

SENATE COMMITTEE OF REFERENCE AMENDMENT  
Committee on Finance.

SB22-051 be amended as follows:

- 1   Amend the Transportation & Energy Committee Report, dated February
- 2   8, 2022, page 1, line 6, strike "**air-source and ground-source**".
- 3   Page 1 of the committee report, line 19, strike "AIR-SOURCE AND
- 4   GROUND-SOURCE".
- 5   Page 1 of the committee report, lines 22 and 23, strike "AIR-SOURCE AND
- 6   GROUND-SOURCE".
- 7   Page 1 of the committee report, line 25, strike "THOSE".
- 8   Page 2 of the committee report, line 1, strike "AIR-SOURCE AND
- 9   GROUND-SOURCE".
- 10   Page 2 of the committee report, line 3, strike "BUSINESSES," and substitute
- 11   "BUSINESSES".
- 12   Page 2 of the committee report, strike lines 5 and 6 and substitute "AND
- 13   TAKE ADVANTAGE OF LATENT HEAT SOURCES AND AVAILABLE RENEWABLE
- 14   POWER DURING LOW DEMAND PERIODS.".
- 15   Page 2 of the committee report, lines 14 and 15, strike "AIR-SOURCE AND
- 16   GROUND-SOURCE".
- 17   Page 2 of the committee report, line 22, strike "AIR-SOURCE AND
- 18   GROUND-SOURCE".
- 19   Page 2 of the committee report, strike lines 33 through 43.
- 20   Page 3 of the committee report, strike lines 1 through 14 and substitute:
  - 21       "(c) "HEAT PUMP SYSTEM" MEANS AN AIR-SOURCE HEAT PUMP
  - 22       SYSTEM, GROUND-SOURCE HEAT PUMP SYSTEM, WATER-SOURCE HEAT
  - 23       PUMP SYSTEM, OR VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM.
  - 24       (d) "HEAT PUMP WATER HEATER" HAS THE SAME MEANING SET
  - 25       FORTH IN SECTION 39-26-731 (2)(b).
  - 26       (e) "PURCHASER" MEANS A TAXPAYER WHO IS THE BUYER OF A
  - 27       HEAT PUMP SYSTEM OR HEAT PUMP WATER HEATER.
  - 28       (f) "SELLER" MEANS THE ENTITY THAT SELLS A HEAT PUMP SYSTEM
  - 29       OR HEAT PUMP WATER HEATER TO A PURCHASER.
  - 30       (g) "WATER-SOURCE HEAT PUMP SYSTEM" HAS THE SAME

1 MEANING SET FORTH IN SECTION 39-26-731 (2)(e).

2 (h) "VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM" HAS THE  
3 SAME MEANING SET FORTH IN SECTION 39-26-731 (2)(f).

4 (3) (a) SUBJECT TO THE PROVISIONS OF SUBSECTION (4) OF THIS  
5 SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
6 1, 2023, BUT BEFORE JANUARY 1, 2033, ANY PURCHASER THAT INSTALLS  
7 A RESIDENTIAL OR COMMERCIAL HEAT PUMP SYSTEM OR THAT INSTALLS  
8 A RESIDENTIAL OR COMMERCIAL HEAT PUMP WATER HEATER IS ALLOWED  
9 A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT  
10 EQUAL TO TEN PERCENT OF THE PURCHASE PRICE OF THE HEAT PUMP  
11 SYSTEM OR HEAT PUMP WATER HEATER.

12 (b) THE CREDIT ALLOWED PURSUANT TO THIS SECTION IS FOR THE  
13 INCOME TAX YEAR IN WHICH THE HEAT PUMP SYSTEM OR HEAT PUMP  
14 WATER HEATER IS PURCHASED.

15 (4) (a) (I) TO BE ELIGIBLE TO CLAIM A TAX CREDIT PURSUANT TO  
16 THIS SECTION, THE PURCHASER SHALL CERTIFY, AS SPECIFIED IN  
17 SUBSECTION (4)(b) OF THIS SECTION, THAT ALL NECESSARY MECHANICAL,  
18 PLUMBING, AND ELECTRICAL WORK PERFORMED IN CONNECTION WITH THE  
19 INSTALLATION OF A HEAT PUMP SYSTEM OR HEAT PUMP WATER HEATER IN  
20 A NEW OR EXISTING INDUSTRIAL, COMMERCIAL, OR MULTIFAMILY  
21 RESIDENTIAL BUILDING CONTAINING TWENTY THOUSAND SQUARE FEET OR  
22 MORE OF CONDITIONED FLOOR SPACE WAS OR WILL BE PERFORMED BY A  
23 CONTRACTOR ON THE CERTIFIED CONTRACTOR LIST CREATED PURSUANT  
24 TO SECTION 40-3.2-105.6 (3)(a), OR BY EMPLOYEES OF A UTILITY, SUBJECT  
25 TO STATE LICENSING REQUIREMENTS AND ALL APPLICABLE STATE AND  
26 LOCAL RULES, CODES, AND STANDARDS.

27 (II) THE REQUIREMENTS OF THIS SUBSECTION (4)(a) DO NOT APPLY  
28 TO THE INSTALLATION OF A HEAT PUMP SYSTEM OR HEAT PUMP WATER  
29 HEATER THAT IS LIMITED TO IN-UNIT WORK IN A MULTIFAMILY BUILDING  
30 OR UNIT AND THAT IS INITIATED BY THE OWNER OR TENANT OF THE  
31 MULTIFAMILY BUILDING OR UNIT.

32 (b) THE PURCHASER SHALL CERTIFY, IN A FORM AND MANNER TO  
33 BE DETERMINED BY THE DEPARTMENT OF REVENUE, THAT THE HEAT PUMP  
34 SYSTEM OR HEAT PUMP WATER HEATER WAS OR WILL BE INSTALLED IN  
35 ACCORDANCE WITH THE PROVISIONS OF SUBSECTION (4)(a) OF THIS  
36 SECTION, IF APPLICABLE. THE SELLER SHALL PROVIDE THE CERTIFICATION  
37 TO THE TAXPAYER FOR THE PURPOSES OF SUBSECTION (5) OF THIS SECTION.

38 (5) (a) A PURCHASER SHALL ASSIGN THE TAX CREDIT ALLOWED IN  
39 THIS SECTION TO THE PURCHASER'S SELLER AS FOLLOWS:

40 (I) THE ASSIGNMENT TO THE SELLER MUST BE COMPLETED AT THE  
41 TIME OF PURCHASE OF A NEW HEAT PUMP SYSTEM OR HEAT PUMP WATER  
42 HEATER BY ENTERING INTO AN AGREEMENT AS SET FORTH IN SUBSECTION  
43 (5)(c) OF THIS SECTION;

1                   (II) THE PURCHASER MUST CERTIFY IN WRITING THAT THE  
2 PURCHASER WILL COMPLY WITH THE PROVISIONS REGARDING  
3 INSTALLATION OF THE HEAT PUMP SYSTEM OR HEAT PUMP WATER HEATER  
4 SPECIFIED IN SUBSECTION (4) OF THIS SECTION, IF APPLICABLE;

9 (IV) THE SELLER SHALL COMPENSATE THE PURCHASER FOR THE  
10 FULL NOMINAL VALUE OF THE TAX CREDIT. THE COMPENSATION PAID TO  
11 THE PURCHASER IS CONSIDERED A REFUND OF STATE TAXES AND IS NOT  
12 STATE TAXABLE INCOME.

19 (c) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER  
20 AND THE SELLER SHALL ENTER INTO AN AGREEMENT THAT:

21 (I) INCLUDES THE PURCHASER'S WRITTEN CERTIFICATION TO  
22 COMPLY WITH THE PROVISIONS REGARDING INSTALLATION OF THE HEAT  
23 PUMP SYSTEM OR HEAT PUMP WATER HEATER SPECIFIED IN SUBSECTION (4)  
24 OF THIS SECTION, IF APPLICABLE; AND

25 (II) AFFIRMS THAT THE REQUIREMENTS SPECIFIED IN SUBSECTION  
26 (5)(a) OF THIS SECTION WERE MET.

27 (d) THE SELLER MAY AUTHORIZE AN AGENT OR A DESIGNEE TO  
28 SIGN THE AGREEMENT ON ITS BEHALF.

35 (f) THE SELLER SHALL ALSO FILE THE AGREEMENT DESCRIBED IN  
36 SUBSECTION (5)(c) OF THIS SECTION WITH THE ORIGINAL TAX RETURN FOR  
37 THE TAXABLE YEAR IN WHICH THE HEAT PUMP SYSTEM OR HEAT PUMP  
38 WATER HEATER IS PURCHASED.

39 (g) THE DEPARTMENT OF REVENUE, IN CONSULTATION WITH THE  
40 COLORADO ENERGY OFFICE, SHALL DEVELOP A MODEL REPORT AND  
41 AGREEMENT NO LATER THAN DECEMBER 1, 2022.

42 (6) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE  
43 INCOME TAX DUE ON THE INCOME OF THE PURCHASER FOR THE TAXABLE

1     YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND SHALL BE  
2     REFUNDABLE TO THE TAXPAYER AND PAID TO THE SELLER TO WHICH THE  
3     TAXPAYER ASSIGNED THE CREDIT.

4         (7) MAKING A PURCHASER AWARE OF THE INCOME TAX CREDIT  
5     ALLOWED IN THIS SECTION OR HELPING A PURCHASER ASSIGN THE INCOME  
6     TAX CREDIT TO A SELLER AS ALLOWED IN THIS SECTION DOES NOT RISE TO  
7     THE LEVEL OF PROVIDING THE PURCHASER WITH UNAUTHORIZED TAX  
8     ADVICE.

9         (8) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2035.".

10    Page 3 of the committee report, strike lines 35 through 43.

11    Page 4 of the committee report, strike lines 1 through 12 and substitute:

12         "(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
13     REQUIRES:

14             (a) "ENERGY STORAGE SYSTEM" MEANS ANY COMMERCIALLY  
15     AVAILABLE, CUSTOMER-SITED SYSTEM, INCLUDING BATTERIES AND THE  
16     BATTERIES PAIRED WITH ON-SITE GENERATION, THAT IS CAPABLE OF  
17     RETAINING, STORING, AND DELIVERING ENERGY BY CHEMICAL, THERMAL,  
18     MECHANICAL, OR OTHER MEANS.

19             (b) "PURCHASER" MEANS A TAXPAYER WHO IS THE BUYER OF AN  
20     ENERGY STORAGE SYSTEM.

21             (c) "SELLER" MEANS THE ENTITY THAT SELLS AN ENERGY STORAGE  
22     SYSTEM.

23         (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
24     JANUARY 1, 2023, BUT BEFORE JANUARY 1, 2033, ANY PURCHASER THAT  
25     INSTALLS AN ENERGY STORAGE SYSTEM IN A RESIDENTIAL DWELLING IS  
26     ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 IN AN  
27     AMOUNT EQUAL TO TEN PERCENT OF THE PURCHASE PRICE OF THE ENERGY  
28     STORAGE SYSTEM.

29         (b) THE CREDIT ALLOWED PURSUANT TO THIS SECTION IS FOR THE  
30     INCOME TAX YEAR IN WHICH THE ENERGY STORAGE SYSTEM IS  
31     PURCHASED.

32         (4) (a) A PURCHASER SHALL ASSIGN THE TAX CREDIT ALLOWED IN  
33     THIS SECTION TO THE PURCHASER'S SELLER AS FOLLOWS:

34             (I) THE ASSIGNMENT TO THE SELLER MUST BE COMPLETED AT THE  
35     TIME OF PURCHASE OF A NEW ENERGY STORAGE SYSTEM BY ENTERING  
36     INTO AN AGREEMENT AS SET FORTH IN SUBSECTION (4)(c) OF THIS  
37     SECTION;

38             (II) THE PURCHASER SHALL ASSIGN THE TAX CREDIT TO THE  
39     SELLER AND FORFEIT THE RIGHT TO CLAIM THE TAX CREDIT ON THE  
40     PURCHASER'S TAX RETURN IN EXCHANGE FOR GOOD AND VALUABLE

1       CONSIDERATION; AND

2               (III) THE SELLER SHALL COMPENSATE THE PURCHASER FOR THE  
3       FULL NOMINAL VALUE OF THE TAX CREDIT. THE COMPENSATION PAID TO  
4       THE PURCHASER IS CONSIDERED A REFUND OF STATE TAXES AND IS NOT  
5       STATE TAXABLE INCOME.

6               (b) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER  
7       ASSIGNS THE TAX CREDIT TO A SELLER PURSUANT TO THIS SUBSECTION (4),  
8       THE SELLER RECEIVES THE FULL AMOUNT OF THE TAX CREDIT THAT THE  
9       PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID BALANCE OR  
10      UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED FROM THE  
11      AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

12               (c) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER  
13      AND THE SELLER SHALL ENTER INTO AN AGREEMENT THAT AFFIRMS THAT  
14      THE REQUIREMENTS SPECIFIED IN SUBSECTION (4)(a) OF THIS SECTION  
15      WERE MET.

16               (d) THE SELLER MAY AUTHORIZE AN AGENT OR A DESIGNEE TO  
17      SIGN THE AGREEMENT ON ITS BEHALF.

18               (e) THE SELLER SHALL ELECTRONICALLY SUBMIT A REPORT  
19      CONTAINING THE INFORMATION REQUIRED IN THE AGREEMENT DESCRIBED  
20      IN SUBSECTION (4)(c) OF THIS SECTION TO THE DEPARTMENT OF REVENUE  
21      WITHIN THIRTY DAYS OF THE PURCHASE OF AN ENERGY STORAGE SYSTEM  
22      IN A FORM AND MANNER TO BE DETERMINED BY THE DEPARTMENT.

23               (f) THE SELLER SHALL ALSO FILE THE AGREEMENT DESCRIBED IN  
24      SUBSECTION (4)(c) OF THIS SECTION WITH THE ORIGINAL TAX RETURN FOR  
25      THE TAXABLE YEAR IN WHICH THE ENERGY STORAGE SYSTEM IS  
26      PURCHASED.

27               (g) THE DEPARTMENT OF REVENUE, IN CONSULTATION WITH THE  
28      COLORADO ENERGY OFFICE, SHALL DEVELOP A MODEL REPORT AND  
29      AGREEMENT NO LATER THAN DECEMBER 1, 2022.

30               (5) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE  
31      INCOME TAX DUE ON THE INCOME OF THE PURCHASER FOR THE TAXABLE  
32      YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND SHALL BE  
33      REFUNDABLE TO THE TAXPAYER AND PAID TO THE SELLER TO WHICH THE  
34      TAXPAYER ASSIGNED THE CREDIT.

35               (6) MAKING A PURCHASER AWARE OF THE INCOME TAX CREDIT  
36      ALLOWED IN THIS SECTION OR HELPING A PURCHASER ASSIGN THE INCOME  
37      TAX CREDIT TO A SELLER AS ALLOWED IN THIS SECTION DOES NOT RISE TO  
38      THE LEVEL OF PROVIDING THE PURCHASER WITH UNAUTHORIZED TAX  
39      ADVICE.

40               (7) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2035.".

41      Page 4 of the committee report, strike lines 14 through 25 and substitute:

1 "Page 5 of the bill, lines 17 and 18, strike "39-26-730 and 39-26-731" and  
2 substitute "39-26-730, 39-26-731, and 39-26-732".

3 Page 8 of the bill, line 10, strike "**Air-source and ground-source heat**"  
4 and substitute "**Heat**".

5 Page 8 of the bill, strike lines 23 and 24 and substitute "RESIDENTIAL  
6 BUILDINGS BY INSTALLING HEAT PUMP SYSTEMS AND HEAT PUMP WATER  
7 HEATERS, WHICH REDUCE NET GREENHOUSE".

8 Page 8 of the bill, strike line 27 and substitute "HEAT PUMP SYSTEMS AND  
9 HEAT PUMP WATER HEATERS WILL ENCOURAGE".

10 Page 9 of the bill, strike lines 4 through 8 and substitute:

11 "(V) THE PURCHASE AND USE OF HEAT PUMP SYSTEMS AND HEAT  
12 PUMP WATER HEATERS WILL BENEFIT PUBLIC HEALTH IN THE HEATING AND  
13 COOLING OF HOMES AND BUSINESSES AND TAKE ADVANTAGE OF LATENT  
14 HEAT SOURCES AND AVAILABLE RENEWABLE POWER DURING LOW DEMAND  
15 PERIODS.".

16 Page 9 of the bill, line 8, strike "REDUCE" and substitute "MAKE USE OF".

17 Page 9 of the bill, strike lines 16 and 17 and substitute "SPECIFICALLY THE  
18 PURCHASE AND USE OF HEAT PUMP SYSTEMS AND HEAT PUMP WATER  
19 HEATERS; AND".

20 Page 9 of the bill, strike line 23 and substitute "NUMBER OF HEAT PUMP  
21 SYSTEMS AND HEAT PUMP WATER HEATERS SOLD".".

22 Page 5 of the committee report, line 20, strike "EIGTHTY" and substitute  
23 "EIGHTY".

24 Page 5 of the committee report, after line 33 insert:

25 "(c) "HEAT PUMP SYSTEM" MEANS AN AIR-SOURCE HEAT PUMP  
26 SYSTEM, GROUND-SOURCE HEAT PUMP SYSTEM, WATER-SOURCE HEAT  
27 PUMP SYSTEM, OR VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM.".

28 Reletter succeeding paragraph accordingly.

29 Page 6 of the committee report, strike line 4 and substitute "OPERATION  
30 OF A HEAT PUMP WATER HEATER.

1 (d) (I) "WATER-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM  
2 THAT:

3 (A) IS CERTIFIED TO THE INTERNATIONAL ORGANIZATION FOR  
4 STANDARDIZATION'S LATEST STANDARDS;

5 (B) IS INSTALLED BY A LICENSED CONTRACTOR, PLUMBER, OR  
6 EMPLOYEE OF A GAS UTILITY IN ACCORDANCE WITH THE NATIONAL  
7 ELECTRIC CODE AND MANUFACTURER'S SPECIFICATIONS;

8 (C) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND  
9 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

10 (D) HAS BLOWERS THAT ARE VARIABLE SPEED, HIGH-EFFICIENCY  
11 MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS LISTED IN THE  
12 NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION MG1-1993  
13 PUBLICATION; AND

14 (E) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER  
15 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM  
16 REQUIREMENTS.

17 (II) "WATER-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE A DUAL  
18 FUEL SYSTEM SO LONG AS:

19 (A) THE WATER-SOURCE HEAT PUMP IS USED AS THE PRIMARY  
20 SOURCE OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT LEAST  
21 EIGHTY PERCENT OF THE TOTAL ANNUAL HEATING FOR THE BUILDING;

22 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO  
23 ALL CONDITIONED AREAS OF THE BUILDING;

24 (C) THE FURNACE HAS AN ANNUAL FUEL UTILIZATION EFFICIENCY  
25 RATING OF NINETY PERCENT OR HIGHER;

26 (D) ALL PIPING FOR A SPLIT SYSTEM IS INSTALLED BY TECHNICIANS  
27 CERTIFIED TO THE NITC R78 BRAZING PROCEDURE; AND

27 CERTIFIED TO THE NFPA 704 DRIPPING PROCEDURE, AND  
28 (E) THE SYSTEM IS INSTALLED BY TECHNICIANS WHO ARE TRAINED  
29 IN THE SAFE HANDLING OF FLAMMABLE REFRIGERANTS

29 IN THE SAFE HANDLING OF FLAMMABLE REFRIGERANTS.  
30 (III) "WATER-SOURCE HEAT PUMP SYSTEM" INCLUDES  
31 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
32 OF A WATER-SOURCE HEAT PUMP.

32 OF A WATER SOURCE HEAT PUMP.  
33 (e) (I) "VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM"  
34 MEANS A SYSTEM THAT:

34 MEANS A SYSTEM THAT:  
35 (A) IS CERTIFIED TO THE INTERNATIONAL ORGANIZATION FOR  
36 STANDARDIZATION'S LATEST STANDARDS;

36 STANDARDIZATION'S LATEST STANDARDS;  
37 (B) IS INSTALLED BY A LICENSED CONTRACTOR, PLUMBER, OR  
38 EMPLOYEE OF A GAS UTILITY IN ACCORDANCE WITH THE NATIONAL  
39 ELECTRIC CODE AND MANUFACTURER'S SPECIFICATIONS;

39 ELECTRIC CODE AND MANUFACTURER'S SPECIFICATIONS;  
40 (C) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND  
41 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

41 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS,  
42 (D) HAS BLOWERS THAT ARE VARIABLE SPEED, HIGH-EFFICIENCY  
43 MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS LISTED IN THE

1 NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION MGI-1993  
2 PUBLICATION; AND

3 (E) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER  
4 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM  
5 REQUIREMENTS.

6 (II) "VARIABLE REFRIGERANT FLOW SYSTEM" MAY INCLUDE A  
7 DUAL FUEL SYSTEM SO LONG AS:

8 (A) THE VARIABLE REFRIGERANT FLOW SYSTEM IS USED AS THE  
9 PRIMARY SOURCE OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT  
10 LEAST EIGHTY PERCENT OF THE TOTAL ANNUAL HEATING FOR THE  
11 BUILDING;

12 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO  
13 ALL CONDITIONED AREAS OF THE BUILDING;

14 (C) THE FURNACE HAS AN ANNUAL FUEL UTILIZATION EFFICIENCY  
15 RATING OF NINETY PERCENT OR HIGHER;

16 (D) ALL PIPING FOR A SPLIT SYSTEM IS INSTALLED BY TECHNICIANS  
17 CERTIFIED TO THE NITC R78 BRAZING PROCEDURE; AND

18 (E) THE SYSTEM IS INSTALLED BY TECHNICIANS WHO ARE TRAINED  
19 IN THE SAFE HANDLING OF FLAMMABLE REFRIGERANTS.

20 (III) "VARIABLE REFRIGERANT FLOW SYSTEM" INCLUDES  
21 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
22 OF A VARIABLE REFRIGERANT FLOW SYSTEM.".

23 Page 6 of the committee report, strike lines 5 through 7 and substitute:

24 "Page 11 of the bill, strike lines 25 through 27 and substitute:

25 "(3) ON AND AFTER JANUARY 1, 2023, SUBJECT TO THE PROVISIONS  
26 OF SUBSECTION (4) OF THIS SECTION, ALL SALES, STORAGE, AND USE OF  
27 HEAT PUMP SYSTEMS AND HEAT PUMP WATER HEATERS THAT ARE USED IN  
28 COMMERCIAL OR RESIDENTIAL".

29 Page 12 of the bill, after line 2 insert:

30 "(4) (a) (I) TO BE ELIGIBLE FOR THE SALES AND USE TAX  
31 EXEMPTION PURSUANT TO THIS SECTION, THE PURCHASER OF A HEAT PUMP  
32 SYSTEM OR HEAT PUMP WATER HEATER SHALL CERTIFY, AS SPECIFIED IN  
33 SUBSECTION (4)(b) OF THIS SECTION, THAT ALL NECESSARY MECHANICAL,  
34 PLUMBING, AND ELECTRICAL WORK PERFORMED IN CONNECTION WITH THE  
35 INSTALLATION OF A HEAT PUMP SYSTEM OR HEAT PUMP WATER HEATER IN  
36 A NEW OR EXISTING INDUSTRIAL, COMMERCIAL, OR MULTIFAMILY  
37 RESIDENTIAL BUILDING CONTAINING TWENTY THOUSAND SQUARE FEET OR  
38 MORE OF CONDITIONED FLOOR SPACE WILL BE PERFORMED BY A

1 CONTRACTOR ON THE CERTIFIED CONTRACTOR LIST CREATED PURSUANT  
2 TO SECTION 40-3.2-105.6 (3)(a), OR BY EMPLOYEES OF A UTILITY, SUBJECT  
3 TO STATE LICENSING REQUIREMENTS AND ALL APPLICABLE STATE AND  
4 LOCAL RULES, CODES, AND STANDARDS.

5 (II) THE REQUIREMENTS OF THIS SUBSECTION (4)(a) DO NOT APPLY  
6 TO THE INSTALLATION OF A HEAT PUMP SYSTEM OR HEAT PUMP WATER  
7 HEATER THAT IS LIMITED TO IN-UNIT WORK IN A MULTIFAMILY BUILDING  
8 OR UNIT AND THAT IS INITIATED BY THE OWNER OR TENANT OF THE  
9 MULTIFAMILY BUILDING OR UNIT.

10 (b) THE PURCHASER SHALL CERTIFY, IN A FORM AND MANNER TO  
11 BE DETERMINED BY THE DEPARTMENT OF REVENUE, THAT THE HEAT PUMP  
12 SYSTEM OR HEAT PUMP WATER HEATER WILL BE INSTALLED IN  
13 ACCORDANCE WITH THE PROVISIONS OF SUBSECTION (4)(a) OF THIS  
14 SECTION, IF APPLICABLE.".

15 Renumber succeeding subsection accordingly.

16 Page 12 of the bill, after line 3 insert:

17 **"39-26-732. Residential energy storage systems - tax  
18 preference performance statement - legislative declaration -  
19 definition - repeal.** (1)(a) IN ACCORDANCE WITH SECTION 39-21-304(1),  
20 WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO  
21 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
22 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY  
23 FINDS AND DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE  
24 CREATED IN SUBSECTION (3) OF THIS SECTION ARE TO:

25 (I) INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,  
26 SPECIFICALLY THE PURCHASE AND INSTALLATION OF RESIDENTIAL ENERGY  
27 STORAGE SYSTEMS; AND

28 (II) CONTRIBUTE TO THE STATE'S EFFORT TO ACHIEVE ITS CLIMATE  
29 GOALS.

30 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
31 MEASURE THE EFFECTIVENESS OF THE TAX EXEMPTION IN ACHIEVING THE  
32 PURPOSES SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE  
33 NUMBER OF RESIDENTIAL ENERGY STORAGE SYSTEMS SOLD AND USED IN  
34 THE STATE. THE COLORADO ENERGY OFFICE SHALL PROVIDE THE STATE  
35 AUDITOR WITH ANY AVAILABLE INFORMATION THAT WOULD ASSIST THE  
36 STATE AUDITOR'S MEASUREMENT.

37 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
38 REQUIRES, "ENERGY STORAGE SYSTEM" MEANS ANY COMMERCIALLY  
39 AVAILABLE, CUSTOMER-SITED SYSTEM, INCLUDING BATTERIES AND THE  
40 BATTERIES PAIRED WITH ON-SITE GENERATION, THAT IS CAPABLE OF

1 RETAINING, STORING, AND DELIVERING ENERGY BY CHEMICAL, THERMAL,  
2 MECHANICAL, OR OTHER MEANS.

3 (3) ON AND AFTER JANUARY 1, 2023, ALL SALES, STORAGE, AND  
4 USE OF ENERGY STORAGE SYSTEMS THAT ARE USED IN A RESIDENTIAL  
5 DWELLING ARE EXEMPT FROM TAXATION UNDER PARTS 1 AND 2 OF THIS  
6 ARTICLE 26.

7 (4) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2033."."

8 Page 6 of the committee report, strike lines 16 and 17 and substitute:

9 "Page 12 of the bill, line 24, strike "AND".

10 Page 12 of the bill, strike lines 25 through 27 and substitute:

11 "(R) THE EXEMPTION FOR SALES OF HEAT PUMP SYSTEMS AND  
12 HEAT PUMP WATER HEATERS SET FORTH IN SECTION 39-26-731; AND

13 (S) THE EXEMPTION FOR SALES OF ENERGY STORAGE SYSTEMS SET  
14 FORTH IN SECTION 39-26-732."."

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