

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

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

LLS NO. 26-0985.01 Rebecca Bayetti x4348

HOUSE BILL 26-1362

HOUSE SPONSORSHIP

Sirota and Taggart, Brown, Ricks

SENATE SPONSORSHIP

Bridges and Kirkmeyer, Amabile

House Committees
Appropriations

Senate Committees
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE REPEAL OF THE DECARBONIZATION TAX CREDITS**
102 **ADMINISTRATION CASH FUND.**

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/>.)

Joint Budget Committee. On July 1, 2027, the bill repeals the decarbonization tax credits administration cash fund (fund), which is subject to annual appropriation to the department of revenue and the Colorado energy office to pay for the direct and indirect costs associated with the implementation and administration of various decarbonization tax credits. The bill also makes conforming amendments.

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.

SENATE
2nd Reading Unamended
April 15, 2026

HOUSE
3rd Reading Unamended
April 11, 2026

HOUSE
2nd Reading Unamended
April 9, 2026

The bill takes effect only if House Bill 26-1405 becomes law, which transfers the unexpended and unencumbered balance of the fund to the general fund on June 30, 2027.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-38.5-120, **amend**
3 (3); and **repeal** (1)(c), (2), (3.5), (4), and (5) as follows:

4 **24-38.5-120. Decarbonization tax credits administration cash**
5 **fund - definitions - repeal.**

6 (1) As used in this section, unless the context otherwise requires:

7 (c) ~~"Fund" means the decarbonization tax credits administration~~
8 ~~cash fund created in subsection (2) of this section.~~

9 (2) ~~The decarbonization tax credits administration cash fund is~~
10 ~~hereby created in the state treasury. The fund consists of money credited~~
11 ~~to the fund pursuant to section 39-29-108 (2)(e)(I) and any other money~~
12 ~~that the general assembly may appropriate or transfer to the fund.~~

13 (3) (a) ~~Subject to annual appropriation by the general assembly,~~
14 ~~For state fiscal years 2023-24 2027-2028 through 2034-35, THE GENERAL~~
15 ~~ASSEMBLY MAY APPROPRIATE MONEY TO the office and the department~~
16 ~~may expend money from the fund for THE direct and indirect costs~~
17 ~~associated with the implementation and administration of the~~
18 ~~decarbonization tax credits.~~

19 (b) ~~(f) Money in the fund may also be used to repay administrative~~
20 ~~costs to the respective cash funds. The state treasurer shall transfer money~~
21 ~~from the fund in the amount attributable to administrative costs to the~~
22 ~~respective cash funds so that all administrative costs are repaid to the~~
23 ~~respective cash funds on or before June 29, 2024.~~

24 ~~(H) As used in this subsection (3)(b), unless the context otherwise~~

1 requires:

2 (A) "~~Administrative costs~~" means the amount of money expended
3 from the respective cash funds by the office and the department for the
4 administration and implementation of certain income tax credits, as
5 provided for in sections ~~24-38.5-116 (6)(b)(II), 24-38.5-118 (7)(d),~~
6 ~~24-38.5-506 (2)(b),~~ and of the temporary specific ownership tax rate
7 reduction for electric medium-duty and heavy-duty trucks that are part of
8 a fleet as provided for in section ~~25-7-1405 (2)(b).~~

9 (B) ~~"Respective cash funds" means the industrial and~~
10 ~~manufacturing operations clean air grant program cash fund created in~~
11 ~~section 24-38.5-116 (6), the geothermal energy grant fund created in~~
12 ~~section 24-38.5-118 (7), the community access to electric bicycles cash~~
13 ~~fund created in section 24-38.5-506, and the electrifying school buses~~
14 ~~grant program cash fund created in section 25-7-1405.~~

15 (3.5) (a) ~~On January 1, 2026, the state treasurer shall transfer two~~
16 ~~million five hundred thousand dollars from the fund to the energy and~~
17 ~~carbon management cash fund created in section 34-60-122 (5).~~

18 (b) ~~This subsection (3.5) is repealed, effective July 1, 2026.~~

19 (4) ~~The state treasurer shall transfer all unexpended and~~
20 ~~unencumbered money in the fund on June 30, 2024, June 30, 2025, and~~
21 ~~June 30, 2026, to the general fund; except that the balance of money~~
22 ~~remaining in the fund not including expended and encumbered money~~
23 ~~shall not be less than three hundred thousand dollars.~~

24 (5) ~~Notwithstanding subsection (4) of this section, on July 1,~~
25 ~~2036, the state treasurer shall transfer all money in the fund to the general~~
26 ~~fund.~~

27 **SECTION 2.** In Colorado Revised Statutes, 24-38.5-116, **amend**

1 (6)(b)(II) as follows:

2 **24-38.5-116. Industrial and manufacturing operations clean**
3 **air grant program - creation - eligibility - fund created - gifts, grants,**
4 **or donations - transfer - legislative declaration - definitions -**
5 **reporting - repeal.**

6 (6) **Fund.**

7 (b) (II) For state fiscal years 2023-24 and 2024-25, the office and,
8 subject to annual appropriation, the department of revenue may expend
9 money from the fund for the administration and implementation of the
10 industrial clean energy tax credit created in section 39-22-551 and the tax
11 credit for sustainable aviation fuel production facility created in section
12 39-22-556. The office shall keep an accounting of all money expended
13 from the fund pursuant to this subsection (6)(b)(II). ~~for purposes of~~
14 ~~calculating the repayment of the administrative costs required by section~~
15 ~~24-38.5-120 (3)~~

16 **SECTION 3.** In Colorado Revised Statutes, 24-38.5-118, **amend**
17 (7)(d) as follows:

18 **24-38.5-118. Geothermal energy grant program - creation -**
19 **procedures - fund - report - definitions - legislative declaration -**
20 **repeal.**

21 (7) **Fund.**

22 (d) For state fiscal years 2023-24 and 2024-25, the office and,
23 subject to annual appropriation, the department of revenue may expend
24 money in the fund for the administration and implementation of the tax
25 credit for expenditures made in connection with a geothermal energy
26 project created in section 39-22-552, the geothermal electricity generation
27 production tax credit created in section 39-22-553, and the heat pump

1 technology and thermal energy network tax credit created in section
2 39-22-554. The office shall keep an accounting of all money expended
3 from the fund pursuant to this subsection (7)(d). ~~for purposes of~~
4 ~~calculating the repayment of the administrative costs required by section~~
5 ~~24-38.5-120 (3)~~

6 **SECTION 4.** In Colorado Revised Statutes, 24-38.5-506, **amend**
7 (2)(b) as follows:

8 **24-38.5-506. Community access to electric bicycles cash fund**
9 **- creation - gifts, grants, or donations - transfer - repeal.**

10 (2) (b) For state fiscal years 2023-24 and 2024-25, the office and,
11 subject to annual appropriation, the department of revenue may expend
12 money in the fund for the administration and implementation of the
13 electric bicycle tax credit created in section 39-22-555. The office shall
14 keep an accounting of all money expended from the fund pursuant to this
15 subsection (2)(b). ~~for purposes of calculating the repayment of the~~
16 ~~administrative costs required by section 24-38.5-120 (3)~~

17 **SECTION 5.** In Colorado Revised Statutes, 25-7-1405, **amend**
18 (2)(b) as follows:

19 **25-7-1405. Electrifying school buses grant program cash fund**
20 **- creation - gifts, grants, and donations - transfer - repeal.**

21 (2) (b) For state fiscal years 2023-24 and 2024-25, and subject to
22 annual appropriation, the Colorado energy office, created in section
23 24-38.5-101, and the department of revenue may expend money from the
24 fund for the administration and implementation of the innovative motor
25 vehicles and innovative trucks tax credits created in sections 39-22-516.7
26 and 39-22-516.8 and for the specific ownership tax rate reduction for
27 electric medium-duty and heavy-duty trucks that are part of a fleet as set

1 forth in section 42-3-107 (1)(a)(IV). The office shall keep an accounting
2 of all money expended from the fund pursuant to this subsection (2)(b).
3 ~~for purposes of calculating the repayment of the administrative costs~~
4 ~~required by section 24-38.5-120 (3)~~

5 **SECTION 6.** In Colorado Revised Statutes, 34-60-122, **repeal**
6 (5)(f) as follows:

7 **34-60-122. Expenses - energy and carbon management cash**
8 **fund created - repeal.**

9 ~~(5) (f) (F) On June 30, 2025, the state treasurer shall transfer two~~
10 ~~million five hundred thousand dollars from the energy and carbon~~
11 ~~management cash fund to the decarbonization tax credits administration~~
12 ~~cash fund created in section 24-38.5-120 (2).~~

13 ~~(H) This subsection (5)(f) is repealed, effective July 1, 2026.~~

14 **SECTION 7.** In Colorado Revised Statutes, 39-29-108, **amend**
15 (2)(b); and **repeal** (2)(e) as follows:

16 **39-29-108. Allocation of severance tax revenues - definitions**
17 **- repeal.**

18 (2) (b) Except as set forth in ~~subsections (2)(d) and (2)(e)~~
19 SUBSECTION (2)(d) of this section, of the total gross receipts realized from
20 the severance taxes imposed on minerals and mineral fuels under the
21 provisions of this article after June 30, 2017, fifty percent shall be
22 credited to the state severance tax trust fund created by section 39-29-109,
23 and fifty percent shall be credited to the local government severance tax
24 fund created by section 39-29-110.

25 ~~(e) (F) For the state fiscal years 2023-24 through 2026-27, the state~~
26 ~~treasurer shall credit the discrete increased amount of severance tax for~~
27 ~~oil and gas production that is attributable to the reduction of the credit~~

1 against tax pursuant to section 39-29-105 (2)(b)(II) to the decarbonization
2 tax credits administration cash fund created in section 24-38.5-120 (2);
3 except that, for state fiscal years 2024-25 and 2025-26, money credited
4 to the decarbonization tax credits administration cash fund shall not
5 exceed the net revenue from the oil and gas severance tax collection.

6 ~~(H) Repealed.~~

7 ~~(HH) As used in this subsection (2)(c), unless the context otherwise~~
8 ~~requires:~~

9 ~~(A) Repealed.~~

10 ~~(B) "Discrete increased amount of severance tax for oil and gas~~
11 ~~production" means the amount of tax collected that is attributable to a~~
12 ~~twelve and one-half percent reduction in the severance tax credit for oil~~
13 ~~and gas production set forth in section 39-29-105 (2)(b)(II) for tax years~~
14 ~~beginning on or after January 1, 2024, but before January 1, 2026.~~

15 ~~(C) Repealed.~~

16 ~~(IV) This subsection (2)(c) is repealed, effective December 31,~~
17 ~~2036.~~

18 **SECTION 8. Effective date.** This act takes effect only if House
19 Bill 26-1405 becomes law, in which case this act takes effect on July 1,
20 2027.

21 **SECTION 9. Safety clause.** The general assembly finds,
22 determines, and declares that this act is necessary for the immediate
23 preservation of the public peace, health, or safety or for appropriations for
24 the support and maintenance of the departments of the state and state
25 institutions.