vehicle traffic that are indirect sources of air pollution;

1	(d) Truck traffic contributes disproportionately to air pollution,
2	therefore targeting high-traffic locations for emission reductions achieves
3	greater air pollution mitigation and the concomitant health benefits at a
4	lower cost than statewide air pollution reduction measures;
5	(e) Facilities that generate high truck traffic, such as warehouses,
6	already have significant impacts in overburdened communities, and those
7	impacts are growing rapidly; and
8	(f) The federal "Clean Air Act" expressly reserves existing state
9	authority to regulate mobile sources that congregate at facilities.
10	(2) Therefore, the general assembly declares that it is a matter of
11	statewide concern and in the public interest for Colorado to implement an
12	indirect source review program as provided in section 4 of this act to
13	target and mitigate air pollution from high-traffic locations in the state,
14	particularly those in overburdened communities.
15	SECTION 2. In Colorado Revised Statutes, 42-4-307, add (10.7)
16	as follows:
17	42-4-307. Powers and duties of the department of public
18	health and environment - division of administration - automobile
19	inspection and readjustment program - basic emissions program -
20	enhanced emissions program - clean screen program.
21	(10.7) NOTWITHSTANDING ANY CONTRARY PROVISION IN THE
22	"Procurement Code", articles 101 to 112 of title 24, or this
23	ARTICLE 4, THE DIVISION SHALL RENEGOTIATE OR RENEW A CONTRACT FOR
24	INSPECTION SERVICES IN EXISTENCE ON JULY 1, 2025, NO LATER THAN
25	OCTOBER 1, 2025, TO ACCOUNT FOR THE FEE ESTABLISHED IN SECTION
26	42-4-311 (6), AS IT WILL BECOME EFFECTIVE ON THE EFFECTIVE DATE OF
27	THISBILL 25, AND FOR A TERM NOT TO EXCEED FOUR YEARS,

1	AFTER WHICH THE CONTRACT MAY BE RENEWED FOR A SINGLE TERM OF UP
2	TO FOUR YEARS OR REBID. THE NEW CONTRACT MUST PROVIDE FOR
3	ADDING ADDITIONAL TESTING STATIONS AND EXPANDING THE CLEAN
4	SCREEN INSPECTION UNITS.
5	SECTION 3. In Colorado Revised Statutes, 42-4-311, amend
6	(4)(a)(I) and (6)(a); repeal (6)(b); and add (4)(a)(III) as follows:
7	42-4-311. Operation of inspection and readjustment stations
8	- inspection-only facilities - fleet inspection stations - motor vehicle
9	dealer test facilities - enhanced inspection centers. (4) (a) (I) SUBJECT
10	TO SUBSECTION (4)(a)(III) OF THIS SECTION, a licensed inspection and
11	readjustment station, inspection-only facility, or motor vehicle dealer test
12	facility shall charge a fee not to exceed fifteen dollars for the inspection
13	of vehicles, model year 1981 and older, at facilities licensed or authorized
14	within either the basic or enhanced emissions program. except that For
15	1982 model and newer vehicles, a test facility may charge a fee not to
16	exceed twenty-five THIRTY-FIVE dollars.
17	(III) THE DIVISION SHALL ANNUALLY ADJUST FOR INFLATION OR
18	DEFLATION THE FEES DESCRIBED IN SUBSECTION $(4)(a)(I)$ OF THIS SECTION.
19	THE DIVISION MAY ROUND THE ADJUSTED AMOUNT UPWARD OR
20	DOWNWARD AS APPROPRIATE. INFLATION OR DEFLATION IS MEASURED BY
21	THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT
22	OF LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX, OR A
23	SUCCESSOR INDEX, FOR DENVER-AURORA-LAKEWOOD FOR ALL ITEMS
24	PAID FOR BY URBAN CONSUMERS.
25	(6) (a) The fee charged for enhanced emissions inspections
26	performed within the enhanced emissions program area on MODEL YEAR
27	1982 and later motor vehicles shall MUST not be any greater than that

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determined by the contract and in no case greater than twenty-five
THIRTY-FIVE dollars. The fee charged for clean screen inspections
performed on vehicles registered in the basic area shall MUST not be any
greater than that determined by the contract and in no case greater than
fifteen dollars. Such THE fee shall MUST not exceed the maximum fee
required to be posted by the enhanced inspection center pursuant to
section 42-4-305 for the inspection of any motor vehicle required to be
inspected under section 42-4-310.
(b) During the true year remarked of the contract entered into

- (b) During the two-year renewal of the contract entered into pursuant to section 42-4-307 (10), the commission shall hold a hearing to determine the maximum fee that may be charged pursuant to the contract for inspections during any subsequent renewal term. The maximum fee must be based on estimated actual operating costs during the life of the contract, determined pursuant to the proceeding, plus a percentage to be determined by the commission, not to exceed ten percent and not to exceed twenty-five dollars.
- **SECTION 4.** In Colorado Revised Statutes, **add** 25-7-148 as follows:
- **25-7-148.** Regulation of indirect sources fees fund definitions rules. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:
- (a) "COVERED NONATTAINMENT AREA" MEANS THE EIGHT-HOUR OZONE DENVER METRO/NORTH FRONT RANGE NONATTAINMENT AREA.
- (b) (I) "INDIRECT SOURCE" MEANS A NEW OR AN EXISTING FACILITY, BUILDING, STRUCTURE, INSTALLATION, OR REAL PROPERTY THAT GENERATES, ATTRACTS, BUTOR MAY ATTRACT MOTOR VEHICLE ACTIVITY THAT RESULTS IN EMISSIONS OF AIR POLLUTANTS.

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1	(II) "INDIRECT SOURCE" INCLUDES:
2	(A) HIGHWAYS AND ROADS;
3	(B) PARKING FACILITIES;
4	(C) RESIDENTIAL, RETAIL, COMMERCIAL, AND INDUSTRIAL
5	DEVELOPMENTS AND FACILITIES;
6	(D) CONSTRUCTION SITES;
7	(E) Warehouses;
8	(F) AIRPORTS; AND
9	(G) MEDICAL AND EDUCATION FACILITIES.
10	(III) "INDIRECT SOURCE" DOES NOT INCLUDE NEW OR EXISTING
11	ON-ROAD PARKING.
12	(2) On or before December 31, 2025, the commission shall
13	ADOPT RULES FOR REDUCING EMISSIONS FROM ONE OR MORE INDIRECT
14	SOURCE CATEGORIES WITHIN THE COVERED NONATTAINMENT AREA,
15	INCLUDING WAREHOUSES AND ANY OTHER INDIRECT SOURCES THAT THE
16	COMMISSION DETERMINES BY RULE TO BE LARGE INDIRECT SOURCES OF
17	OZONE PRECURSOR POLLUTANTS DUE TO ASSOCIATED MOTOR VEHICLE
18	ACTIVITY.
19	(3) THE RULES THAT THE COMMISSION ADOPTS FOR THE
20	WAREHOUSE SOURCE CATEGORY PURSUANT TO SUBSECTION (2) OF THIS
21	SECTION MUST:
22	(a) Provide for facility-by-facility review;
23	(b) APPLY TO EXISTING AND NEW FACILITIES; AND
24	(c) DIRECT ANY COMPLIANCE FEES COLLECTED UNDER THE RULES
25	TO THE CLEAN FLEET ENTERPRISE FUND CREATED IN SECTION 25-7.5-103
26	(5)(a).
27	(A) IN ADOPTING PHI ES FOR THE WAREHOUSE SOURCE CATEGORY

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1	PURSUANT TO SUBSECTIONS (2) AND (3) OF THIS SECTION, THE COMMISSION
2	SHALL CONSIDER MEASURES THAT INCLUDE:
3	(a) REQUIRING ALL WAREHOUSE OPERATORS TO IMPLEMENT AN AIR
4	EMISSIONS REDUCTION PLAN DEVELOPED OR APPROVED BY THE DIVISION:
5	(b) Creating a points system under which warehouse
6	OPERATORS ACCRUE POINTS BASED ON THE AMOUNT OF EMISSIONS
7	GENERATED BY TRUCKS AT THEIR FACILITIES;
8	(c) REQUIRING MITIGATION OPTIONS, INCLUDING:
9	(I) INSTALLING ZERO-EMISSIONS INFRASTRUCTURE AND REQUIRING
10	USE OF ZERO-EMISSIONS VEHICLES ON SITE;
11	(II) USING ALTERNATIVES TO TRUCK TRIPS FOR INCOMING OR
12	OUTGOING TRIPS; OR
13	(III) INSTALLING ON-SITE SOLAR POWER GENERATION.
14	ELECTRICITY STORAGE, AND MANAGED CHARGING SYSTEMS; AND
15	(d) REQUIRING MORE STRINGENT MEASURES FOR ALL WAREHOUSES
16	LOCATED WITHIN ONE-HALF MILE OF A DISPROPORTIONATELY IMPACTED
17	COMMUNITY.
18	(5) IN ADOPTING RULES PURSUANT TO SUBSECTION (4)(b) OF THIS
19	SECTION REGARDING A POINTS SYSTEM, THE COMMISSION SHALL NOT
20	ALLOW THE TRANSFERENCE OF POINTS BETWEEN FACILITIES.
21	(6) (a) The commission may adopt additional rules
22	REGULATING INDIRECT SOURCES OF MOTOR VEHICLE EMISSIONS WITHIN
23	THE COVERED NONATTAINMENT AREA AND ANY OTHER INDIRECT SOURCES
24	THAT THE COMMISSION DETERMINES TO BE LARGE INDIRECT SOURCES OF
25	OZONE PRECURSOR POLLUTANTS OF MOTOR VEHICLE EMISSIONS. THE
26	COMMISSION MAY ALSO ADOPT INDIRECT SOURCE RULES FOR SOURCE
27	CATEGORIES RESPONSIBLE FOR AIR POLLUTION IN THE REST OF THE STATE

	AS IT	DEEMS	NECESSARY.
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- (b) THE COMMISSION MAY ESTABLISH A FEE BY RULE FOR INDIRECT SOURCES IN AN AMOUNT NECESSARY TO COVER THE DIVISION'S DIRECT AND INDIRECT COSTS IN IMPLEMENTING THIS SECTION.
- (c) (I) The fees assessed and collected pursuant to subsection (6)(b) of this section shall be transmitted to the state treasurer, who shall credit the money to the indirect sources control fund, which fund is created in the state treasury. The fund consists of money credited to the fund pursuant to this subsection (6)(c)(I) and any other money that the general assembly may appropriate or transfer to the fund. The state treasurer shall credit all interest and income derived from the deposit and investment of money in the fund to the fund.
 - (II) FROM THE FUND, THE GENERAL ASSEMBLY SHALL APPROPRIATE TO THE DIVISION, AT LEAST ANNUALLY, SUCH MONEY AS NECESSARY TO COVER THE DIVISION'S DIRECT AND INDIRECT COSTS IN IMPLEMENTING THIS SECTION. ANY PERMIT FEE MONEY NOT APPROPRIATED BY THE GENERAL ASSEMBLY AND ANY APPROPRIATED MONEY NOT SPENT BY THE DIVISION AT THE END OF A STATE FISCAL YEAR REMAINS IN THE FUND AND DOES NOT REVERT TO THE GENERAL FUND OR ANY OTHER FUND.
 - (7) ANY ADDITIONAL RULES THAT THE COMMISSION ADOPTS PURSUANT TO SUBSECTIONS (2) AND (6) OF THIS SECTION MUST INCLUDE:
 - (a) EMISSION REDUCTION TARGETS, CALCULATED BASED ON THE ESTIMATED MOTOR VEHICLE EMISSIONS ATTRACTED BY THE INDIRECT SOURCE, FOR INDIRECT SOURCES TO ACHIEVE THROUGH REGULATORY

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1	STANDARDS OR SOURCE-SPECIFIC PLANS APPROVED BY THE DIVISION; AND
2	(b) A PROCESS FOR THE DIVISION TO REVIEW ALTERNATIVE
3	COMPLIANCE APPROACHES PROPOSED BY AN OWNER OR OPERATOR OF AN
4	INDIRECT SOURCE THAT ACHIEVE THE REQUIRED EMISSION REDUCTION
5	TARGETS, WHICH APPROACHES MAY INCLUDE FUNDING OF:
6	(I) VOLUNTARY INCENTIVE-BASED PROGRAMS; AND
7	(II) Emission reduction efforts implemented in
8	DISPROPORTIONATELY IMPACTED COMMUNITIES.
9	(8) The commission shall review the rules adopted
10	PURSUANT TO SUBSECTIONS (2) AND (6) OF THIS SECTION ANNUALLY TO
11	DETERMINE WHETHER NEW RULES SHOULD BE PROMULGATED TO ADDRESS
12	ADDITIONAL SOURCE CATEGORIES. THE FIRST REVIEW OF THE RULES MUST
13	INCLUDE CONSIDERATION OF AIRPORTS AS AN ADDITIONAL SOURCE
14	CATEGORY. THE ANNUAL REVIEW WILL ALLOW THE RULES TO ACCOUNT
15	FOR CHANGES IN EMISSIONS DUE TO POPULATION GROWTH, DEVELOPMENT,
16	and any other factors. Beginning in January 2027, and in January
17	EVERY YEAR THEREAFTER, THE DEPARTMENT SHALL INCLUDE, AS PART OF
18	ITS PRESENTATION DURING ITS "SMART ACT" HEARING REQUIRED BY
19	SECTION 2-7-203, INFORMATION CONCERNING THE REVIEW OF RULES
20	PURSUANT TO THIS SUBSECTION (8).
21	SECTION 5. In Colorado Revised Statutes, add 25-7-306 as
22	follows:
23	25-7-306. On-road and nonroad vehicle emission budgets -
24	reporting - definitions. (1) As used in this section, unless the
25	CONTEXT OTHERWISE REQUIRES:
26	(a) "COVERED NONATTAINMENT AREA" MEANS THE EIGHT-HOUR
27	OZONE DENVER METRO/NORTH FRONT RANGE NONATTAINMENT AREA.

1	(b) "DEPARTMENT" MEANS THE DEPARTMENT OF PUBLIC HEALTH
2	AND ENVIRONMENT.
3	(c) "Emission budget" means an average annual motor
4	VEHICLE EMISSION BUDGET FOR NITROGEN OXIDES AND VOLATILE
5	ORGANIC COMPOUNDS DESCRIBED IN SUBSECTION (2)(a) OF THIS SECTION.
6	(2) (a) As part of the 2025 rule-making for the
7	CONSIDERATION OF ANY OZONE STATE IMPLEMENTATION PLAN FOR THE
8	2008 and 2015 eight-hour ozone national ambient air quality
9	STANDARDS DEVELOPED PURSUANT TO THE FEDERAL ACT, THE
10	DEPARTMENT SHALL PROPOSE, AND THE COMMISSION SHALL ADOPT,
11	MODIFY, OR REJECT, AVERAGE ANNUAL MOTOR VEHICLE EMISSION
12	BUDGETS FOR NITROGEN OXIDES AND VOLATILE ORGANIC COMPOUNDS FOR
13	2026 THROUGH 2050 THAT APPLY TO THE COVERED NONATTAINMENT
14	AREA. EACH YEAR'S EMISSION BUDGET MUST INCLUDE MAXIMUM EMISSION
15	LEVELS OF NITROGEN OXIDES AND VOLATILE ORGANIC COMPOUNDS FROM
16	ALL INDIVIDUAL ON-ROAD AND NONROAD MOTOR VEHICLE CLASSES IN THE
17	COVERED NONATTAINMENT AREA.
18	(b) The emission budget for 2030 must be at least ten
19	PERCENT BELOW THE EMISSION BUDGET FOR 2026. THE EMISSION BUDGETS
20	FOR 2030 THROUGH 2050 MUST PROGRESSIVELY DECLINE EVERY FIVE
21	YEARS.
22	(3) BEGINNING IN JANUARY 2026, AND IN JANUARY EVERY YEAR
23	THEREAFTER, THE DEPARTMENT SHALL INCLUDE, AS PART OF ITS
24	PRESENTATION DURING ITS "SMART ACT" HEARING REQUIRED BY
25	SECTION 2-7-203, INFORMATION CONCERNING THE EMISSION BUDGETS.
26	SECTION 6. In Colorado Revised Statutes, 8-20.5-103, add
27	(3)(h) and (3.3) as follows:

1	6-20.3-103. Teti oleum storage tank lunu - peti oleum cieanup
2	and redevelopment fund - creation - rules - repeal. (3) The money in
3	the petroleum storage tank fund is continuously appropriated to the
4	division of oil and public safety; except that the expenditure of money for
5	the purposes specified in subsections (3)(b), (3)(f), and (3)(g) of this
6	section is subject to annual appropriation by the general assembly. The
7	fund shall be used for:
8	(h) (I) COSTS RELATED TO RELOCATION OR REDEVELOPMENT OF
9	THE DIVISION OF OIL AND PUBLIC SAFETY'S PETROLEUM LABORATORY.
10	(II) This subsection (3)(h) is repealed, effective July $1,2029$.
11	(3.3) (a) THE DIVISION OF OIL AND PUBLIC SAFETY SHALL RESERVE
12	MONEY IN THE PETROLEUM STORAGE TANK FUND CREATED IN SUBSECTION
13	(1) OF THIS SECTION TO PAY COSTS RELATED TO RELOCATION OR
14	REDEVELOPMENT OF THE DIVISION'S PETROLEUM LABORATORY PURSUANT
15	TO SUBSECTION (3)(h) OF THIS SECTION.
16	(b) Money reserved in the petroleum storage tank fund in
17	ACCORDANCE WITH SUBSECTION (3.3)(a) OF THIS SECTION IS NOT
18	INCLUDED IN THE AVAILABLE BALANCE OF THE FUND, AS CALCULATED
19	PURSUANT TO SECTION 8-20-206.5 (1)(b).
20	(c) This subsection (3.3) is repealed, effective July 1, 2029.
21	SECTION 7. In Colorado Revised Statutes, 8-20-206.5, amend
22	(4) introductory portion and (4)(a) as follows:
23	8-20-206.5. Environmental response surcharge - liquefied
24	petroleum gas and natural gas inspection fund - perfluoroalkyl and
25	polyfluoroalkyl substances cash fund - hazardous materials
26	infrastructure cash fund - fuels impact reduction grant program -
27	definitions. (4) For the purposes of AS USED IN this section:

1	(a) (I) "Available fund balance" means the sum of the current year
2	revenues and the previous fund balance minus the sum of the obligations
3	approved by the petroleum storage tank committee pursuant to section
4	8-20.5-104 and the costs incurred by the division of oil and public safety
5	for purposes of administering articles 20 THIS ARTICLE 20 and ARTICLE
6	20.5 of this title TITLE 8.
7	(II) "AVAILABLE FUND BALANCE" DOES NOT INCLUDE MONEY
8	RESERVED IN THE PETROLEUM STORAGE TANK FUND IN ACCORDANCE WITH
9	SECTION 8-20.5-103 (3.3)(a) TO PAY COSTS RELATED TO RELOCATION OR
10	REDEVELOPMENT OF THE DIVISION OF OIL AND PUBLIC SAFETY'S
11	PETROLEUM LABORATORY.
12	SECTION 8. Act subject to petition - effective date. This act
13	takes effect at 12:01 a.m. on the day following the expiration of the
14	ninety-day period after final adjournment of the general assembly; except
15	that, if a referendum petition is filed pursuant to section 1 (3) of article V
16	of the state constitution against this act or an item, section, or part of this
17	act within such period, then the act, item, section, or part will not take
18	effect unless approved by the people at the general election to be held in
19	November 2026 and, in such case, will take effect on the date of the
20	official declaration of the vote thereon by the governor.