

SB051_L.003

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 HEATHER 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;

5 (III) THE PURCHASER SHALL ASSIGN THE TAX CREDIT TO THE
6 SELLER AND FORFEIT THE RIGHT TO CLAIM THE TAX CREDIT ON THE
7 PURCHASER'S TAX RETURN IN EXCHANGE FOR GOOD AND VALUABLE
8 CONSIDERATION; AND

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.

13 (b) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER
14 ASSIGNS THE TAX CREDIT TO A SELLER PURSUANT TO THIS SUBSECTION (5),
15 THE SELLER RECEIVES THE FULL AMOUNT OF THE TAX CREDIT THAT THE
16 PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID BALANCE OR
17 UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED FROM THE
18 AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

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.

29 (e) THE SELLER SHALL ELECTRONICALLY SUBMIT A REPORT
30 CONTAINING THE INFORMATION REQUIRED IN THE AGREEMENT DESCRIBED
31 IN SUBSECTION (5)(c) OF THIS SECTION TO THE DEPARTMENT OF REVENUE
32 WITHIN THIRTY DAYS OF THE PURCHASE OF A HEAT PUMP SYSTEM OR HEAT
33 PUMP WATER HEATER IN A FORM AND MANNER TO BE DETERMINED BY THE
34 DEPARTMENT.

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 COMMERCIALY
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 "EIGHTY" 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
28 (E) THE SYSTEM IS INSTALLED BY TECHNICIANS WHO ARE TRAINED
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.
33 (e) (I) "VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM"
34 MEANS A SYSTEM THAT:
35 (A) IS CERTIFIED TO THE INTERNATIONAL ORGANIZATION FOR
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;
40 (C) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND
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 COMMERCIALY
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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