

**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. 23-0972.01 Megan McCall x4215

**HOUSE BILL 23-1272**

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**HOUSE SPONSORSHIP**

**Weissman and Joseph,**

**SENATE SPONSORSHIP**

**Fenberg,**

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**House Committees**

Energy & Environment  
Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101       **CONCERNING TAX POLICY THAT ADVANCES DECARBONIZATION, AND,**  
102               **IN CONNECTION THEREWITH, EXTENDING TAX CREDITS FOR THE**  
103               **PURCHASE OR LEASE OF ELECTRIC VEHICLES; CREATING TAX**  
104               **CREDITS FOR INDUSTRIAL FACILITIES TO IMPLEMENT**  
105               **GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS, FOR**  
106               **EXPENDITURES MADE IN CONNECTION WITH GEOTHERMAL**  
107               **ENERGY PROJECTS, FOR PRODUCTION OF GEOTHERMAL**  
108               **ELECTRICITY GENERATION, FOR THE DEPLOYMENT OF HEAT**  
109               **PUMP TECHNOLOGY, FOR RETAIL SALES OF ELECTRIC BICYCLES,**  
110               **AND FOR CONSTRUCTION OF SUSTAINABLE AVIATION FUEL**  
111               **PRODUCTION FACILITIES; CREATING A TEMPORARY SPECIFIC**  
112               **OWNERSHIP TAX RATE REDUCTION ON A PORTION OF THE**  
113               **SALE OF ELECTRIC MEDIUM- AND HEAVY-DUTY TRUCKS;**

*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  
April 21, 2023

101            **TEMPORARILY DECREASING THE SEVERANCE TAX CREDIT FOR**  
102            **OIL AND GAS PRODUCTION, REQUIRING THE REVENUE THAT IS**  
103            **ATTRIBUTABLE TO THE DECREASE BE DEPOSITED IN THE**  
104            **DECARBONIZATION TAX CREDITS ADMINISTRATION CASH FUND,**  
105            **AND CREATING THE CASH FUND; AND MAKING AN**  
106            **APPROPRIATION.**

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### **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 extends the innovative motor vehicles income tax credit for the purchase or lease of electric motor vehicles and plug-in hybrid electric motor vehicles that weigh 8,500 pounds or less through tax year 2028 and adjusts the amount of the credit that may be claimed, including with certain allowances for additional credit amounts for vehicles purchased or leased at a location that allows the credit to be assigned and is assigned to a motor vehicle dealer or financing entity and for vehicles that have a manufacturer's suggested retail price below \$30,000.

However, the credit cannot be claimed for vans, sport utility vehicles, and pickup trucks that have a manufacturer's suggested retail price of \$80,000 or more or for any other vehicle that has a manufacturer's suggested retail price of \$55,000 or more. Additionally, if for any one of the state fiscal years 2025-26, 2026-27, or 2027-28, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%, and if the amount of the reduced credit is at or below \$500, then no credit is allowed for such a tax year.

**Section 3** extends the income tax credit for the purchase or lease of an innovative truck through tax year 2028 and adjusts the amount of the credit that may be claimed. However, for light-duty trucks, if for any one of the state fiscal years 2025-26, 2026-27, or 2027-28, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%, and if the amount of the reduced

credit is at or below \$500, then no credit is allowed for such a tax year.

Additionally, under current law, the innovative motor vehicles tax credit and the innovative trucks tax credit may be assigned by a purchaser to the entity that finances the purchase or lease of the vehicle. Sections 1 and 2 expand the purchaser's ability to assign the credits to a motor vehicle dealer in addition to a financing entity. For income tax years commencing on or after January 1, 2024, sections 1 and 2 also allow a tax exempt person or political subdivision of the state to claim or assign the tax credit.

**Section 4** terminates an existing heat pump tax credit so that it is allowed only for income tax years beginning on and after January 1, 2023, but before January 1, 2024.

**Section 5** creates a refundable income tax credit allowable in tax years commencing on or after January 1, 2024, but before January 1, 2033, for the owner of an industrial facility that undertakes a industrial study (study) or puts greenhouse gas emissions reduction improvements (improvements) into service. The credit is administered by the Colorado energy office (office). The amount of credit that can be claimed for an industrial study is 30% of the costs paid for completing the study up to \$1 million.

The amount of credit that can be claimed for improvements is 30% of the capital costs paid by the owner, not including the cost for design; except that for certain improvements that have the potential to significantly reduce greenhouse gas emissions but are not yet commercially available, the office may approve a higher percentage to be claimed of up to 50%. Owners must apply semi-annually for the credit to the office and the office reviews applications and awards a reservation of credits based on a merit-based review. Upon completion of a study or upon putting the improvements into service, the office issues the owner a tax credit certificate to claim the credit in the amount reserved to the owner. The availability of the credit is subject to an aggregate cap each application period. If the aggregate maximum amount is not claimed in a tax year, the aggregate maximum amount in the next income tax year is increased by an amount equal to the excess amount.

**Section 6** creates a refundable tax credit for an expenditure an eligible taxpayer makes in connection with a geothermal energy project, which is a project in the state that is intended to evaluate and develop a geothermal resource for the purpose of electricity production. The office is required to approve geothermal energy projects that can receive a qualified expenditure made by an eligible taxpayer. The office sets the amount of credit an eligible taxpayer may receive and reserves the amount of credit for the income tax year in which the eligible taxpayer anticipates making the expenditure. Subject to specified limits on the maximum amount of credits that the office may approve and that an eligible taxpayer may receive, the office issues a tax credit certificate in

the reserved amount of tax credit after an eligible taxpayer submits a cost certification of the qualified expenditure.

**Section 7** creates a refundable tax credit for income tax years beginning on or after January 1, 2024, but before January 1, 2033, that is administered by the office and is available to a person subject to income tax or a person or political subdivision of the state exempt from income tax that produces geothermal electricity for sale or for the person or political subdivision's own use. The credit amount is equal to \$0.003 per kilowatt hour of geothermal electricity that is produced in the state in the tax year, up to a maximum amount of \$1 million.

**Section 8** creates a new refundable income tax credit for heat pump technology for income tax years commencing on or after January 1, 2024, but before January 1, 2033. The office is responsible for maintaining a list of eligible taxpayers who meet certain industry criteria and who are allowed the credit for the installation of heat pump technology or a thermal energy network if the eligible taxpayer provides a discount from the amount charged for installation, unless the eligible taxpayer installs their own heat pump technology or thermal energy network. The amount of the tax credit is calculated based on the applicable percentage, set annually by the office, of a flat dollar amount which depends on the type of heat pump technology installed and the year the credit is claimed. The calculation of the amount of allowable credit may be modified depending on whether the heat pump technology is installed at a multifamily property, at a nonresidential building, or for a thermal energy network. However, for heat pump technology that is installed in an existing residential building or nonresidential building, if for any one of the state fiscal years 2025-26 through 2032-33, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%, and if the amount of the reduced credit is at or below \$250, then no credit is allowed for such a tax year.

**Section 9** creates a refundable income tax credit for income tax years commencing on or after January 1, 2024, but before January 1, 2033, for the sale of new qualifying electric bicycles in the state. The credit is allowed in the amount of \$800 to a qualified retailer who sells a qualifying electric bicycle to a resident of the state and offers a discount equal to the lesser of \$700 or the purchase price. However, if for any one of the state fiscal years 2025-26 through 2032-33, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%.

**Section 10** creates a refundable income tax credit for income tax

years commencing on or after January 1, 2024, but before January 1, 2033, for a percentage of the actual costs incurred to construct, reconstruct, or erect a sustainable aviation fuel production facility in the state. The credit can be claimed by an aviation business, a sustainable aviation fuel producer, or an airport for the income tax year in which the production facility is put in service and is subject to aggregate caps for each income tax year for which the credit can be claimed. Additionally, the credit is subject to recapture if the sustainable aviation fuel production of a facility comprises less than 60% of the total fuel production of the facility in any of the 5 taxable years immediately following the taxable year in which the facility was placed in service.

**Section 11** creates a mechanism to allow for advance payment of income tax credits to a motor vehicle dealer or financing entity that has been assigned the innovative motor vehicle tax credit or innovative truck tax credit, or to a qualified retailer for the electric bicycle tax credit.

**Section 12** creates a sales and use tax exemption for a fleet vehicle that is a heavy-duty truck or a medium-duty truck. For tax years commencing on or after January 1, 2024, but before January 1, 2028, the exemption amount is equal to 50% of the purchase price of the vehicle, and for tax years commencing on or after January 1, 2028, but before January 1, 2033, the exemption amount is equal to 60% of the purchase price of the vehicle.

**Section 13** terminates an existing sales and use tax exemption for heat pump systems and heat pump water heaters used in commercial or residential buildings so that it is allowed only for income tax years beginning on or after January 1, 2023, but before January 1, 2024.

**Section 14** creates a sales and use tax exemption for all sales to an eligible taxpayer of heat pump technology and equipment necessary for the proper functioning of a thermal energy network and for the storage and use of the same for income tax years commencing on or after January 1, 2024, but before January 1, 2033.

**Section 15** reduces the severance tax credit allowed for oil and gas production. Under current law, the amount of credit allowed is calculated by applying rate of 87.5% of all ad valorem taxes assessed during the taxable year for accrual basis taxpayers or paid during the taxable year by cash basis taxpayers upon oil and gas, oil and gas leaseholds and leasehold interests, and oil and gas royalties and royalty interests. The bill reduces the rate to 75% for 2024 and 2025. For tax years beginning on and after January 1, 2026, the bill modifies the calculation for the oil and gas tax that otherwise would have been implemented in tax year 2025 by making a parallel downward adjustment so that the amount of credit is derived by multiplying 65.625% of the gross income of the well by the mill levy fixed in the prior calendar year.

**Section 16** requires that for state fiscal years 2024-25 through 2032-33, the revenue collected that is equal to the amount attributable to

the decreased amount of severance tax credit allowed for oil and gas production is credited to the general fund; except that on July 1, 2025, the revenue must first be credited to the cash funds used for state fiscal years 2023-24 and 2024-25 by the office for the administration of the tax credits created by the bill and the remaining money is credited to the state general fund. Additionally, the stakeholder group that was required to convene pursuant to HB22-1391 is required to additionally consider long-term changes for the severance tax credit for oil and gas production.

**Section 17** creates a partial, temporary, and specific ownership tax exemption for new class A or class B personal property that is a fleet vehicle and meets the definition of a category 7 truck for purposes of the innovative truck tax credit.

**Section 18** and **section 19** allow for cities and counties to opt out of the sales and use tax exemption created for sales of category 7 fleet vehicles that are heavy-duty trucks or medium-duty electric trucks, sales to an eligible taxpayer of heat pump technology and equipment necessary for a proper functioning of a thermal energy network, and for the storage and use of the same for income tax years commencing on or after January 1, 2024, but before January 1, 2033.

**Section 20** gives the office the authority to expend money from the industrial and manufacturing operations clean air grant program cash fund for state fiscal years 2023-24 and 2024-25 to administer and implement the industrial clean energy tax credit that is created in section 5.

**Section 21** gives the office the authority to expend money from the geothermal energy grant fund for state fiscal years 2023-24 and 2024-25 to administer and implement the tax credit for expenditure made in connection with a geothermal energy project that is created in section 6 and the geothermal electricity generation production tax credit that is created in section 7.

**Section 22** gives the office the authority to expend money from the community access to electric bicycles cash fund for state fiscal years 2023-24 and 2024-25 to administer and implement the electric bicycle tax credit created in section 9 for state fiscal years 2023-24 and 2024-25.

**Section 23** gives the office the authority to expend money from the electrifying school buses grant program cash fund for state fiscal years 2023-24 and 2024-25 to administer and implement the changes made to the innovative motor vehicles and innovative trucks tax credits set forth in sections 2 and 3.

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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:

1 (a) Energy is at the heart of the state's climate challenges, and  
2 clean energy is key to the solution;

3 (b) A large portion of the greenhouse gases that blanket the earth  
4 and trap the sun's heat are generated through the combustion of fossil  
5 fuels;

6 (c) Reducing greenhouse gas emissions is crucial to avoiding the  
7 most serious effects of climate change and preserving Colorado's way of  
8 life, the health of communities, and the natural environment in the state  
9 and to achieving the state's statutory greenhouse gas reduction targets;

10 (d) Emissions from Colorado's buildings, transportation, and  
11 industrial sectors make up the majority of the statewide air and  
12 greenhouse gas emissions pollution;

13 (e) Decreasing emissions from these sectors will require public  
14 investments to improve energy efficiency and encourage the adoption of  
15 clean energy technologies;

16 (f) Many clean energy technologies have lower life cycle costs,  
17 but individuals and businesses struggle to pay the higher up-front costs;

18 (g) The "Inflation Reduction Act" passed by the United States  
19 Congress in 2022 made important tax incentives available to the people  
20 of Colorado, and the general assembly seeks to build on that momentum;

21 (h) Tax credits are designed to incentivize certain behaviors and  
22 ultimately reduce a taxpayer's tax liability, and the general assembly seeks  
23 to use tax credits and other tax incentives as a tool to accelerate the  
24 adoption of clean energy technologies by promoting their development as  
25 well as sales and purchase of certain technologies;

26 (i) The incentives are intended to improve the affordability and  
27 accessibility of clean energy for consumers and businesses across the

1 state;

2 (j) The incentives are also intended to provide a signal to clean  
3 energy technology manufacturers to ensure that Colorado consumers have  
4 access to these technologies in the marketplace;

5 (k) The technologies targeted by the tax incentives presented in  
6 this legislation are crucial to the clean energy transition and electric  
7 generation and to reducing greenhouse gas emissions caused by passenger  
8 vehicles, trucks, fossil fuel heating systems, and industrial operations;

9 (l) Passenger vehicles, trucks, and bicycles powered by clean  
10 electricity produce less greenhouse gas emissions than those powered by  
11 fossil fuels;

12 (m) The federal "Inflation Reduction Act" created consumer zero  
13 emission vehicle tax credits that incentivize vehicles meeting the  
14 escalating North American assembly and materials sourcing requirements.  
15 The federal credits serve two primary purposes, both to reduce the price  
16 of zero emission vehicles for consumers and to encourage investment in  
17 domestic vehicle manufacturing.

18 (n) During an interim period while domestic manufacturing and  
19 materials production for electric vehicles expand to meet the heightening  
20 federal tax credit requirements, certain zero emission vehicles may be  
21 ineligible for the full federal incentive;

22 (o) By filling a possible gap in electric vehicle eligibility for the  
23 federal "Inflation Reduction Act" electric vehicle tax credits, the tax  
24 credit incentives in this bill aim to assist Colorado consumers in  
25 purchasing electric vehicles during the gap period, thereby aiding in the  
26 immediate reduction of Colorado greenhouse gas emissions;

27 (p) Geothermal electricity generation is renewable, clean,



1 available statewide, and reliable regardless of weather conditions;

2 (q) Electric heat pumps and heat pump water heaters are reliable  
3 in both hot and cold weather, and their high energy efficiency will keep  
4 energy bills low and consistent for homeowners and renters;

5 (r) In order to qualify for these tax incentives, emissions reduction  
6 technologies in industrial and manufacturing facilities will be certified to  
7 reduce greenhouse gas emissions through the Colorado energy office;

8 (s) Industrial and manufacturing facilities are often located in  
9 disproportionately impacted communities, and emissions reduction  
10 investments in these facilities should be designed to reduce local air  
11 pollution in addition to greenhouse gas pollution;

12 (t) Allowing tax credits for electric vehicles, trucks, and bicycles  
13 to be claimed at the point of sale will ensure equity by improving access  
14 to these technologies for Coloradans who cannot pay the full price  
15 without the credit or the discount provided for a retailer claiming the  
16 credit;

17 (u) Improving access to clean energy and energy efficiency  
18 technologies is a crucial component in ensuring that the transition to a  
19 clean energy economy is equitable for Coloradans of all socio-economic  
20 backgrounds; and

21 (v) The tax incentives will accelerate the adoption of clean energy  
22 throughout the state, set Colorado on a path to 100% renewable energy by  
23 2040, and continue to position Colorado as a leader in the clean energy  
24 economy.

25 (2) Therefore, the general assembly finds and declares that it is  
26 necessary to retool or create tax incentives designed to promote the sale  
27 and purchase or lease of electric vehicles and trucks, electric bicycles, and

1 energy-efficient heat pumps and promote geothermal energy production  
2 and the adoption of emissions reductions technology in industrial  
3 facilities in order to drastically cut carbon emissions and help mitigate  
4 climate change.

5 (3) The general assembly further finds and declares that it is  
6 necessary to reexamine the state's current tax expenditures, including  
7 credits related to severance taxes for oil and gas production, in  
8 consideration of the general assembly's desire to transition from oil and  
9 gas to clean energy within the state.

10 **SECTION 2.** In Colorado Revised Statutes, 39-22-516.7, **amend**  
11 (1)(k.5), (1)(r)(II) introductory portion, (1)(r.3), (2)(a), (2)(e)(I)  
12 introductory portion, (3), (4)(a)(V), (9), and (10); and **add** (1)(g.5),  
13 (1)(p.5), (1)(r.1), (1.5), (2)(e)(VIII), (2)(f), (4)(a)(VI), (4)(a)(VII),  
14 (4)(a)(VIII), (4)(a)(IX), (4)(a)(X), (4)(a)(XI), (4)(a.3), (4)(a.5), (4)(a.7),  
15 (11), and (12) as follows:

16 **39-22-516.7. Tax credit for innovative motor vehicles - tax**  
17 **preference performance statement - definitions - repeal.** (1) As used  
18 in this section, unless the context otherwise requires:

19 (g.5) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

20 (k.5) "Financing entity" means the entity that finances the  
21 purchase or lease of a category 1 ~~or category 1 A~~ vehicle eligible for a  
22 credit allowed by this section.

23 (p.5) "MANUFACTURER'S SUGGESTED RETAIL PRICE" HAS THE SAME  
24 MEANING AS SET FORTH IN SECTION 42-1-102 (50).

25 (r) (II) "Motor vehicle" means, for tax years commencing on or  
26 after January 1, 2017, ~~but prior to January 1, 2022,~~ a self-propelled  
27 vehicle with four wheels, including a truck and a hybrid motor vehicle,

1 that is:

2 (r.1) "MOTOR VEHICLE DEALER" HAS THE SAME MEANING AS SET  
3 FORTH IN SECTION 44-20-102 (18).

4 (r.3) (I) "Purchaser" means the buyer or the lessee of a category  
5 ~~1 or category 1~~ A vehicle, but, FOR INCOME TAX YEARS COMMENCING  
6 BEFORE JANUARY 1, 2024, does not include the state or any political  
7 subdivision of the state. For tax years commencing on or after January 1,  
8 2017, a lessee seeking to claim a credit allowed in this section must enter  
9 into a lease with a term of not less than two years.

10 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
11 1, 2024, "PURCHASER" INCLUDES A PERSON OR A POLITICAL SUBDIVISION  
12 OF THE STATE THAT IS EXEMPT FROM TAXATION UNDER SECTION  
13 39-22-112 (1).

14 (1.5) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
15 REQUIRES EACH BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO  
16 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
17 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS  
18 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED FOR IN  
19 THIS SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY  
20 TAXPAYERS, SPECIFICALLY THE SALE AND PURCHASE OR LEASE OF  
21 ELECTRIC MOTOR VEHICLES, BY PROVIDING A REDUCTION IN INCOME TAX  
22 LIABILITY TO THE PURCHASER OR LESSEE OR TO A MOTOR VEHICLE DEALER  
23 OR FINANCING ENTITY IN CONNECTION WITH THE SALE AND PURCHASE OR  
24 LEASE OF AN ELECTRIC MOTOR VEHICLE.

25 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
26 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES  
27 SPECIFIED IN SUBSECTION (1.5)(a) OF THIS SECTION BASED ON THE NUMBER

1 AND VALUE OF CREDITS CLAIMED.

2 (2) (a) With respect to the tax years commencing on or after  
3 January 1, 2013, but prior to ~~January 1, 2026~~, JANUARY 1, 2029, there is  
4 allowed to any person a credit against the tax imposed by this article 22,  
5 not to exceed the amount specified in subsection (4) of this section, for  
6 the purchase or lease of a motor vehicle defined as category 1.

7 (e) (I) A purchaser may assign the tax credit allowed in this  
8 section for the purchase or lease of a category 1 or category 1 A vehicle  
9 completed on or after January 1, 2017, BUT PRIOR TO JANUARY 1, 2024,  
10 to a financing entity as follows:

11 (VIII) THIS SUBSECTION (2)(e) IS REPEALED, EFFECTIVE  
12 DECEMBER 31, 2028.

13 (f) (I) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED IN  
14 THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE  
15 COMPLETED ON OR AFTER JANUARY 1, 2024, TO A FINANCING ENTITY OR  
16 TO A MOTOR VEHICLE DEALER AS FOLLOWS:

17 (A) THE ASSIGNMENT TO THE FINANCING ENTITY OR THE MOTOR  
18 VEHICLE DEALER MUST BE COMPLETED AT THE TIME OF PURCHASE OR  
19 LEASE BY ENTERING INTO AN ELECTION STATEMENT AS SET FORTH IN  
20 SUBSECTION (2)(f)(III) OF THIS SECTION;

21 (B) THE PURCHASER MUST TITLE AND REGISTER THE VEHICLE IN  
22 THE STATE AS REQUIRED BY STATE LAW;

23 (C) THE PURCHASER MUST ASSIGN THE TAX CREDIT TO THE  
24 FINANCING ENTITY OR THE MOTOR VEHICLE DEALER AND FORFEIT THE  
25 RIGHT TO CLAIM THE TAX CREDIT ON THE PURCHASER'S TAX RETURN IN  
26 EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION DESCRIBED IN  
27 SUBSECTION (2)(f)(I)(D) OF THIS SECTION; AND

1 (D) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER  
2 SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF  
3 THE TAX CREDIT INCLUDING, IF APPLICABLE, THE AMOUNTS ALLOWED  
4 PURSUANT TO SUBSECTIONS (4)(a)(XI) AND (4)(a.5) OF THIS SECTION;  
5 EXCEPT THAT THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER  
6 MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED TWO HUNDRED  
7 FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE COMPENSATION  
8 PAID TO THE PURCHASER IS CONSIDERED A REFUND OF STATE TAXES AND  
9 IS NOT INCOME.

10 (II) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER  
11 ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY OR TO A MOTOR VEHICLE  
12 DEALER PURSUANT TO THIS SUBSECTION (2)(f), THE FINANCING ENTITY OR  
13 THE MOTOR VEHICLE DEALER RECEIVES THE FULL AMOUNT OF THE TAX  
14 CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID  
15 BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED  
16 FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

17 (III) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER  
18 AND THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER SHALL ENTER  
19 INTO AN ELECTION STATEMENT THAT:

20 (A) IDENTIFIES THE VEHICLE IDENTIFICATION NUMBER OF THE  
21 CATEGORY 1 VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS SECTION;

22 (B) IDENTIFIES THE MANUFACTURER'S SUGGESTED RETAIL PRICE  
23 OF THE CATEGORY 1 VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS  
24 SECTION;

25 (C) SPECIFIES THE VALUE OF THE CREDIT ALLOWED; AND

26 (D) AFFIRMS THAT THE REQUIREMENTS SPECIFIED IN SUBSECTION  
27 (2)(f)(I) OF THIS SECTION WERE MET.

1 (IV) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER MAY  
2 AUTHORIZE AN AGENT OR A DESIGNEE TO SIGN THE ELECTION STATEMENT  
3 ON ITS BEHALF.

4 (V) FOR THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE  
5 COMPLETED ON OR AFTER JANUARY 1, 2024, THE FINANCING ENTITY OR  
6 THE MOTOR VEHICLE DEALER SHALL ELECTRONICALLY SUBMIT A REPORT  
7 CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT  
8 DESCRIBED IN SUBSECTION (2)(f)(III) OF THIS SECTION TO THE  
9 DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND MANNER REQUIRED  
10 BY THE DEPARTMENT FOR ALL PURCHASES OR LEASES OF A CATEGORY 1  
11 VEHICLE COMPLETED IN THE REPORTING PERIOD.

12 (VI) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER  
13 SHALL MAINTAIN THE ELECTION STATEMENT DESCRIBED IN SUBSECTION  
14 (2)(f)(III) OF THIS SECTION AND PRODUCE IT UPON REQUEST BY THE  
15 DEPARTMENT FOR AN AUDIT.

16 (VII) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
17 JANUARY 1, 2025, THE FINANCING ENTITY OR MOTOR VEHICLE DEALER  
18 MAY ELECT ADVANCE PAYMENTS OF CREDITS ASSIGNED UNDER THIS  
19 SUBSECTION (2)(f) AS SPECIFIED IN SECTION 39-22-629.

20 (3) If a motor vehicle is leased, the lessee, not the lessor, is  
21 allowed to claim the credit allowed pursuant to this section. The lessee  
22 may elect to assign the tax credit allowed pursuant to this section for the  
23 lease of a category 1 ~~or category 1-A~~ vehicle to a financing entity OR TO  
24 A MOTOR VEHICLE DEALER as specified in ~~paragraph (c) of subsection (2)~~  
25 SUBSECTIONS (2)(e) OR (2)(f), AS APPLICABLE, of this section.

26 (4) The amount of the credit allowed pursuant to this section is  
27 calculated as follows:

1           (a) **Category 1.** (V) With respect to ~~the tax years commencing~~  
2 THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE SOLD OR LEASED on  
3 or after January 1, 2023, but prior to ~~January 1, 2026~~, JULY 1, 2023, two  
4 thousand dollars for a purchase or one thousand five hundred dollars for  
5 a lease;

6           (VI) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a)(XI)  
7 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A  
8 CATEGORY 1 VEHICLE SOLD OR LEASED ON OR AFTER JULY 1, 2023, BUT  
9 BEFORE JANUARY 1, 2025, FIVE THOUSAND DOLLARS FOR A PURCHASE OR  
10 A LEASE;

11           (VII) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a)(XI)  
12 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A  
13 CATEGORY 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR  
14 AFTER JANUARY 1, 2025, BUT BEFORE JANUARY 1, 2026, THREE THOUSAND  
15 FIVE HUNDRED DOLLARS;

16           (VIII) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7)  
17 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A  
18 CATEGORY 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR  
19 AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2027, ONE THOUSAND  
20 FIVE HUNDRED DOLLARS;

21           (IX) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7) OF  
22 THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY  
23 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR AFTER  
24 JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2028, ONE THOUSAND  
25 DOLLARS;

26           (X) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7) OF  
27 THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY

1 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR AFTER  
2 JANUARY 1, 2028, BUT BEFORE JANUARY 1, 2029, FIVE HUNDRED  
3 DOLLARS; AND

4 (XI) WITH RESPECT TO A PURCHASE OR LEASE OF A CATEGORY 1  
5 VEHICLE SOLD OR LEASED AT A LOCATION WHERE THE CREDIT ALLOWED  
6 IN THIS SECTION MAY BE ASSIGNED AND IF THE CREDIT IS ASSIGNED  
7 PURSUANT TO SUBSECTION (2)(f) OF THIS SECTION IN A TAX YEAR THAT  
8 COMMENCES ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,  
9 2026, AN ADDITIONAL AMOUNT OF SIX HUNDRED DOLLARS MAY BE  
10 CLAIMED BY A FINANCING ENTITY OR MOTOR VEHICLE DEALER WHEN THE  
11 PURCHASER ASSIGNS THE CREDIT TO THE FINANCING ENTITY OR MOTOR  
12 VEHICLE DEALER.

13 (a.3) **Limitation on credit.** NO CREDIT IS ALLOWED FOR A  
14 PURCHASE OR LEASE MADE ON OR AFTER JULY 1, 2023, BUT BEFORE  
15 JANUARY 1, 2029, OF A CATEGORY 1 VEHICLE THAT EXCEEDS A  
16 MANUFACTURER'S SUGGESTED RETAIL PRICE OF EIGHTY-THOUSAND  
17 DOLLARS.

18 (a.5) **Category 1 for vehicles under \$35,000 threshold.** WITH  
19 RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE MADE  
20 AND DELIVERED IN TAX YEARS COMMENCING ON OR AFTER JANUARY 1,  
21 2024, BUT PRIOR TO JANUARY 1, 2029, WITH A MANUFACTURER'S  
22 SUGGESTED RETAIL PRICE BELOW THIRTY-FIVE THOUSAND DOLLARS THERE  
23 IS ALLOWED AN ADDITIONAL TWO THOUSAND FIVE HUNDRED DOLLARS OF  
24 CREDIT IN ADDITION TO THE AMOUNT OF CREDIT ALLOWED PURSUANT TO  
25 SUBSECTION (4)(a) OF THIS SECTION.

26 (a.7) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE  
27 REVENUE FORECAST THROUGH THE JUNE 2027 REVENUE FORECAST AS



1 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF  
2 STATE PLANNING AND BUDGETING, PROJECTS THAT THE STATE IS NOT  
3 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED  
4 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE  
5 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE  
6 CREDIT ALLOWED PURSUANT TO SUBSECTION (4)(a)(VIII), (4)(a)(IX), OR  
7 (4)(a)(X) OF THIS SECTION FOR ANY TAX YEAR COMMENCING IN THE  
8 CALENDAR YEAR THAT BEGINS DURING SAID NEXT FISCAL YEAR IS  
9 REDUCED BY FIFTY PERCENT; EXCEPT THAT IF THE AMOUNT OF REDUCED  
10 CREDIT IS EQUAL TO OR LESS THAN FIVE HUNDRED DOLLARS, THEN NO  
11 CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

12 (9) Making the purchaser aware of the income tax credit allowed  
13 in this section or helping the purchaser assign the income tax credit to a  
14 financing entity OR TO A MOTOR VEHICLE DEALER as allowed in this  
15 section does not rise to the level of providing the purchaser with  
16 unauthorized tax advice.

17 (10) ~~This section is repealed, effective December 31, 2030.~~ A  
18 PURCHASER, AS SET FORTH IN SUBSECTION (1)(r.3)(II) OF THIS SECTION,  
19 WHO CLAIMS THE CREDIT UNDER THIS SECTION SHALL FILE A RETURN  
20 PURSUANT TO SECTION 39-22-601 (7)(b).

21 (11) A PURCHASER WHO CLAIMS A TAX CREDIT UNDER THIS  
22 SECTION OR WHO ASSIGNS A TAX CREDIT PURSUANT TO SUBSECTION (2)(f)  
23 OF THIS SECTION IS ENTITLED TO ADDITIONALLY RECEIVE ANY REBATE  
24 THAT IS PART OF AN ELECTRIC VEHICLE PROGRAM PURSUANT TO SECTIONS  
25 40-3-116 AND 40-5-107.

26 (12) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

27 **SECTION 3.** In Colorado Revised Statutes, 39-22-516.8, **amend**

1 (1)(bb.3), (8.3), (8.5), (13.5)(a) introductory portion, and (18); and **add**  
2 (1)(bb.1), (1)(q.5), (1.5), (8.7), (13.5)(h), (13.7), and (17.5) as follows:

3 **39-22-516.8. Tax credit for innovative trucks - tax preference**  
4 **performance statement - definitions - repeal.** (1) As used in this  
5 section, unless the context otherwise requires:

6 (q.5) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

7 (bb.1) "MOTOR VEHICLE DEALER" HAS THE SAME MEANING AS SET  
8 FORTH IN SECTION 44-20-102 (18).

9 (bb.3) (I) "Purchaser" means the buyer or the lessee of a category  
10 4, category 4 A, category 4 B, category 4 C, category 7, category 7 A, or  
11 category 9 vehicle, but, FOR INCOME TAX YEARS COMMENCING BEFORE  
12 JANUARY 1, 2023, does not include the state or any political subdivision  
13 of the state. For tax years commencing on or after January 1, 2017, a  
14 lessee seeking to claim a credit allowed in this section must enter into a  
15 lease with a term of not less than two years.

16 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
17 1, 2024, "PURCHASER" INCLUDES A PERSON OR POLITICAL SUBDIVISION OF  
18 THE STATE WHO IS EXEMPT FROM TAXATION UNDER SECTION 39-22-112  
19 (1).

20 (1.5) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
21 REQUIRES EACH BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO  
22 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
23 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS  
24 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS  
25 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,  
26 SPECIFICALLY THE SALE AND PURCHASE OR LEASE OF ELECTRIC  
27 LIGHT-DUTY, MEDIUM-DUTY, OR HEAVY-DUTY TRUCKS, BY PROVIDING A

1 REDUCTION IN INCOME TAX LIABILITY TO THE PURCHASER OR LESSEE OR  
 2 TO A FINANCING ENTITY IN CONNECTION WITH THE SALE AND PURCHASE OR  
 3 LEASE OF AN ELECTRIC LIGHT-DUTY, MEDIUM-DUTY, OR HEAVY-DUTY  
 4 TRUCK.

5 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
 6 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE  
 7 SPECIFIED IN SUBSECTION (1.5)(a) OF THIS SECTION BASED ON THE NUMBER  
 8 AND VALUE OF CREDITS CLAIMED.

9 (8.3) **Category 7 purchase.** (a) Except as provided in subsection  
 10 (14) of this section, with respect to the income tax years commencing on  
 11 or after January 1, 2017, but before ~~January 1, 2026~~, JANUARY 1, 2024,  
 12 there is allowed to any person a credit against the tax imposed by this  
 13 article 22 in an amount set forth in subsection (8.3)(b) of this section for  
 14 each purchase of a category 7 truck during the tax year.

15 (b)

	Income tax year commencing:			
	1/1/2017 but before 1/1/2020	1/1/2020 but before 1/1/2021	1/1/2021 but before 1/1/2023	1/1/2023 but before <del>1/1/2026</del> <b>1/1/2024</b>
Light-duty passenger motor vehicle over 8,500 GVWR	\$5,000	\$4,000	\$2,500	\$2,000
Light-duty electric truck	\$7,000	\$5,500	\$3,500	\$2,800

1	Medium-duty				
2	electric truck	\$10,000	\$8,000	\$5,000	\$4,000
3	Heavy-duty truck	\$20,000	\$16,000	\$10,000	\$8,000

4 (8.5) **Category 7 lease.** (a) Except as provided in subsection (14)  
5 of this section, with respect to the income tax years commencing on or  
6 after January 1, 2017, but before ~~January 1, 2026~~, JANUARY 1, 2024 there  
7 is allowed to any person a credit against the tax imposed by this article 22  
8 in an amount set forth in subsection (8.5)(b) of this section for each lease  
9 of a category 7 truck during the tax year.

10 (8.5) (b)

		Income tax year commencing:		
		1/1/2017	1/1/2020	1/1/2021
11				but
12		but	but	before
13		before	before	<del>1/1/2026</del>
14		1/1/2020	1/1/2021	<b>1/1/2024</b>
15				
16	Light-duty passenger motor			
17	vehicle over 8,500 GVWR	\$2,500	\$2,000	\$1,500
18	Light-duty electric truck	\$3,500	\$2,750	\$1,750
19				
20				
21				
22	Medium-duty electric truck	\$5,000	\$4,000	\$2,500

1			
2			
3			
4			
5	Heavy-duty truck	\$10,000	\$8,000

6           **(8.7) (a) Category 7 light-duty passenger motor vehicle over**  
7           **8,500 GVWR or light-duty electric truck lease or purchase for tax**  
8           **years 2024 through 2028.** EXCEPT AS OTHERWISE PROVIDED IN  
9           SUBSECTION (8.7)(d) OF THIS SECTION, WITH RESPECT TO INCOME TAX  
10          YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE  
11          JANUARY 1, 2029, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7  
12          LIGHT-DUTY PASSENGER MOTOR VEHICLE OVER 8,500 GVWR OR A  
13          LIGHT-DUTY ELECTRIC TRUCK **SOLD OR LEASED** DURING THE TAX YEAR,  
14          THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED  
15          BY THIS ARTICLE 22 IN AN AMOUNT AS FOLLOWS:

16           (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
17          1, 2024, BUT BEFORE JANUARY 1, 2025, FIVE THOUSAND DOLLARS;

18           (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
19          1, 2025, BUT BEFORE JANUARY 1, 2026, THREE THOUSAND FIVE HUNDRED  
20          DOLLARS;

21           (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
22          1, 2026, BUT BEFORE JANUARY 1, 2027, ONE THOUSAND FIVE HUNDRED  
23          DOLLARS;

24           (IV) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
25          JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2028, ONE THOUSAND  
26          DOLLARS; AND

27           (V) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY

1 1, 2028, BUT BEFORE JANUARY 1, 2029, FIVE HUNDRED DOLLARS.

2 (b) **Category 7 medium-duty electric truck lease or purchase**  
3 **for tax years 2024 through 2032.** WITH RESPECT TO INCOME TAX YEARS  
4 COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,  
5 2033, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7 MEDIUM-DUTY  
6 ELECTRIC TRUCK **SOLD OR LEASED** DURING THE TAX YEAR, THERE IS  
7 ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS  
8 ARTICLE 22 IN AN AMOUNT AS FOLLOWS:

9 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
10 1, 2024, BUT BEFORE JANUARY 1, 2026, **TEN** THOUSAND DOLLARS; AND

11 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
12 1, 2026, BUT BEFORE JANUARY 1, 2033, **THREE** THOUSAND DOLLARS.

13 (c) **Category 7 heavy-duty truck lease or purchase for tax**  
14 **years 2024 through 2032.** WITH RESPECT TO INCOME TAX YEARS  
15 COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,  
16 2033, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7 HEAVY-DUTY  
17 TRUCK **SOLD OR LEASED** DURING THE TAX YEAR, THERE IS ALLOWED TO  
18 ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 IN  
19 AN AMOUNT AS FOLLOWS:

20 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
21 1, 2024, BUT BEFORE JANUARY 1, 2026, **TEN** THOUSAND DOLLARS; AND

22 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
23 1, 2026, BUT BEFORE JANUARY 1, 2033, **FIVE** THOUSAND DOLLARS.

24 (d) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE  
25 REVENUE FORECAST THROUGH THE JUNE 2027 REVENUE FORECAST AS  
26 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF  
27 STATE PLANNING AND BUDGETING, PROJECTS THAT THE STATE IS NOT

1 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED  
2 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE  
3 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE  
4 CREDIT ALLOWED PURSUANT TO SUBSECTION (8.7)(a)(III), (8.7)(a)(IV), OR  
5 (8.7)(a)(V) OF THIS SECTION FOR ANY TAX YEAR COMMENCING IN THE  
6 CALENDAR YEAR THAT BEGINS DURING SAID NEXT FISCAL YEAR IS  
7 REDUCED BY FIFTY PERCENT; EXCEPT THAT IF THE AMOUNT OF REDUCED  
8 CREDIT IS EQUAL TO OR LESS THAN FIVE HUNDRED DOLLARS, THEN NO  
9 CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

10 (13.5) (a) A purchaser may assign the tax credit allowed in this  
11 section for the purchase or lease of a category 4, category 4 A, category  
12 4 B, category 4 C, category 7, category 7 A, or category 9 vehicle  
13 completed on or after January 1, 2017, BUT BEFORE JANUARY 1, 2024, to  
14 a financing entity as follows:

15 (h) THIS SUBSECTION (13.5) IS REPEALED, EFFECTIVE DECEMBER  
16 31, 2028.

17 (13.7) (a) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED  
18 IN THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 7 VEHICLE  
19 SOLD OR LEASED ON OR AFTER JANUARY 1, 2024, TO A FINANCING ENTITY  
20 OR TO A MOTOR VEHICLE DEALER AS FOLLOWS:

21 (I) THE ASSIGNMENT TO THE FINANCING ENTITY OR THE MOTOR  
22 VEHICLE DEALER MUST BE COMPLETED AT THE TIME OF PURCHASE OR  
23 LEASE BY ENTERING INTO AN ELECTION STATEMENT AS SET FORTH IN  
24 SUBSECTION (13.7)(c) OF THIS SECTION;

25 (II) THE PURCHASER MUST TITLE AND REGISTER THE VEHICLE IN  
26 THE STATE OR REGISTER THE VEHICLE UNDER THE INTERNATIONAL  
27 REGISTRATION PLAN AND BASE PLATE THE VEHICLE IN THE STATE AS

1 REQUIRED BY STATE LAW;

2 (III) THE PURCHASER MUST ASSIGN THE TAX CREDIT TO THE  
3 FINANCING ENTITY OR THE MOTOR VEHICLE DEALER AND FORFEIT THE  
4 RIGHT TO CLAIM THE TAX CREDIT ON THE PURCHASER'S TAX RETURN IN  
5 EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION; AND

6 (IV) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER  
7 SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF  
8 THE TAX CREDIT; EXCEPT THAT THE FINANCING ENTITY OR THE MOTOR  
9 VEHICLE DEALER MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED  
10 TWO HUNDRED FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE  
11 COMPENSATION PAID TO THE PURCHASER IS CONSIDERED A REFUND OF  
12 STATE TAXES AND IS NOT INCOME.

13 (b) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER  
14 ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY OR TO A MOTOR VEHICLE  
15 DEALER PURSUANT TO THIS SUBSECTION (13.7), THE FINANCING ENTITY OR  
16 THE MOTOR VEHICLE DEALER RECEIVES THE FULL AMOUNT OF THE TAX  
17 CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID  
18 BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED  
19 FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

20 (c) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER  
21 AND THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER SHALL ENTER  
22 INTO AN ELECTION STATEMENT THAT:

23 (I) IDENTIFIES THE VEHICLE IDENTIFICATION NUMBER OF THE  
24 CATEGORY 7 VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS SECTION;

25 (II) SPECIFIES THE VALUE OF THE CREDIT ALLOWED; AND

26 (III) AFFIRMS THAT THE REQUIREMENTS SPECIFIED IN SUBSECTION  
27 (13.7)(a) OF THIS SECTION WERE MET.



1 (d) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER MAY  
2 AUTHORIZE AN AGENT OR A DESIGNEE TO SIGN THE ELECTION STATEMENT  
3 ON ITS BEHALF.

4 (e) FOR THE PURCHASE OR LEASE OF A CATEGORY 7 VEHICLE  
5 COMPLETED ON OR AFTER JANUARY 1, 2024, THE FINANCING ENTITY OR  
6 THE MOTOR VEHICLE DEALER SHALL ELECTRONICALLY SUBMIT A REPORT  
7 CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT  
8 DESCRIBED IN SUBSECTION (13.7)(c) OF THIS SECTION TO THE  
9 DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND MANNER REQUIRED  
10 BY THE DEPARTMENT.

11 (f) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER SHALL  
12 MAINTAIN THE ELECTION STATEMENT DESCRIBED IN SUBSECTION (13.7)(c)  
13 OF THIS SECTION AND PRODUCE IT UPON REQUEST OR AUDIT BY THE  
14 DEPARTMENT.

15 (g) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
16 1, 2025, THE FINANCING ENTITY OR MOTOR VEHICLE DEALER MAY ELECT  
17 ADVANCE PAYMENTS OF CREDITS ASSIGNED UNDER THIS SUBSECTION  
18 (13.7) AS SPECIFIED IN SECTION 39-22-629.

19 (17.5) A PURCHASER, AS SET FORTH IN SUBSECTION (1)(bb.3)(II)  
20 OF THIS SECTION, WHO CLAIMS THE CREDIT ALLOWED BY THIS SECTION  
21 SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

22 (18) This section is repealed, effective ~~December 31, 2030~~  
23 DECEMBER 31, 2037.

24 **SECTION 4.** In Colorado Revised Statutes, 39-22-545, **amend**  
25 (3)(a) as follows:

26 **39-22-545. Credit against tax - heat pump systems - heat pump**  
27 **water heaters - tax preference performance statement - legislative**

1 **declaration - definitions - repeal.** (3) (a) Subject to the provisions of  
2 subsection (4) of this section, for income tax years commencing on or  
3 after January 1, 2023, but before ~~January 1, 2025~~, JANUARY 1, 2024, any  
4 purchaser that installs a residential or commercial heat pump system into  
5 real property in this state or that installs a residential or commercial heat  
6 pump water heater into real property in this state is allowed a credit  
7 against the tax imposed by this article 22 in an amount equal to ten  
8 percent of the purchase price paid by the purchaser for the heat pump  
9 system or heat pump water heater.

10 **SECTION 5.** In Colorado Revised Statutes, **add** 39-22-549 as  
11 follows:

12 **39-22-549. Industrial clean energy tax credit - tax preference**  
13 **performance statement - definitions - report - repeal.** (1) (a) IN  
14 ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL  
15 THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE  
16 PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE  
17 DECLARATION, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE  
18 PURPOSE OF THE TAX CREDIT PROVIDED FOR IN THIS SECTION IS TO INDUCE  
19 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS AND TO PROVIDE A  
20 REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN BUSINESSES OR  
21 INDIVIDUALS BY ALLOWING AN OWNER OF AN INDUSTRIAL FACILITY TO  
22 RECEIVE A CREDIT AGAINST INCOME TAX FOR THE COSTS ASSOCIATED WITH  
23 CONDUCTING INDUSTRIAL STUDIES OR FOR IMPLEMENTING A PLAN TO PUT  
24 INTO SERVICE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

25 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
26 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES  
27 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE

1 INFORMATION REQUIRED AND REPORTED BY THE OFFICE PURSUANT TO  
2 SUBSECTION (5)(b) OF THIS SECTION, AND BASED ON THE NUMBER AND  
3 VALUE OF THE CREDITS CLAIMED.

4 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
5 OTHERWISE REQUIRES:

6 (a) "APPLICABLE PERCENTAGE" MEANS THIRTY PERCENT, EXCEPT  
7 AS PROVIDED IN SUBSECTION (3)(b)(II) OF THIS SECTION.

8 (b) "CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTIONS" MEANS  
9 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS TO A QUALIFIED  
10 INDUSTRIAL FACILITY THAT HAVE BEEN CERTIFIED BY THE OFFICE AS  
11 MEETING THE STANDARDS OF THE OFFICE.

12 (c) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE  
13 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

14 (d) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

15 (e) "GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS"  
16 MEANS IMPROVEMENTS THAT HELP TO MEASURABLY REDUCE GREENHOUSE  
17 GAS EMISSIONS. "GREENHOUSE GAS EMISSIONS REDUCTION  
18 IMPROVEMENTS" ALSO MEANS ONE OR MORE OF THE FOLLOWING  
19 EQUIPMENT PURCHASES, IMPROVEMENTS, AND RETROFITS:

20 (I) REPLACING FOSSIL-FUEL-POWERED OFF-ROADEQUIPMENT SUCH  
21 AS FORKLIFTS AND CONSTRUCTION EQUIPMENT WITH ELECTRIC  
22 EQUIPMENT;

23 (II) REPLACING FOSSIL-FUEL-FIRED EQUIPMENT FOR SPACE OR  
24 WATER HEATING OR INDUSTRIAL PROCESS HEATING WITH HIGH-EFFICIENCY  
25 ELECTRIC EQUIPMENT;

26 (III) REPLACING FOSSIL-FUEL-FIRED OR COMPRESSED AIR-DRIVEN  
27 INDUSTRIAL PROCESS EQUIPMENT WITH HIGH-EFFICIENCY ELECTRIC

- 1 EQUIPMENT;
- 2 (IV) PLACING IN SERVICE ADVANCED REFRIGERATION SYSTEMS
- 3 THAT REDUCE GREENHOUSE GAS EMISSIONS;
- 4 (V) PLACING IN SERVICE ELECTRIC CHARGING INFRASTRUCTURE
- 5 FOR ELECTRIC VEHICLES AT AN INDUSTRIAL FACILITY;
- 6 (VI) PLACING IN SERVICE WASTE HEAT RECOVERY TECHNOLOGY;
- 7 (VII) UPGRADING OR IMPLEMENTING ENERGY MONITORING
- 8 SYSTEMS;
- 9 (VIII) INSTALLING HIGH EFFICIENCY ELECTRIC PUMPS, MOTORS,
- 10 COMPRESSORS, AND LIGHTING;
- 11 (IX) INSTALLING VARIABLE VOLUME OR LOAD EFFICIENCY
- 12 EQUIPMENT;
- 13 (X) INSTALLING CARBON CAPTURE EQUIPMENT WHICH PROVIDES
- 14 SUPPORTING INFORMATION THAT DEMONSTRATES A NET REDUCTION IN
- 15 GREENHOUSE GAS EMISSIONS WHEN ACCOUNTING FOR ENERGY-RELATED
- 16 EMISSIONS RELEASED TO OPERATE THE CARBON CAPTURE EQUIPMENT AND
- 17 PROVIDES A PERMANENT DURABLE CARBON STORAGE PLAN; EXCEPT THAT
- 18 THE CAPTURED CARBON MAY NOT BE USED FOR ENHANCED OIL RECOVERY;
- 19 (XI) INSTALLING EQUIPMENT USED FOR COLLECTION OF
- 20 BIOMETHANE;
- 21 (XII) REPLACING FOSSIL-FUEL-FIRED EQUIPMENT WITH HYDROGEN
- 22 FUELED EQUIPMENT;
- 23 (XIII) INSTALLING HYDROGEN FUELING STATIONS FOR FUEL CELL
- 24 VEHICLES AT INDUSTRIAL FACILITIES;
- 25 (XIV) CONVERTING FOSSIL-FUEL-POWERED PUMPS, COMPRESSORS,
- 26 AND CONTROLLERS TO COMPRESSED AIR-DRIVEN OR ELECTRIC-DRIVEN
- 27 PUMPS, COMPRESSORS, AND CONTROLLERS;

1 (XV) INSTALLING ONSITE ENERGY STORAGE;

2 (XVI) INSTALLING OR UPGRADING TO UTILITY SERVICE FEED  
3 EQUIPMENT TO DIRECTLY SUPPORT THE IMPLEMENTATION OF ANY OF THE  
4 ELECTRIFICATION IMPROVEMENTS SET FORTH IN THIS SUBSECTION (2)(e);

5 (XVII) PLACING IN SERVICE CARBON MANAGEMENT SYSTEMS  
6 INCLUDING DIRECT AIR CAPTURE AND OTHER FORMS OF CARBON DIOXIDE  
7 REMOVAL;

8 (XVIII) MATERIAL SUBSTITUTIONS WITHIN INDUSTRIAL PROCESSES  
9 TO REDUCE INDUSTRIAL PROCESS EMISSIONS BY A MINIMUM OF FIFTEEN  
10 PERCENT WHEN COMPARED TO EXISTING PRODUCTION PRACTICES; AND

11 (XIX) OTHER SIMILAR PURCHASES AND IMPROVEMENTS  
12 IDENTIFIED AND SET FORTH IN THE STANDARDS DEVELOPED BY THE OFFICE  
13 PURSUANT TO SUBSECTION (4) OF THIS SECTION THAT RESULT IN AT LEAST  
14 A TWENTY PERCENT REDUCTION IN GREENHOUSE GAS EMISSIONS WHEN  
15 COMPARED TO CURRENT TECHNOLOGY, EQUIPMENT, OR PRODUCTION  
16 PROCESSES BEING DEPLOYED BY THE OWNER.

17 (f) "GREENHOUSE GAS EMISSIONS REDUCTION PLAN" OR "PLAN"  
18 MEANS PROJECT IMPLEMENTATION PLANS OR SPECIFICATIONS FOR THE  
19 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS TO A  
20 QUALIFIED INDUSTRIAL FACILITY THAT ARE SUFFICIENTLY DETAILED TO  
21 ENABLE THE OFFICE TO EVALUATE WHETHER THE IMPROVEMENTS ARE IN  
22 COMPLIANCE WITH THE STANDARDS DEVELOPED UNDER THIS SECTION AND  
23 WHETHER THE PLAN WILL MEASURABLY REDUCE GREENHOUSE GAS  
24 EMISSIONS AT A QUALIFIED INDUSTRIAL FACILITY. THE PLAN MUST  
25 INCLUDE, BUT IS NOT LIMITED TO, A PROPERTY ADDRESS, LEGAL  
26 DESCRIPTION, OR OTHER SPECIFIC LOCATION OF THE INDUSTRIAL FACILITY,  
27 AND MUST INCLUDE INFORMATION ON THE ESTIMATED COSTS FOR THE

1 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

2 (g) (I) "INDUSTRIAL FACILITY" MEANS ANY REAL PROPERTY IN THE  
3 STATE, AND THE MACHINERY OR EQUIPMENT ON THE REAL PROPERTY,  
4 WHERE THE PRINCIPAL TRADE OR BUSINESS ACTIVITY IS THE MECHANICAL  
5 OR CHEMICAL TRANSFORMATION OF ORGANIC OR INORGANIC SUBSTANCES  
6 INTO NEW PRODUCTS, CHARACTERISTICALLY USING POWER-DRIVEN  
7 MACHINES AND MATERIALS HANDLING EQUIPMENT.

8 (II) "INDUSTRIAL FACILITY" DOES NOT INCLUDE A LANDFILL, AN  
9 ELECTRIC UTILITY SUBJECT TO REGULATION BY THE PUBLIC UTILITIES  
10 COMMISSION, OR AN UPSTREAM OR MID-STREAM OIL AND GAS OPERATION.

11 (h) "INDUSTRIAL PROCESS GREENHOUSE GAS EMISSIONS" MEANS  
12 GREENHOUSE GAS EMISSIONS THAT OCCUR AS A RESULT OF THE CHEMICAL  
13 OR PHYSICAL TRANSFORMATION OF PROCESS INPUT MATERIALS.

14 (i) "INDUSTRIAL STUDY" MEANS AN ENERGY AND EMISSIONS  
15 AUDIT, A FEASIBILITY STUDY, OR A FRONT-END ENGINEERING DESIGN  
16 STUDY THAT MEETS OR EXCEEDS THE STANDARDS ESTABLISHED BY THE  
17 OFFICE.

18 (j) "OWNER" MEANS A PERSON SUBJECT TO TAX UNDER THIS  
19 ARTICLE 22 WHO APPLIES FOR AND CLAIMS THE CREDIT ALLOWED BY THIS  
20 SECTION.

21 (3) **Availability of credit and amount.** (a) FOR INCOME TAX  
22 YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT PRIOR TO  
23 JANUARY 1, 2033, THERE SHALL BE ALLOWED A CREDIT WITH RESPECT TO  
24 THE INCOME TAXES IMPOSED PURSUANT TO THIS ARTICLE 22 TO THE  
25 OWNER OF A QUALIFIED INDUSTRIAL FACILITY IN AN AMOUNT EQUAL TO:

26 (I) THE APPLICABLE PERCENTAGE OF THE COSTS PAID AND  
27 APPROVED BY THE OFFICE FOR COMPLETING AN INDUSTRIAL STUDY DURING

1 THE TAX YEAR IN WHICH THE CREDIT IS CLAIMED; EXCEPT THAT THE  
2 CREDIT CANNOT BE CLAIMED IN AN AMOUNT EXCEEDING ONE MILLION  
3 DOLLARS; OR

4 (II) THE APPLICABLE PERCENTAGE OF THE CAPITAL COSTS PAID BY  
5 THE OWNER, NOT INCLUDING THE COST FOR DESIGN, AND APPROVED BY  
6 THE OFFICE FOR CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTION  
7 IMPROVEMENTS THAT ARE PLACED IN SERVICE DURING THE TAX YEAR IN  
8 WHICH THE CREDIT IS CLAIMED; EXCEPT THAT THE CREDIT MUST BE  
9 CLAIMED IN AN AMOUNT THAT IS NOT LESS THAN SEVENTY-FIVE  
10 THOUSAND DOLLARS AND DOES NOT EXCEED FIVE MILLION DOLLARS.

11 (b) (I) IF THE OFFICE APPROVES THE OWNER'S INDUSTRIAL STUDY  
12 OR GREENHOUSE GAS EMISSIONS REDUCTION PLAN AND RESERVES CREDITS  
13 UNDER SUBSECTION (6) OF THIS SECTION, THE OFFICE SHALL APPLY THE  
14 APPLICABLE PERCENTAGE OF THE COSTS PAID FOR COMPLETING AN  
15 INDUSTRIAL STUDY OR THE CAPITAL COSTS PAID FOR GREENHOUSE GAS  
16 EMISSIONS REDUCTION IMPROVEMENTS TO CALCULATE THE AMOUNT OF  
17 THE CREDIT THAT THE OWNER WILL RECEIVE FOR THE TAX YEAR IN WHICH  
18 THE INDUSTRIAL STUDY IS COMPLETED OR THE GREENHOUSE GAS  
19 EMISSIONS REDUCTION IMPROVEMENTS ARE PLACED IN SERVICE.

20 (II) THE OFFICE MAY ON A CASE BY CASE BASIS DETERMINE THAT  
21 THE APPLICABLE PERCENTAGE MAY BE INCREASED TO AN AMOUNT NOT TO  
22 EXCEED FIFTY PERCENT UPON REQUEST BY AN OWNER FOR GREENHOUSE  
23 GAS EMISSIONS REDUCTION IMPROVEMENTS THAT HAVE SIGNIFICANT  
24 POTENTIAL TO SIGNIFICANTLY ADVANCE REDUCTIONS IN GREENHOUSE GAS  
25 EMISSIONS BUT MAY NOT BE IN THE COMMERCIAL STAGE OF  
26 DEVELOPMENT. IN EVALUATING SUCH A REQUEST, THE OFFICE MAY USE  
27 UNITED STATES DEPARTMENT OF ENERGY TECHNOLOGY READINESS LEVEL

1 CRITERIA, SCIENTIFIC LITERATURE DETAILING POTENTIAL  
2 DECARBONIZATION IMPACTS OF PROPOSED TECHNOLOGY, OR SUBSEQUENT  
3 LITERATURE ON TECHNOLOGY RESULTS TO DATE TO DETERMINE WHETHER  
4 THE REQUESTED INCREASE OF THE APPLICABLE PERCENTAGE SUFFICIENTLY  
5 SATISFIES THE OFFICE'S CRITERIA TO JUSTIFY THE INCREASE.

6 (c) AN OWNER THAT CLAIMS THE CREDIT ALLOWED BY THIS  
7 SECTION CANNOT CLAIM THE CREDIT ALLOWED BY SECTION 39-30-104  
8 WITH RESPECT TO THE GREENHOUSE GAS EMISSIONS REDUCTION  
9 IMPROVEMENTS OR RECEIVE GRANT MONEY UNDER THE INDUSTRIAL AND  
10 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CREATED IN  
11 SECTION 24-38.5-116 (3)(a).

12 (4) **Office to develop standards.** (a) THE OFFICE SHALL DEVELOP  
13 STANDARDS FOR THE APPROVAL OF INDUSTRIAL FACILITIES AS QUALIFIED  
14 INDUSTRIAL FACILITIES FOR WHICH A TAX CREDIT UNDER THIS SECTION IS  
15 ALLOWED TO AN OWNER.

16 (b) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL  
17 OF INDUSTRIAL STUDIES, FOR THE APPROVAL OF AN INDUSTRIAL FACILITY  
18 OWNER'S GREENHOUSE GAS EMISSIONS REDUCTION PLAN, FOR CERTIFYING  
19 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS, INCLUDING  
20 VERIFICATION OF REDUCTION IN GREENHOUSE GAS EMISSIONS, AND FOR  
21 REVIEWING THE COST CERTIFICATIONS FOR THE COSTS OF THE INDUSTRIAL  
22 STUDY AND THE COSTS RELATED TO THE IMPLEMENTATION OF A  
23 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS PLAN. THE  
24 STANDARDS THAT ARE ADOPTED PURSUANT TO THIS SUBSECTION (4)(b),  
25 MUST PROVIDE THAT A PLAN PROPOSE GREENHOUSE GAS EMISSIONS  
26 REDUCTION IMPROVEMENTS THAT LEAD TO DIRECT REDUCTIONS THROUGH  
27 PROJECT IMPLEMENTATION.



1 (c) ANY STANDARDS DEVELOPED BY THE OFFICE UNDER THIS  
2 SUBSECTION (4) MUST BE POSTED ON THE OFFICE'S WEBSITE.

3 (d) THE OFFICE MAY ANNUALLY REVIEW AND UPDATE AS  
4 NECESSARY STANDARDS ADOPTED PURSUANT TO THIS SUBSECTION (4).

5 (5) **Application and industrial study or plan submission.**

6 (a) AN OWNER THAT INTENDS TO CLAIM A CREDIT PURSUANT TO  
7 SUBSECTION (3)(a)(I) OF THIS SECTION SHALL SUBMIT TO THE OFFICE AN  
8 APPLICATION ON A FORM PRESCRIBED BY THE OFFICE AND ANY  
9 DOCUMENTATION THAT THE OFFICE REQUIRES TO DEMONSTRATE THE  
10 ANTICIPATED COMPLETION OF AN INDUSTRIAL STUDY IN THE CURRENT OR  
11 IN A FUTURE TAX YEAR, INCLUDING THE COST OF THE INDUSTRIAL STUDY  
12 AND THE AMOUNT OF CREDIT REQUESTED.

13 (b) AN OWNER THAT INTENDS TO CLAIM A TAX CREDIT PURSUANT  
14 TO SUBSECTION (3)(a)(II) OF THIS SECTION SHALL SUBMIT TO THE OFFICE  
15 AN APPLICATION AND PLAN AS SET FORTH IN THE STANDARDS DEVELOPED  
16 BY THE OFFICE. THE OFFICE SHALL PRESCRIBE A FORM FOR THE  
17 APPLICATION, WHICH MUST INCLUDE A PLACE FOR OWNERS TO PROVIDE  
18 THE FOLLOWING INFORMATION:

19 (I) DETAILED ESTIMATES OF THE CAPITAL COSTS FOR THE  
20 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS;

21 (II) ESTIMATES OF EXPECTED ENERGY CONSUMPTION AVOIDED BY  
22 THE USE OF THE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS;

23 (III) ESTIMATED TIMING FOR THE GREENHOUSE GAS EMISSIONS  
24 REDUCTION IMPROVEMENTS TO BE PLACED INTO SERVICE;

25 (IV) FOR CARBON MANAGEMENT PROJECTS, NET REDUCTIONS IN  
26 GREENHOUSE GAS EMISSIONS;

27 (V) ESTIMATED DOLLAR SAVINGS;

1 (VI) ESTIMATED DOLLARS LEVERAGED, INCLUDING ANY PRIVATE  
2 INVESTMENT, STATE GRANT FUNDING, AND FEDERAL GRANTS OR TAX  
3 CREDITS;

4 (VII) THE TYPE AND AGE OF EQUIPMENT BEING REPLACED, IF  
5 APPLICABLE;

6 (VIII) THE TYPE AND ESTIMATED LIFE SPAN OF NEW EQUIPMENT,  
7 IF APPLICABLE;

8 (IX) THE AMOUNT OF CREDIT REQUESTED; AND

9 (X) ANY OTHER INFORMATION AS SPECIFIED IN THE STANDARDS  
10 SET FORTH BY THE OFFICE.

11 (c) (I) THE OFFICE SHALL ACCEPT APPLICATIONS THROUGH JUNE  
12 30, 2024, AND SEMI-ANNUALLY THROUGH EACH DECEMBER 31 AND JUNE  
13 30 THEREAFTER, THROUGH JUNE 30, 2032.

14 (II) (A) THE OFFICE SHALL REVIEW APPLICATIONS AND  
15 DOCUMENTATION RELATED TO INDUSTRIAL STUDIES TO BE CONDUCTED OR  
16 PLANS FOR GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS AT  
17 A QUALIFIED INDUSTRIAL FACILITY TO DETERMINE THAT THE APPLICATION,  
18 DOCUMENTATION, AND PLAN, IF APPLICABLE, ARE COMPLETE AND IN  
19 COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION AND THE  
20 STANDARDS ESTABLISHED BY THE OFFICE.

21 (B) IF THE OFFICE DETERMINES THAT THE APPLICATION,  
22 DOCUMENTATION, AND PLAN, IF APPLICABLE, ARE COMPLETE AND IN  
23 COMPLIANCE, THE OFFICE SHALL ADD THE APPLICATION TO AN  
24 EVALUATION POOL FOR THE APPLICATION PERIOD.

25 (C) IF THE OFFICE DETERMINES THAT THE APPLICATION IS  
26 INCOMPLETE OR THAT IT DOES NOT COMPLY WITH THE REQUIREMENTS OF  
27 THIS SECTION OR THE STANDARDS ESTABLISHED BY THE OFFICE, THE

1 OFFICE SHALL REMOVE THE APPLICATION FROM THE REVIEW PROCESS AND  
2 NOTIFY THE OWNER IN WRITING OF ITS DECISION. AN OWNER MAY  
3 RESUBMIT A DISAPPROVED APPLICATION, DOCUMENTATION, AND PLAN, IF  
4 APPLICABLE, TO BE EVALUATED IN A FUTURE APPLICATION PERIOD.

5 (6) **Merit-based review and reservation of credits.** (a) (I) FOR  
6 EACH APPLICATION PERIOD, THE OFFICE SHALL CONDUCT A MERIT-BASED  
7 EVALUATION OF THE APPLICATIONS THAT HAVE BEEN PLACED IN THE  
8 EVALUATION POOL PURSUANT TO SUBSECTION (5)(c)(II)(B) OF THIS  
9 SECTION. THE OFFICE SHALL COMPLETE ITS REVIEW, AND AWARD  
10 RESERVATIONS, WITHIN NINETY DAYS AFTER THE END OF THE APPLICATION  
11 PERIOD.

12 (II) BASED UPON THE TOTALITY OF THE FACTORS SET FORTH IN  
13 SUBSECTION (6)(c) OF THIS SECTION, THE OFFICE MAY ADJUST THE  
14 APPLICABLE PERCENTAGE AS PROVIDED IN SUBSECTION (3)(b)(II) OF THIS  
15 SECTION AND RESERVE FOR THE BENEFIT OF EACH OWNER ALL, PART, OR  
16 NONE OF THE CREDIT AMOUNT REQUESTED BY THE OWNER; EXCEPT THAT  
17 THE OFFICE SHALL NOT RESERVE AN AMOUNT IN EXCESS OF THE CREDIT  
18 ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION, AND THE AGGREGATE  
19 AMOUNT OF CREDITS RESERVED FOR ALL OWNERS MAY NOT EXCEED THE  
20 RESERVATION LIMITS SET FORTH IN SUBSECTION (8) OF THIS SECTION.

21 (III) THE OFFICE MAY RESERVE CREDITS FOR THE CURRENT OR ANY  
22 FUTURE TAX YEAR BASED UPON THE ANTICIPATED COMPLETION OR IN  
23 SERVICE DATE INDICATED IN THE APPLICATION; EXCEPT THAT CREDITS  
24 MAY NOT BE RESERVED FOR AN INDUSTRIAL STUDY COMPLETED OR FOR  
25 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS PLACED IN  
26 SERVICE PRIOR TO THE END OF THE APPLICATION PERIOD. THE OFFICE  
27 SHALL NOT RESERVE TAX CREDITS FOR ANY TAX YEAR BEGINNING ON OR

1 AFTER JANUARY 1, 2033.

2 (b) (I) IF THE OFFICE RESERVES CREDITS FOR THE BENEFIT OF AN  
3 OWNER UNDER SUBSECTION (6)(a) OF THIS SECTION, THE OFFICE SHALL  
4 NOTIFY THE OWNER OF THE RESERVATION AND THE AMOUNT RESERVED.  
5 THE RESERVATION OF TAX CREDITS DOES NOT ENTITLE THE OWNER TO AN  
6 ISSUANCE OF ANY TAX CREDIT CERTIFICATES UNTIL THE OWNER COMPLIES  
7 WITH ALL OF THE REQUIREMENTS SPECIFIED IN THIS SECTION, OR BY THE  
8 OFFICE, FOR THE ISSUANCE OF A TAX CREDIT CERTIFICATE.

9 (II) THE OFFICE SHALL NOTIFY ANY OWNER FOR WHICH IT  
10 RESERVED NO CREDIT UNDER SUBSECTION (6)(a) OF THIS SECTION OF ITS  
11 DECISION IN WRITING.

12 (III) IF THE OFFICE RESERVES LESS THAN THE FULL AMOUNT OF  
13 CREDIT REQUESTED BY THE OWNER, THE OWNER MAY SUBMIT A NEW  
14 APPLICATION FOR THE REMAINING BALANCE UP TO THE AMOUNT OF CREDIT  
15 ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION IN A FUTURE  
16 APPLICATION PERIOD.

17 (c) (I) IN CONDUCTING THE MERIT-BASED REVIEW PURSUANT TO  
18 SUBSECTION (6)(a) OF THIS SECTION, THE OFFICE SHALL CONSIDER THE  
19 FACTORS SET FORTH IN THIS SUBSECTION (6)(c) IN ADDITION TO ANY  
20 OTHER FACTORS THE OFFICE MAY ESTABLISH IN ITS GUIDELINES. THE  
21 OFFICE MAY WEIGH THE FACTORS EQUALLY OR DIFFERENTLY.

22 (II) THE OFFICE SHALL:

23 (A) CONSIDER ADDITIONAL RESOURCES LEVERAGED BY THE  
24 OWNER TO CONDUCT THE INDUSTRIAL STUDY OR IMPLEMENT THE PLAN;  
25 AND

26 (B) PRIORITIZE THE LOCATION OF THE INDUSTRIAL FACILITY THAT  
27 IS THE SUBJECT OF THE INDUSTRIAL STUDY OR THE PLAN, IN PARTICULAR

1 IF THE LOCATION IS IN A DISPROPORTIONATELY IMPACTED COMMUNITY OR  
2 WITHIN A NON-ATTAINMENT AREA.

3 (III) IN ADDITION TO THE FACTORS SET FORTH IN SUBSECTION  
4 (6)(c)(II) OF THIS SECTION, FOR AN APPLICATION THAT IS REQUESTING A  
5 RESERVATION OF CREDIT FOR THE CREDIT ALLOWED PURSUANT TO  
6 SUBSECTION (3)(a)(II) OF THIS SECTION, THE OFFICE SHALL ALSO  
7 CONSIDER:

8 (A) THE ANNUAL GREENHOUSE GAS EMISSIONS REDUCTION  
9 IMPACT, CONSIDERING BOTH THE TOTAL IMPACT AND THE PER DOLLAR  
10 IMPACT FOR THE AMOUNT OF CREDIT REQUESTED TO BE RESERVED;

11 (B) ANY CO-BENEFITS OF A PROJECT THAT WILL IMPLEMENT THE  
12 PLAN WITH PRIORITIZATION GIVEN TO PROJECTS THAT LIMIT THE AMOUNT  
13 OF POLLUTANTS EMITTED BY EMERGING TECHNOLOGIES, INCLUDING  
14 PROJECTS THAT INCLUDE ELECTRIFICATION AND USE OF RENEWABLE  
15 ELECTRICITY;

16 (C) THE READINESS OF A GREENHOUSE GAS EMISSIONS REDUCTION  
17 IMPROVEMENT THAT WILL BE IMPLEMENTED BY THE PLAN; AND

18 (D) THE INNOVATIVE NATURE OF THE PLAN AND PROPOSED  
19 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

20 (7) **Proof of compliance - audit of cost certification - issuance**  
21 **of tax credit certificate.** (a) ANY OWNER RECEIVING A RESERVATION OF  
22 TAX CREDITS UNDER SUBSECTION (6) OF THIS SECTION FOR CREDITS  
23 ALLOWED PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION SHALL  
24 COMPLETE THE APPROVED INDUSTRIAL STUDY OR PUT THE APPROVED  
25 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS IDENTIFIED IN  
26 THE PLAN IN SERVICE DURING THE TAX YEAR FOR WHICH THE  
27 RESERVATION IS APPROVED. WHEN THE APPROVED INDUSTRIAL STUDY IS

1 COMPLETE OR THE APPROVED GREENHOUSE GAS EMISSIONS REDUCTION  
2 IMPROVEMENTS ARE PLACED IN SERVICE, THE OWNER SHALL NOTIFY THE  
3 OFFICE OF THE COMPLETION OF THE INDUSTRIAL STUDY OR PLAN AND  
4 SHALL PROVIDE THE OFFICE WITH A COST CERTIFICATION OF THE COSTS  
5 FOR THE APPROVED INDUSTRIAL STUDY OR APPROVED GREENHOUSE GAS  
6 EMISSIONS REDUCTION IMPROVEMENTS. THE COST CERTIFICATION MUST  
7 BE AUDITED BY A LICENSED CERTIFIED PUBLIC ACCOUNTANT THAT IS NOT  
8 AFFILIATED WITH THE OWNER. THE OFFICE SHALL REVIEW THE COST  
9 CERTIFICATION AND VERIFY THAT IT SATISFIES THE INFORMATION  
10 PROVIDED IN THE OWNER'S APPLICATION, INCLUDING, IF APPLICABLE, THE  
11 PLAN, WITHIN NINETY DAYS AFTER RECEIPT OF THE COST CERTIFICATION.  
12 IF THE OFFICE DETERMINES THAT THE INDUSTRIAL STUDY IS COMPLETE OR  
13 THAT THE PLAN IS COMPLETE AND THAT THE GREENHOUSE GAS EMISSIONS  
14 REDUCTION IMPROVEMENTS HAVE BEEN PLACED IN SERVICE, AND THE  
15 OFFICE APPROVES THE COST CERTIFICATION, THE OFFICE SHALL ISSUE A  
16 TAX CREDIT CERTIFICATE IN THE AMOUNT ALLOWED PURSUANT TO  
17 SUBSECTION (3) OF THIS SECTION.

18 (b) NOTWITHSTANDING SUBSECTION (7)(a) OF THIS SECTION, THE  
19 TOTAL AMOUNT OF THE INITIAL TAX CREDIT CERTIFICATE ISSUED FOR AN  
20 INDUSTRIAL STUDY OR CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTION  
21 IMPROVEMENT **MUST** NOT EXCEED THE AMOUNT OF THE TAX CREDIT  
22 RESERVATION APPROVED PURSUANT TO SUBSECTION (6)(a) OF THIS  
23 SECTION.

24 (c) IF THE AMOUNT OF CERTIFIED COSTS INCURRED BY THE OWNER  
25 WOULD RESULT IN AN OWNER BEING ISSUED AN AMOUNT THAT EXCEEDS  
26 THE AMOUNT OF TAX CREDIT RESERVED FOR THE OWNER UNDER  
27 SUBSECTION (6) OF THIS SECTION, THE OWNER MAY APPLY TO THE OFFICE

1 FOR THE ISSUANCE OF AN AMOUNT OF TAX CREDITS THAT EQUALS THE  
2 EXCESS. THE OWNER SHALL SUBMIT ITS APPLICATION FOR ISSUANCE OF  
3 SUCH EXCESS TAX CREDITS ON A FORM PRESCRIBED BY THE OFFICE. THE  
4 OFFICE SHALL REVIEW THE APPLICATION FOR AN ADDITIONAL TAX CREDIT  
5 AMOUNT IN THE SAME MANNER IT REVIEWS ALL OTHER APPLICATIONS AND  
6 IN ACCORDANCE WITH SUBSECTION (6)(a) OF THIS SECTION. SUBJECT TO  
7 THE AVAILABILITY OF TAX CREDITS FOR THE APPLICATION PERIOD DURING  
8 WHICH THE OWNER APPLIES FOR THE ADDITIONAL CREDIT AWARD  
9 PURSUANT TO THIS SUBSECTION (7)(c), THE OFFICE MAY APPROVE THE  
10 APPLICATION AND SHALL ISSUE A SEPARATE CERTIFICATE.

11 **(8) Limit on aggregate amount of tax credits available to be**  
12 **reserved.** (a) FOR THE APPLICATION PERIOD ENDING JUNE 30, 2024, AND  
13 FOR EACH SEMI-ANNUAL APPLICATION PERIOD COMMENCING ON OR AFTER  
14 JULY 1, 2024, BUT BEFORE JULY 1, 2028, THE AGGREGATE AMOUNT OF ALL  
15 TAX CREDITS THAT MAY BE RESERVED UNDER SUBSECTION (6)(a) OF THIS  
16 SECTION AND AWARDED UNDER SUBSECTION (7)(c) OF THIS SECTION MUST  
17 NOT EXCEED EIGHT MILLION DOLLARS. FOR APPLICATION PERIODS  
18 COMMENCING ON OR AFTER JULY 1, 2028, BUT BEFORE JULY 1, 2032, THE  
19 AGGREGATE AMOUNT OF ALL TAX CREDITS THAT MAY BE RESERVED  
20 UNDER SUBSECTION (6)(a) OF THIS SECTION MUST NOT EXCEED TWELVE  
21 MILLION DOLLARS.

22 (b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a) OF  
23 THIS SECTION, THE OFFICE MAY INCREASE THE PERIODIC AGGREGATE  
24 AMOUNT OF TAX CREDITS AVAILABLE FOR THE APPLICATION PERIOD  
25 ENDING JUNE 30, 2024, AND FOR ANY SEMI-ANNUAL APPLICATION PERIOD  
26 COMMENCING ON OR AFTER JULY 1, 2024, BUT BEFORE JULY 1, 2028. IF SO  
27 INCREASED, THE OFFICE SHALL DECREASE ACCORDINGLY THE AMOUNT OF

1 TAX CREDITS AVAILABLE FOR THE APPLICATION PERIODS COMMENCING ON  
2 OR AFTER JULY 1, 2028, BUT BEFORE JULY 1, 2032.

3 (c) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a) OF  
4 THIS SECTION, IF THE AGGREGATE AMOUNT OF ALL TAX CREDITS RESERVED  
5 PURSUANT TO SUBSECTION (6)(a) OF THIS SECTION AND AWARDED  
6 PURSUANT TO SUBSECTION (7)(c) OF THIS SECTION FOR AN APPLICATION  
7 PERIOD IS LESS THAN THE AMOUNT AVAILABLE UNDER SUBSECTIONS (8)(a)  
8 AND (8)(b) OF THIS SECTION, THEN THE AGGREGATE AMOUNT OF ALL TAX  
9 CREDITS THAT MAY BE RESERVED AND AWARDED IN THE NEXT  
10 APPLICATION PERIOD IS INCREASED BY THE UNRESERVED AND UNAWARDED  
11 AMOUNT.

12 (9) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
13 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
14 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH  
15 AN ELECTRONIC REPORT OF EACH OWNER TO WHICH THE OFFICE HAS  
16 ISSUED A TAX CREDIT CERTIFICATE, AS ALLOWED IN SUBSECTION (7) OF  
17 THIS SECTION, FOR THE PRECEDING TAX YEAR THAT INCLUDES THE  
18 FOLLOWING INFORMATION:

19 (a) THE TAXPAYER'S NAME;

20 (b) THE AMOUNT OF THE CREDIT; AND

21 (c) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE  
22 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER  
23 IDENTIFICATION NUMBER.

24 (10) **Guidelines.** (a) IN ADDITION TO THE STANDARDS THAT THE  
25 OFFICE IS REQUIRED TO ESTABLISH PURSUANT TO SUBSECTION (4) OF THIS  
26 SECTION, THE OFFICE MAY ESTABLISH GUIDELINES TO IMPLEMENT THIS  
27 SECTION. ALL GUIDELINES ESTABLISHED BY THE OFFICE MUST BE POSTED



1 ON THE OFFICE'S WEBSITE.

2 (b) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY  
3 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX  
4 CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE SET FORTH IN  
5 SUBSECTION (1)(a) OF THIS SECTION AND SHALL PROVIDE THIS  
6 INFORMATION AND ANY OTHER INFORMATION REQUESTED, IF AVAILABLE,  
7 TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S EVALUATION OF  
8 THIS TAX EXPENDITURE REQUIRED BY SECTION 39-21-305. INFORMATION  
9 PROVIDED BY THE OFFICE TO THE STATE AUDITOR MAY INCLUDE APPROVED  
10 INDUSTRIAL STUDIES OR APPROVED PLANS FOR GREENHOUSE GAS  
11 EMISSIONS REDUCTION IMPROVEMENTS.

12 (11) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS  
13 SECTION, THE OWNER SHALL FILE THE TAX CREDIT CERTIFICATE WITH THE  
14 OWNER'S STATE INCOME TAX RETURN. THE AMOUNT OF THE CREDIT THAT  
15 THE OWNER MAY CLAIM UNDER THIS SECTION IS THE AMOUNT STATED ON  
16 THE TAX CREDIT CERTIFICATE.

17 (12) (a) AN OWNER SHALL SUBMIT A REPORT TO THE OFFICE BY THE  
18 END OF THE FIRST MONTH AFTER THE END OF ANY INCOME TAX YEAR IN  
19 WHICH THE OWNER RECEIVED A TAX CREDIT UNDER THIS SECTION AND  
20 SHALL ANNUALLY SUBMIT A REPORT FOR THREE YEARS THEREAFTER  
21 VERIFYING THE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS  
22 ARE, NOTWITHSTANDING CIRCUMSTANCES EVALUATED AND DETERMINED  
23 BY THE OFFICE TO BE JUSTIFIED, IN USE AT THE LOCATION IDENTIFIED IN  
24 THE OWNER'S APPLICATION FOR A TAX CREDIT CERTIFICATE AND REMAIN  
25 OWNED BY THE OWNER.

26 (b) IF AN OWNER WAS ALLOWED A CREDIT UNDER THIS SECTION  
27 AND FAILS TO DEMONSTRATE THE GREENHOUSE GAS EMISSIONS

1 REDUCTION IMPROVEMENTS ARE, NOTWITHSTANDING CIRCUMSTANCES  
2 EVALUATED AND DETERMINED BY THE OFFICE TO THE JUSTIFIED, IN USE AT  
3 THE LOCATION IDENTIFIED IN THE OWNER'S APPLICATION FOR A TAX  
4 CREDIT CERTIFICATE OR ARE OWNED BY THE OWNER IN ANY OF THE THREE  
5 TAXABLE YEARS IMMEDIATELY FOLLOWING THE TAXABLE YEAR IN WHICH  
6 THE GREENHOUSE GAS EMISSIONS IMPROVEMENTS WERE PLACED IN  
7 SERVICE, THE OFFICE SHALL NOTIFY THE DEPARTMENT IN WRITING THAT  
8 THE CREDIT ALLOWED IN THIS SECTION MUST BE DISALLOWED FOR THAT  
9 OWNER. THE OWNER SHALL ADD THE AMOUNT OF THE DISALLOWED CREDIT  
10 TO ITS RETURN AS A RECAPTURED CREDIT FOR THE TAX YEAR IN WHICH  
11 THE CREDIT IS DISALLOWED PURSUANT TO THIS SUBSECTION (12).

12 (13) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE  
13 INCOME TAX DUE ON THE INCOME OF THE OWNER FOR THE TAXABLE YEAR,  
14 THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND MUST BE  
15 REFUNDED TO THE OWNER.

16 (14) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

17 **SECTION 6.** In Colorado Revised Statutes, **add** 39-22-550 as  
18 follows:

19 **39-22-550. Tax credit for expenditures made in connection**  
20 **with a geothermal energy project - tax preference performance**  
21 **statement - definitions - repeal.** (1) (a) IN ACCORDANCE WITH SECTION  
22 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX  
23 EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT  
24 AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE GENERAL  
25 ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT  
26 PROVIDED IN THIS SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR  
27 BY TAXPAYERS AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY

1 FOR CERTAIN BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL  
2 INCENTIVE FOR THE DEVELOPMENT OF ELECTRICITY GENERATION FROM  
3 GEOTHERMAL SOURCES.

4 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
5 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE  
6 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE NUMBER  
7 AND VALUE OF THE CREDITS CLAIMED.

8 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
9 OTHERWISE REQUIRES:

10 (a) (I) "APPLICABLE AMOUNT" MEANS, EXCEPT AS PROVIDED IN  
11 SUBSECTION (2)(a)(II) OF THIS SECTION, AN AMOUNT OF TAX CREDIT NOT  
12 TO EXCEED THIRTY PERCENT OF A QUALIFIED EXPENDITURE BY AN  
13 ELIGIBLE TAXPAYER THAT IS ALLOWED PURSUANT TO THIS SECTION AS SET  
14 BY THE OFFICE IN ACCORDANCE WITH SUBSECTION (4)(c) OF THIS SECTION.

15 (II) THE OFFICE MAY, ON A CASE-BY-CASE BASIS, DETERMINE THAT  
16 THE APPLICABLE AMOUNT MAY BE INCREASED TO AN AMOUNT NOT TO  
17 EXCEED FIFTY PERCENT OF A QUALIFIED EXPENDITURE BY AN ELIGIBLE  
18 TAXPAYER IF THE OFFICE DETERMINES THAT A GEOTHERMAL ENERGY  
19 PROJECT HAS SIGNIFICANT POTENTIAL TO RESULT IN GEOTHERMAL  
20 ELECTRICITY PRODUCTION OR TECHNOLOGICAL DEMONSTRATION OF  
21 GEOTHERMAL ELECTRICITY PRODUCTION.

22 (b) "APPROVED GEOTHERMAL ENERGY PROJECT" MEANS A  
23 GEOTHERMAL ENERGY PROJECT THAT HAS BEEN APPROVED TO RECEIVE  
24 QUALIFIED EXPENDITURES BY THE OFFICE PURSUANT TO THE STANDARDS  
25 DEVELOPED BY THE OFFICE IN ACCORDANCE WITH SUBSECTION (5) OF THIS  
26 SECTION.

27 (c) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE

1 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

2 (d) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

3 (e) "ELIGIBLE TAXPAYER" MEANS A PERSON ENGAGED IN A TRADE  
4 OR BUSINESS THAT IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22, OR  
5 A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS EXEMPT FROM  
6 TAX PURSUANT TO SECTION 39-22-112 (1), THAT MAKES A QUALIFIED  
7 EXPENDITURE.

8 (f) "GEOHERMAL ENERGY PROJECT" OR "PROJECT" MEANS A  
9 PROJECT IN THE STATE THAT IS INTENDED TO EVALUATE AND DEVELOP A  
10 GEOHERMAL RESOURCE FOR THE PURPOSE OF ELECTRICITY PRODUCTION,  
11 THAT MEETS THE STANDARDS DEVELOPED PURSUANT TO SUBSECTION (5)  
12 OF THIS SECTION, AND THAT INVOLVES ANY OF THE FOLLOWING:

13 (I) THE EXPLORATION AND DEVELOPMENT OF WELLS;

14 (II) DRILLING EXPLORATION AND CONFIRMATION WELLS;

15 (III) THE USE OF ANY HEAT EXTRACTED WITH PRODUCED FLUIDS  
16 IN AN OIL AND GAS OPERATION IF THE HEAT IS ONLY UTILIZED TO REDUCE  
17 EMISSIONS FROM THE OPERATION IN THE SAME LOCATION AS THE WELL  
18 FROM WHICH IT WAS PRODUCED AND WOULD OTHERWISE NOT BE  
19 ECONOMICALLY FEASIBLE AS A STAND-ALONE GEOHERMAL ENERGY  
20 PROJECT;

21 (IV) DRILLING INJECTION WELLS;

22 (V) FLOW TESTING;

23 (VI) RESERVOIR ENGINEERING;

24 (VII) GEOHERMAL ENERGY STORAGE;

25 (VIII) COPRODUCTION OF GEOHERMAL ENERGY; OR

26 (IX) POWER GENERATION EQUIPMENT.

27 (g) "QUALIFIED EXPENDITURE" MEANS THE TOTAL MONETARY

1 COST APPROVED BY THE OFFICE AND EXPENDED ON OR AFTER JANUARY 1,  
2 2024, BUT BEFORE JANUARY 1, 2033, BY AN ELIGIBLE TAXPAYER IN  
3 CONNECTION WITH AN APPROVED GEOTHERMAL ENERGY PROJECT IN THE  
4 TAX YEAR FOR WHICH THE CREDIT ALLOWED IN THIS SECTION IS CLAIMED.

5 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
6 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, AN ELIGIBLE TAXPAYER  
7 THAT MAKES A QUALIFIED EXPENDITURE IS ALLOWED A CREDIT AGAINST  
8 THE TAX IMPOSED UNDER THIS ARTICLE 22 IN THE APPLICABLE AMOUNT  
9 AND SUBJECT TO THE LIMITATIONS SET FORTH IN SUBSECTION (3)(b) OF  
10 THIS SECTION.

11 (b) AN ELIGIBLE TAXPAYER IS NOT ALLOWED A TAX CREDIT  
12 PURSUANT TO THIS SECTION IN AN AGGREGATE AMOUNT OF MORE THAN  
13 FIVE MILLION DOLLARS IN TAX CREDITS FOR ALL INCOME TAX YEARS FOR  
14 WHICH THE TAX CREDIT MAY BE CLAIMED PURSUANT TO THIS SECTION PER  
15 APPROVED GEOTHERMAL ENERGY PROJECT.

16 (4) (a) AN ELIGIBLE TAXPAYER SHALL SUBMIT AN APPLICATION IN  
17 A FORM AND MANNER DETERMINED BY THE OFFICE FOR A TAX CREDIT  
18 CERTIFICATE FOR THE CREDIT ALLOWED IN THIS SECTION. THE  
19 APPLICATION MUST INCLUDE:

20 (I) INFORMATION SUFFICIENT FOR THE OFFICE TO EVALUATE THE  
21 GEOTHERMAL ENERGY PROJECT FOR WHICH THE ELIGIBLE TAXPAYER  
22 PROPOSES MAKING AN EXPENDITURE AND TO APPROVE THE PROJECT IF THE  
23 PROJECT HAS NOT BEEN PREVIOUSLY APPROVED BY THE OFFICE;

24 (II) INFORMATION RELATED TO THE SPECIFIC COSTS ASSOCIATED  
25 WITH THE PROPOSED EXPENDITURE;

26 (III) ESTIMATED TIMING FOR THE PROPOSED EXPENDITURE TO BE  
27 MADE BY THE ELIGIBLE TAXPAYER;

1 (IV) THE AMOUNT OF CREDIT REQUESTED; AND  
2 (V) ANY OTHER INFORMATION AS SPECIFIED IN THE STANDARDS  
3 SET FORTH BY THE OFFICE.

4 (b) (I) THE OFFICE SHALL ACCEPT APPLICATIONS THROUGH JUNE  
5 30, 2024, AND SEMI-ANNUALLY THROUGH EACH JUNE 30 AND DECEMBER  
6 31 THEREAFTER, THROUGH JUNE 30, 2032.

7 (II) (A) THE OFFICE SHALL REVIEW APPLICATIONS AND  
8 DOCUMENTATION PROVIDED PURSUANT TO SUBSECTION (4)(a) OF THIS  
9 SECTION TO DETERMINE WHETHER THE APPLICATION AND  
10 DOCUMENTATION ARE COMPLETE AND IN COMPLIANCE WITH THE  
11 REQUIREMENTS OF THIS SECTION AND THE STANDARDS ESTABLISHED BY  
12 THE OFFICE.

13 (B) IF THE OFFICE DETERMINES THAT THE APPLICATION AND  
14 DOCUMENTATION ARE COMPLETE AND IN COMPLIANCE WITH THE  
15 REQUIREMENTS OF THIS SECTION AND THE STANDARDS ESTABLISHED BY  
16 THE OFFICE, THE OFFICE SHALL ADD THE APPLICATION TO THE EVALUATION  
17 POOL FOR THE APPLICATION PERIOD.

18 (C) IF THE OFFICE DETERMINES THAT THE APPLICATION OR  
19 DOCUMENTATION, OR BOTH, ARE NOT COMPLETE OR DO NOT COMPLY WITH  
20 THE REQUIREMENTS OF THIS SECTION OR THE STANDARDS ESTABLISHED BY  
21 THE OFFICE, THE OFFICE SHALL REMOVE THE APPLICATION FROM THE  
22 REVIEW PROCESS AND NOTIFY THE TAXPAYER IN WRITING OF ITS DECISION.  
23 A TAXPAYER MAY RESUBMIT A DISAPPROVED APPLICATION AND  
24 DOCUMENTATION TO BE EVALUATED IN A FUTURE APPLICATION PERIOD.

25 (c) (I) (A) FOR EACH APPLICATION PERIOD, THE OFFICE SHALL  
26 CONDUCT A MERIT-BASED EVALUATION OF THE APPLICATION IN THE  
27 EVALUATION POOL. THE OFFICE SHALL COMPLETE ITS REVIEW AND AWARD

1 RESERVATIONS WITHIN NINETY DAYS AFTER THE END OF THE APPLICATION  
2 PERIOD.

3 (B) BASED UPON THE TOTALITY OF THE FACTORS SET FORTH IN  
4 SUBSECTION (4)(d) OF THIS SECTION AND BASED ON CONSIDERATIONS  
5 REQUIRED FOR GEOTHERMAL ENERGY PROJECTS AS SET FORTH IN  
6 SUBSECTION (5) OF THIS SECTION, WHICH THE OFFICE MAY WEIGH  
7 EQUALLY OR DIFFERENTLY, THE OFFICE SHALL DETERMINE AN APPLICABLE  
8 AMOUNT OF CREDIT THAT MAY BE RESERVED FOR THE BENEFIT OF THE  
9 ELIGIBLE TAXPAYER WHICH MAY BE ALL, PART, OR NONE OF THE CREDIT  
10 AMOUNT REQUESTED IN THE ELIGIBLE TAXPAYER'S APPLICATION; EXCEPT  
11 THAT THE OFFICE SHALL NOT RESERVE AN AMOUNT IN EXCESS OF THE  
12 LIMITATIONS SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION, AND THE  
13 AGGREGATE AMOUNT OF CREDITS RESERVED FOR ALL OWNERS MUST NOT  
14 EXCEED THIRTY-FIVE MILLION DOLLARS FOR ALL TAXPAYERS IN ALL YEARS  
15 THE CREDIT IS ALLOWED.

16 (C) THE OFFICE MAY RESERVE CREDITS FOR THE CURRENT OR ANY  
17 FUTURE TAX YEAR BASED UPON THE ANTICIPATED TIMING OF THE  
18 EXPENDITURE; EXCEPT THAT CREDITS MAY NOT BE RESERVED FOR AN  
19 EXPENDITURE THAT IS MADE PRIOR TO THE END OF THE APPLICATION  
20 PERIOD. THE OFFICE SHALL NOT RESERVE CREDITS FOR ANY TAX YEAR  
21 BEGINNING ON OR AFTER JANUARY 1, 2033.

22 (II) (A) IF THE OFFICE RESERVES CREDITS FOR THE BENEFIT OF AN  
23 ELIGIBLE TAXPAYER PURSUANT TO SUBSECTION (4)(c)(I) OF THIS SECTION,  
24 THE OFFICE SHALL NOTIFY THE OWNER OF THE RESERVATION AND THE  
25 AMOUNT RESERVED.

26 (B) THE OFFICE SHALL NOTIFY ANY TAXPAYER FOR WHICH IT  
27 RESERVED NO CREDIT PURSUANT TO SUBSECTION (4)(c)(I) OF THIS SECTION

1 OF ITS DECISION IN WRITING.

2 (C) IF THE OFFICE RESERVES LESS THAN THE FULL AMOUNT OF  
3 CREDIT REQUESTED BY THE TAXPAYER, THE TAXPAYER MAY SUBMIT A  
4 NEW APPLICATION FOR THE REMAINING BALANCE UP TO THE LIMITATION  
5 OF THE CREDIT SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION.

6 (d) IN CONDUCTING THE MERIT-BASED REVIEW PURSUANT TO  
7 SUBSECTION (4)(c) OF THIS SECTION, THE OFFICE SHALL CONSIDER THE  
8 FOLLOWING FACTORS IN ADDITION TO ANY OTHER FACTORS THAT THE  
9 OFFICE MAY ESTABLISH IN ITS STANDARDS:

10 (I) THE WORKFORCE DEVELOPMENT AND GEOTHERMAL SECTOR  
11 GROWTH THAT THE EXPENDITURE IN THE PROJECT WILL PROMOTE,  
12 INCLUDING SUPPORTING WORKFORCE TRANSITION;

13 (II) WHETHER THE PROJECT THE EXPENDITURE IS MADE IN  
14 CONNECTION WITH DEMONSTRATES EFFECTIVE AND UNIQUE TECHNOLOGY  
15 AND CIRCUMSTANCES THAT ARE SUPPORTED BY PUBLIC OUTREACH AND  
16 EDUCATION;

17 (III) DEMONSTRATION OF COMMUNITY RESILIENCE THROUGH  
18 UTILIZATION OF GEOTHERMAL ENERGY IN SUPPORT OF BUILDING HEATING  
19 AND COOLING DECARBONIZATION AND ENHANCEMENT OF ELECTRIC GRID  
20 RESILIENCY, INCLUDING FOR DISPATCHABILITY AND ENERGY STORAGE,  
21 ESPECIALLY FOR RURAL OR ISOLATED COMMUNITIES; AND

22 (IV) WHETHER THE PROJECT THE EXPENDITURE IS MADE IN  
23 CONNECTION WITH SERVES A DISPROPORTIONATELY IMPACTED  
24 COMMUNITY OR A JUST TRANSITION COMMUNITY OR IS WITHIN A  
25 NON-ATTAINMENT AREA.

26 (e) THE RESERVATION OF TAX CREDITS DOES NOT ENTITLE AN  
27 ELIGIBLE TAXPAYER TO AN ISSUANCE OF ANY CREDITS UNTIL THE ELIGIBLE



1 TAXPAYER PROVIDES THE OFFICE WITH ANY DOCUMENTATION REQUIRED  
2 BY THE OFFICE AND A COST CERTIFICATION OF THE EXPENDITURE MADE IN  
3 CONNECTION WITH AN APPROVED GEOTHERMAL ENERGY PROJECT DURING  
4 THE TAX YEAR IN WHICH THE RESERVATION IS APPROVED. THE COST  
5 CERTIFICATION MUST BE AUDITED BY A LICENSED PUBLIC ACCOUNTANT  
6 THAT IS NOT AFFILIATED WITH THE ELIGIBLE TAXPAYER. THE OFFICE SHALL  
7 REVIEW THE COST CERTIFICATION TO VERIFY THAT IT SATISFIES THE  
8 INFORMATION PROVIDED IN THE ELIGIBLE TAXPAYER'S APPLICATION. IF  
9 THE OFFICE DETERMINES THAT THE ELIGIBLE TAXPAYER MADE A  
10 QUALIFIED EXPENDITURE, THE OFFICE SHALL ISSUE A TAX CREDIT  
11 CERTIFICATE IN THE APPLICABLE AMOUNT.

12 (5) THE OFFICE SHALL DEVELOP STANDARDS FOR THE  
13 IMPLEMENTATION OF THE TAX CREDIT ALLOWED PURSUANT TO THIS  
14 SECTION. ANY STANDARDS DEVELOPED BY THE OFFICE MUST BE POSTED  
15 ON THE OFFICE'S WEBSITE. AT A MINIMUM, THE STANDARDS MUST PROVIDE  
16 FOR THE EVALUATION AND APPROVAL OF GEOTHERMAL ENERGY PROJECTS  
17 AND REQUIRE THE OFFICE TO CONSIDER WHETHER THE PROJECT:

18 (a) DEMONSTRATES TECHNOLOGY TO FURTHER THE ADOPTION OF  
19 CLEAN, FIRM CARBON-FREE ELECTRICITY DERIVED FROM GEOTHERMAL  
20 ENERGY IN THE STATE;

21 (b) SUPPORTS REPLICABLE, COST-EFFECTIVE REDUCTION  
22 OUTCOMES TO STIMULATE THE GEOTHERMAL SECTOR OR OTHERWISE  
23 EXPAND GEOTHERMAL ENERGY CAPACITY IN THE STATE; AND

24 (c) DIRECTLY, OR THROUGH TECHNOLOGICAL DEMONSTRATION  
25 EVALUATED AND APPROVED BY THE OFFICE, WILL LEAD TO MEASURABLE  
26 GREENHOUSE GAS REDUCTION OUTCOMES FOR THE STATE.

27 (6) (a) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY

1 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX  
2 CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE SET FORTH IN  
3 SUBSECTION (1)(a) OF THIS SECTION AND SHALL PROVIDE SUCH  
4 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, IF  
5 AVAILABLE, TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S  
6 EVALUATION OF THIS TAX EXPENDITURE REQUIRED BY SECTION 39-21-305.

7 (b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
8 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
9 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH  
10 AN ELECTRONIC REPORT OF EACH ELIGIBLE TAXPAYER TO WHICH THE  
11 OFFICE ISSUED A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR  
12 THAT INCLUDES THE FOLLOWING INFORMATION:

13 (I) THE TAXPAYER'S NAME;

14 (II) THE AMOUNT OF THE CREDIT; AND

15 (III) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE  
16 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER  
17 IDENTIFICATION NUMBER.

18 (7) AN ELIGIBLE TAXPAYER THAT CLAIMS THE CREDIT ALLOWED BY  
19 THIS SECTION MAY NOT CLAIM THE CREDIT ALLOWED BY SECTION  
20 39-30-104 FOR THE SAME PROJECT.

21 (8) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION,  
22 AN ELIGIBLE TAXPAYER SHALL FILE THE TAX CREDIT CERTIFICATE WITH  
23 THE QUALIFIED ENTITY'S STATE INCOME TAX RETURN AND, IF THE  
24 ELIGIBLE TAXPAYER IS EXEMPT FROM TAX PURSUANT TO SECTION  
25 39-22-112 (1), THE ELIGIBLE TAXPAYER SHALL FILE A RETURN PURSUANT  
26 TO SECTION 39-22-601 (7)(b). THE AMOUNT OF THE CREDIT THAT THE  
27 ELIGIBLE TAXPAYER MAY CLAIM PURSUANT TO THIS SECTION IS THE

1 AMOUNT STATED ON THE TAX CREDIT CERTIFICATE.

2 (9) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE  
3 INCOME TAX DUE ON THE INCOME OF THE ELIGIBLE TAXPAYER FOR THE  
4 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND  
5 MUST BE REFUNDED TO THE ELIGIBLE TAXPAYER.

6 (10) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

7 **SECTION 7.** In Colorado Revised Statutes, **add** 39-22-551 as  
8 follows:

9 **39-22-551. Geothermal electricity generation production tax**  
10 **credit - tax preference performance statement - definitions - repeal.**

11 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES  
12 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX  
13 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
14 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND  
15 DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS  
16 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS  
17 AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN  
18 BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL INCENTIVE FOR  
19 PRODUCTION OF GEOTHERMAL ELECTRICITY GENERATION AND RELATED  
20 INFRASTRUCTURE.

21 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
22 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE  
23 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE  
24 INFORMATION REQUIRED TO BE MAINTAINED BY AND REPORTED TO THE  
25 STATE AUDITOR BY THE OFFICE PURSUANT TO SUBSECTION (4)(b)(I) OF  
26 THIS SECTION AND BASED ON THE NUMBER AND VALUE OF THE CREDITS  
27 CLAIMED.

1           (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
2 OTHERWISE REQUIRES:

3           (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE  
4 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

5           (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

6           (c) "QUALIFIED ENTITY" MEANS A PERSON ENGAGED IN A TRADE OR  
7 BUSINESS THAT IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22 OR A  
8 PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS EXEMPT FROM  
9 TAX PURSUANT TO SECTION 39-22-112 (1), EITHER OF WHICH PRODUCES  
10 ELECTRICITY DERIVED FROM GEOTHERMAL ENERGY FOR SALE OR FOR THE  
11 PERSON'S OR POLITICAL SUBDIVISION'S OWN USE.

12           (3) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
13 1, 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED ENTITY IS ALLOWED  
14 A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN  
15 AMOUNT EQUAL TO THREE ONE-THOUSANDTHS OF A DOLLAR PER  
16 KILOWATT HOUR OF GEOTHERMAL ELECTRICITY THAT IS PRODUCED BY THE  
17 QUALIFIED ENTITY IN THE STATE IN THE TAX YEAR. IN ORDER TO CLAIM  
18 THE CREDIT, THE QUALIFIED ENTITY SHALL APPLY FOR AND RECEIVE A TAX  
19 CREDIT CERTIFICATE FROM THE OFFICE PURSUANT TO SUBSECTION (4) OF  
20 THIS SECTION; EXCEPT THAT THE OFFICE MAY NOT ISSUE A TAX CREDIT  
21 CERTIFICATE TO A QUALIFIED ENTITY TOTALING MORE THAN ONE MILLION  
22 DOLLARS PER INCOME TAX YEAR.

23           (4) (a) A QUALIFIED ENTITY SHALL SUBMIT AN APPLICATION TO  
24 THE OFFICE FOR A TAX CREDIT CERTIFICATE TO CLAIM THE TAX CREDIT  
25 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY  
26 THE OFFICE. THE APPLICATION MUST INCLUDE SUFFICIENT INFORMATION  
27 TO ALLOW THE OFFICE TO DETERMINE THAT THE APPLICANT IS A QUALIFIED

1 ENTITY AND TO CERTIFY THE AMOUNT OF THE TAX CREDIT FOR WHICH THE  
2 TAX CREDIT CERTIFICATE IS APPLIED.

3 (b) (I) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY  
4 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX  
5 CREDIT ALLOWED BY THIS SECTION IN MEETING THE PURPOSE SET FORTH  
6 IN SUBSECTION (1)(a) OF THIS SECTION, AND SHALL PROVIDE SUCH  
7 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, IF  
8 AVAILABLE, TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S  
9 EVALUATION OF THIS TAX EXPENDITURE PURSUANT TO SECTION  
10 39-21-305.

11 (II) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
12 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
13 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH  
14 AN ELECTRONIC REPORT OF EACH QUALIFIED ENTITY TO WHICH THE OFFICE  
15 ISSUES A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR THAT  
16 INCLUDES THE FOLLOWING INFORMATION:

- 17 (A) THE TAXPAYER'S NAME;
- 18 (B) THE AMOUNT OF THE CREDIT; AND
- 19 (C) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE  
20 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER  
21 IDENTIFICATION NUMBER.

22 (5) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION,  
23 THE QUALIFIED ENTITY SHALL FILE THE TAX CREDIT CERTIFICATE WITH THE  
24 QUALIFIED ENTITY'S STATE INCOME TAX RETURN AND, IF THE QUALIFIED  
25 ENTITY IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1), THE  
26 QUALIFIED ENTITY SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601  
27 (7)(b). THE AMOUNT OF THE CREDIT THAT THE QUALIFIED ENTITY MAY

1 CLAIM PURSUANT TO THIS SECTION IS THE AMOUNT STATED ON THE TAX  
2 CREDIT CERTIFICATE.

3 (6) A QUALIFIED ENTITY THAT CLAIMS THE CREDIT ALLOWED BY  
4 THIS SECTION MAY NOT CLAIM THE CREDIT ALLOWED BY SECTION  
5 39-30-104 FOR THE SAME PROJECT.

6 (7) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE  
7 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED ENTITY FOR THE  
8 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND  
9 MUST BE REFUNDED TO THE QUALIFIED ENTITY.

10 (8) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

11 **SECTION 8.** In Colorado Revised Statutes, **add** 39-22-552 as  
12 follows:

13 **39-22-552. Heat pump technology and thermal energy**  
14 **network tax credit - tax preference performance statement -**  
15 **definitions - repeal.** (1) (a) IN ACCORDANCE WITH SECTION 39-21-304  
16 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE  
17 TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A  
18 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS  
19 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS  
20 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS  
21 AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN  
22 BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL INCENTIVE FOR  
23 THE INSTALLATION OF HEAT PUMP TECHNOLOGY AND THE USE OF HEAT  
24 PUMP TECHNOLOGY AND THERMAL ENERGY NETWORKS.

25 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
26 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE  
27 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE NUMBER

1 AND VALUE OF THE CREDITS CLAIMED.

2 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
3 OTHERWISE REQUIRES:

4 (a) (I) "AIR-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM THAT:

5 (A) IS CERTIFIED PURSUANT TO THE FEDERAL ENVIRONMENTAL  
6 PROTECTION AGENCY'S ENERGY STAR PROGRAM;

7 (B) HAS A VARIABLE SPEED COMPRESSOR; AND

8 (C) IS LISTED IN THE AIR-CONDITIONING, HEATING, AND  
9 REFRIGERATION INSTITUTE DIRECTORY OF CERTIFIED PRODUCT  
10 PERFORMANCE AS A MATCHED SYSTEM.

11 (II) "AIR-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE [REDACTED]  
12 SUPPLEMENTAL HEAT SO LONG AS:

13 (A) THE AIR-SOURCE HEAT PUMP IS USED AS THE PRIMARY SOURCE  
14 OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT LEAST EIGHTY  
15 PERCENT OF TOTAL ANNUAL HEATING FOR THE BUILDING; AND

16 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO  
17 ALL CONDITIONED AREAS OF THE BUILDING.

18 [REDACTED]  
19 (III) "AIR-SOURCE HEAT PUMP SYSTEM" INCLUDES MECHANICAL  
20 AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION OF AN  
21 AIR-SOURCE HEAT PUMP, INCLUDING AN UPGRADED ELECTRICAL PANEL IF  
22 NECESSARY.

23 (b) "APPLICABLE PERCENTAGE" MEANS A PERCENTAGE ANNUALLY  
24 ESTABLISHED BY THE OFFICE AS SPECIFIED IN SUBSECTION (4) OF THIS  
25 SECTION.

26 (c) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE  
27 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

1 (d) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

2 (e) "ELIGIBLE TAXPAYER" MEANS A TAXPAYER THAT MEETS THE  
3 REQUIREMENTS FOR AND IS INCLUDED ON THE LIST OF ELIGIBLE  
4 TAXPAYERS DESCRIBED IN SUBSECTION (5) OF THIS SECTION.

5 (f) (I) "GROUND-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM  
6 THAT:

7 (A) IS CERTIFIED PURSUANT TO THE FEDERAL ENVIRONMENTAL  
8 PROTECTION AGENCY'S ENERGY STAR PROGRAM;

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

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

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

18 (II) "GROUND-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE  
19 SUPPLEMENTAL HEAT SO LONG AS:

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

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

25  
26 (III) "GROUND-SOURCE HEAT PUMP SYSTEM" INCLUDES  
27 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION



1 OF A GROUND-SOURCE HEAT PUMP, INCLUDING AN UPGRADED ELECTRICAL  
2 PANEL IF NECESSARY.

3 (IV) "GROUND-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE A  
4 HEAT EXCHANGER FOR WATER HEATING.

5 (g) "HEAT PUMP TECHNOLOGY" MEANS AN AIR-SOURCE HEAT PUMP  
6 SYSTEM, GROUND-SOURCE HEAT PUMP SYSTEM, WATER-SOURCE HEAT  
7 PUMP SYSTEM, VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM, ANY  
8 COMBINATION OF THESE SYSTEMS, OR A HEAT PUMP WATER HEATER.

9 (h) (I) "HEAT PUMP WATER HEATER" MEANS AN ELECTRIC WATER  
10 HEATER THAT USES HEAT PUMP TECHNOLOGY TO TRANSFER HEAT FROM  
11 THE SURROUNDING AIR TO WATER IN A TANK AND THAT IS CERTIFIED  
12 PURSUANT TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY'S  
13 ENERGY STAR PROGRAM.

14 (II) "HEAT PUMP WATER HEATER" MAY INCLUDE:

15 (A) AN ELECTRIC RESISTANCE HEATING ELEMENT; AND

16 (B) MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE  
17 OPERATION OF A HEAT PUMP WATER HEATER, INCLUDING AN UPGRADED  
18 ELECTRICAL PANEL IF NECESSARY.

19 (i) "LIST" MEANS THE LIST OF ELIGIBLE TAXPAYERS CREATED BY  
20 THE OFFICE AS SPECIFIED IN SUBSECTION (5) OF THIS SECTION.

21 (j) "MULTIFAMILY PROPERTY" MEANS A BUILDING WITH MULTIPLE  
22 SEPARATE HOUSING UNITS FOR RESIDENTIAL INHABITANTS INCLUDING A  
23 RESIDENTIAL BUILDING THAT IS A DUPLEX, TRIPLEX, OR MULTI-STRUCTURE  
24 OF FOUR OR MORE UNITS.

25 (k) "TAXPAYER" MEANS A PERSON SUBJECT TO TAX PURSUANT TO  
26 THIS ARTICLE 22 OR A PERSON OR POLITICAL SUBDIVISION OF THIS STATE  
27 THAT IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1).

1 (l) (I) "THERMAL ENERGY" MEANS PIPED, NONCOMBUSTIBLE  
2 FLUIDS USED FOR ADDING OR REMOVING HEAT FROM BUILDINGS FOR THE  
3 PURPOSE OF EFFICIENT BUILDING TEMPERATURE CONTROL AND DOMESTIC  
4 HOT WATER, INCLUDING SPACE HEATING AND COOLING AND  
5 REFRIGERATION.

6 (II) "THERMAL ENERGY" INCLUDES METHODS OF EXCHANGING THE  
7 PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER  
8 TREATMENT FACILITIES, OR OTHER SOURCES THAT ACHIEVE DESIRED FLUID  
9 TEMPERATURES; EXCEPT THAT ANY SOURCE OF THERMAL ENERGY FOR  
10 THIS PURPOSE MUST:

11 (A) NOT CAUSE INCREMENTAL GREENHOUSE GAS EMISSIONS OR  
12 RELY ON INCREASED, LONG-TERM COMBUSTION OF FOSSIL FUELS; AND

13 (B) BE EVALUATED BY THE COMMISSION TO PROTECT AGAINST  
14 INCREASED EMISSIONS OF HARMFUL CO-POLLUTANTS, NEGATIVE IMPACTS  
15 TO COMMUNITIES INCLUDING TO DISPROPORTIONATELY IMPACTED  
16 COMMUNITIES, AS DEFINED IN SECTION 24-4-109 (2)(b)(II), AND THE RISK  
17 OF STRANDED ASSETS, IF THE THERMAL ENERGY IS FROM ANY INDUSTRIAL  
18 SOURCE INCLUDING A SYSTEM FOR WHICH THE PRIMARY PURPOSE IS TO  
19 GENERATE ELECTRICITY, INCLUDING ANY PROCESS INVOLVING  
20 ENGINE-DRIVEN GENERATION.

21 (m) "THERMAL ENERGY NETWORK":

22 (I) MEANS ALL REAL ESTATE, FIXTURES, AND PERSONAL PROPERTY  
23 THAT ARE OPERATED, OWNED, USED, OR INTENDED TO BE USED FOR, IN  
24 CONNECTION WITH OR TO FACILITATE, A DISTRIBUTION INFRASTRUCTURE  
25 PROJECT THAT SUPPLIES THERMAL ENERGY TO TWO OR MORE BUILDINGS  
26 THAT ARE NOT A CAMPUS, AS DEFINED IN SECTION 40-4-121 (1)(a), AND  
27 THAT ASSISTS IN REDUCING GREENHOUSE GAS EMISSIONS IN THE STATE;

1 (II) CONSISTS OF PIPE LOOPS BETWEEN MULTIPLE BUILDINGS AND  
2 ENERGY SOURCES CARRYING PIPED, NONCOMBUSTIBLE FLUIDS AT THE  
3 DESIRED THERMAL TEMPERATURE;

4 (III) INCLUDES A NETWORK THAT CAN BE USED FOR HEATING,  
5 COOLING, AND OTHER BUILDING SERVICES; AND

6 (IV) MAY ALSO BE KNOWN AS A GEOTHERMAL EXCHANGE  
7 DISTRICT, NETWORKED GEOTHERMAL SYSTEM, GEOEXCHANGE SYSTEM,  
8 GEOGRID SYSTEM, COMMUNITY GEOTHERMAL HEATING AND COOLING  
9 DISTRICT, OR GEOTHERMAL HEATING DISTRICT.

10 (n) "THERMAL ENERGY SYSTEM" INCLUDES A GEOTHERMAL  
11 SYSTEM OR OTHER METHOD OF EXCHANGING THE PIPED, NONCOMBUSTIBLE  
12 FLUIDS THROUGH THE GROUND, WASTEWATER TREATMENT FACILITIES, OR  
13 OTHER SOURCES OF THERMAL ENERGY THAT ACHIEVE DESIRED FLUID  
14 TEMPERATURES.

15 (o) (I) "VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM"  
16 MEANS A SYSTEM THAT:

17 (A) IS CERTIFIED PURSUANT TO THE FEDERAL ENVIRONMENTAL  
18 PROTECTION AGENCY'S ENERGY STAR PROGRAM;

19 (B) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND  
20 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

21 (C) HAS BLOWERS THAT ARE VARIABLE SPEED, HIGH-EFFICIENCY  
22 MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS LISTED IN THE  
23 NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION MGI-1993  
24 PUBLICATION; AND

25 (D) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER  
26 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM AND  
27 WASTEWATER SYSTEM REQUIREMENTS.

1 (II) "VARIABLE REFRIGERANT FLOW SYSTEM" MAY INCLUDE  
2 SUPPLEMENTAL HEAT SO LONG AS:

3 (A) THE VARIABLE REFRIGERANT FLOW SYSTEM IS USED AS THE  
4 PRIMARY SOURCE OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT  
5 LEAST EIGHTY PERCENT OF THE TOTAL ANNUAL HEATING FOR THE  
6 BUILDING; AND

7 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO  
8 ALL CONDITIONED AREAS OF THE BUILDING.

9  
10 (III) "VARIABLE REFRIGERANT FLOW SYSTEM" INCLUDES  
11 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
12 OF A VARIABLE REFRIGERANT FLOW SYSTEM.

13 (p) (I) "WATER-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM  
14 THAT:

15 (A) IS CERTIFIED PURSUANT TO THE FEDERAL ENVIRONMENTAL  
16 PROTECTION AGENCY'S ENERGY STAR PROGRAM;

17 (B) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND  
18 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

19 (C) HAS BLOWERS THAT ARE VARIABLE SPEED, HIGH-EFFICIENCY  
20 MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS LISTED IN THE  
21 NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION MG1-1993  
22 PUBLICATION; AND

23 (D) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER  
24 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM AND  
25 WASTEWATER SYSTEM REQUIREMENTS.

26 (II) "WATER-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE  
27 SUPPLEMENTAL HEAT SO LONG AS:

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

4 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO  
5 ALL CONDITIONED AREAS OF THE BUILDING.

6  
7 (III) "WATER-SOURCE HEAT PUMP SYSTEM" INCLUDES  
8 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
9 OF A WATER-SOURCE HEAT PUMP.

10 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
11 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, AN ELIGIBLE TAXPAYER  
12 THAT INSTALLS HEAT PUMP TECHNOLOGY IN A BUILDING IN THE STATE OR  
13 DEVELOPS, THROUGH PURCHASE AND INSTALLATION OF NECESSARY  
14 EQUIPMENT, A THERMAL ENERGY NETWORK IN THE STATE IS ALLOWED A  
15 CREDIT AGAINST THE TAX IMPOSED UNDER THIS ARTICLE 22 IN AN AMOUNT  
16 SET FORTH IN SUBSECTION (3)(c) OF THIS SECTION IN THE TAX YEAR THAT  
17 THE HEAT PUMP TECHNOLOGY OR THERMAL ENERGY NETWORK IS PLACED  
18 INTO SERVICE.

19 (b) IN ORDER TO QUALIFY FOR THE TAX CREDIT ALLOWED UNDER  
20 THIS SECTION THE ELIGIBLE TAXPAYER SHALL PROVIDE A DISCOUNT FROM  
21 THE AMOUNT CHARGED FOR THE INSTALLATION OF HEAT PUMP  
22 TECHNOLOGY OR A THERMAL ENERGY NETWORK IN AN AMOUNT EQUAL TO  
23 THE AMOUNT OF THE CREDIT SET FORTH IN SUBSECTION (3)(c) OF THIS  
24 SECTION MINUS THE APPLICABLE PERCENTAGE OF THE CREDIT, AND SHALL  
25 SHOW THE DISCOUNT AS A SEPARATE ITEM ON THE RECEIPT OR INVOICE;  
26 EXCEPT THAT THE REQUIREMENT IN THIS SUBSECTION (3)(b) DOES NOT  
27 APPLY TO AN ELIGIBLE TAXPAYER WHO INSTALLS THEIR OWN HEAT PUMP

1 TECHNOLOGY OR THERMAL ENERGY NETWORK.

2 (c) SUBJECT TO THE MODIFICATIONS SET FORTH IN SUBSECTION  
3 (3)(d) OF THIS SECTION AND THE ANNUAL REVIEW REQUIRED PURSUANT TO  
4 SUBSECTION (3)(e) OF THIS SECTION AND EXCEPT AS OTHERWISE PROVIDED  
5 IN SUBSECTION (3)(f) OF THIS SECTION, THE AMOUNT OF THE CREDIT  
6 ALLOWED PURSUANT TO THIS SECTION IS CALCULATED AS FOLLOWS:

7 (I) FOR THE INSTALLATION OF AN AIR-SOURCE HEAT PUMP SYSTEM  
8 OR A VARIABLE REFRIGERANT FLOW HEAT SYSTEM:

9 (A) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024,  
10 BUT BEFORE JANUARY 1, 2026, ONE THOUSAND FIVE HUNDRED DOLLARS;

11 (B) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026,  
12 BUT BEFORE JANUARY 1, 2029, ONE THOUSAND DOLLARS; AND

13 (C) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2029,  
14 BUT BEFORE JANUARY 1, 2033, FIVE HUNDRED DOLLARS;

15 (II) FOR THE INSTALLATION OF A GROUND-SOURCE HEAT PUMP  
16 SYSTEM, WATER-SOURCE HEAT PUMP SYSTEM, A COMBINED AIR-SOURCE  
17 AND GROUND-SOURCE HEAT PUMP SYSTEM, A COMBINED WATER-SOURCE  
18 AND GROUND-SOURCE HEAT PUMP SYSTEM, A COMBINED VARIABLE  
19 REFRIGERANT FLOW AND GROUND-SOURCE HEAT PUMP SYSTEM, OR A  
20 COMBINED VARIABLE REFRIGERANT FLOW AND WATER-SOURCE HEAT PUMP  
21 SYSTEM:

22 (A) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024,  
23 BUT BEFORE JANUARY 1, 2026, THREE THOUSAND DOLLARS;

24 (B) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026,  
25 BUT BEFORE JANUARY 1, 2029, TWO THOUSAND DOLLARS; AND

26 (C) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2029,  
27 BUT BEFORE JANUARY 1, 2033, ONE THOUSAND DOLLARS; AND

1 (III) FOR THE INSTALLATION OF A HEAT PUMP WATER HEATER:  
2 (A) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024,  
3 BUT BEFORE JANUARY 1, 2026, FIVE HUNDRED DOLLARS; AND  
4 (B) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026,  
5 BUT BEFORE JANUARY 1, 2033, TWO HUNDRED FIFTY DOLLARS.  
6 (d) NOTWITHSTANDING THE AMOUNTS SET FORTH IN SUBSECTION  
7 (3)(c) OF THIS SECTION, THE AMOUNT OF THE CREDIT ALLOWED BY THIS  
8 SECTION MAY BE MODIFIED AS FOLLOWS:  
9 (I) FOR HEAT PUMP TECHNOLOGY INSTALLED AT A MULTIFAMILY  
10 PROPERTY, UNLESS THE HEAT PUMP TECHNOLOGY IS INSTALLED FOR AN  
11 INDIVIDUAL UNIT BY THE ELIGIBLE TAXPAYER FOR USE BY THE OCCUPANT  
12 OF THE INDIVIDUAL UNIT, THE AMOUNT OF THE CREDIT IS THE AMOUNT OF  
13 THE CREDIT PERMITTED PURSUANT TO SUBSECTION (3)(c) OF THIS SECTION  
14 MULTIPLIED BY THE NUMBER OF UNITS IN THE MULTIFAMILY PROPERTY  
15 THAT WILL UTILIZE THE HEAT PUMP TECHNOLOGY;  
16 (II) FOR A NONRESIDENTIAL BUILDING, THE AMOUNT OF THE  
17 CREDIT IS THE AMOUNT OF THE CREDIT PERMITTED PURSUANT TO  
18 SUBSECTION (3)(c) OF THIS SECTION MULTIPLIED BY THE NUMBER OF  
19 INCREMENTS OF FOUR TONS OF HEATING CAPACITY UP TO A MAXIMUM OF  
20 ONE HUNDRED TONS; AND  
21 (III) FOR A THERMAL ENERGY NETWORK, THE AMOUNT OF THE  
22 CREDIT IS THE AMOUNT OF THE CREDIT PERMITTED PURSUANT TO  
23 SUBSECTION (3)(c) OF THIS SECTION MULTIPLIED BY THE TOTAL NUMBER  
24 OF RESIDENTIAL BUILDINGS AND MULTIFAMILY PROPERTY UNITS  
25 NETWORKED IN A SINGLE SYSTEM, PLUS THE CREDIT DETERMINED FOR  
26 EACH NONRESIDENTIAL BUILDING NETWORKED IN THE SYSTEM PURSUANT  
27 TO SUBSECTION (3)(d)(II) OF THIS SECTION.

1           (e) THE OFFICE SHALL ANNUALLY REVIEW AND EVALUATE THE  
2 EFFECTIVENESS OF THE TAX CREDITS AND MAY MODIFY THE AMOUNTS SET  
3 FORTH IN SUBSECTION (3)(c) OF THIS SECTION.

4           (f) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE  
5 REVENUE FORECAST THROUGH THE JUNE 2031 REVENUE FORECAST AS  
6 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF  
7 STATE PLANNING AND BUDGETING, PROJECTS THAT THE STATE IS NOT  
8 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED  
9 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE  
10 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE  
11 CREDIT ALLOWED PURSUANT TO SUBSECTION (3)(c)(I)(B), (3)(c)(I)(C),  
12 (3)(c)(II)(B), (3)(c)(II)(C), OR (3)(c)(III)(B) OF THIS SECTION, AS MAY BE  
13 MODIFIED BY SUBSECTIONS (3)(d) AND (3)(e) OF THIS SECTION, FOR ANY  
14 TAX YEAR COMMENCING IN THE CALENDAR YEAR THAT BEGINS DURING  
15 SAID NEXT FISCAL YEAR IS REDUCED BY FIFTY PERCENT IF THE HEAT PUMP  
16 TECHNOLOGY IS INSTALLED AT AN EXISTING RESIDENTIAL OR  
17 NONRESIDENTIAL BUILDING; EXCEPT THAT IF THE AMOUNT OF THE  
18 REDUCED CREDIT IS EQUAL TO OR LESS THAN TWO HUNDRED FIFTY  
19 DOLLARS, THEN NO CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

20           (4) AN ELIGIBLE TAXPAYER MAY RETAIN AN APPLICABLE  
21 PERCENTAGE OF THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER  
22 SUBSECTION (3)(c) OF THIS SECTION TO SUPPORT THE INDUSTRY-WIDE  
23 ADOPTION AND DEPLOYMENT OF HEAT PUMP TECHNOLOGIES IN THE STATE.  
24 THE OFFICE SHALL ANNUALLY DETERMINE THE APPLICABLE PERCENTAGE,  
25 WHICH MUST BE THE SAME FOR EACH ELIGIBLE TAXPAYER, PURSUANT TO  
26 GUIDELINES ESTABLISHED BY THE OFFICE. THE OFFICE SHALL MAINTAIN  
27 THE CURRENT APPLICABLE PERCENTAGE ON ITS WEBSITE AND SHALL



1 PROVIDE THE APPLICABLE PERCENTAGE IN WRITING TO THE DEPARTMENT  
2 NO LATER THAN DECEMBER 31, 2023, AND EACH DECEMBER 31  
3 THEREAFTER THROUGH DECEMBER 31, 2031.

4 (5) (a) THE OFFICE SHALL CREATE, AND UPDATE AT LEAST  
5 ANNUALLY, A LIST CONTAINING THE NAMES AND CONTACT INFORMATION  
6 OF ELIGIBLE TAXPAYERS. TO BECOME AN ELIGIBLE TAXPAYER, AND BE  
7 INCLUDED ON THE LIST DESCRIBED IN THIS SUBSECTION (5), A TAXPAYER  
8 SHALL DEMONSTRATE TO THE OFFICE THAT THE TAXPAYER AND ANY OF ITS  
9 EMPLOYEES WHO WILL BE INSTALLING HEAT PUMP TECHNOLOGY OR  
10 THERMAL ENERGY NETWORKS:

11 (I) ARE LICENSED AS REQUIRED BY THE STATE;

12 (II) ARE KNOWLEDGEABLE OF THE RELEVANT SYSTEM  
13 REQUIREMENTS SET FORTH IN SUBSECTIONS (2)(a), (2)(f), (2)(g), (2)(h),  
14 (2)(l), (2)(m), (2)(o), AND (2)(p) OF THIS SECTION;

15 (III) WILL INSTALL HEAT PUMP TECHNOLOGY AND THERMAL  
16 ENERGY NETWORKS IN ACCORDANCE WITH THE NATIONAL ELECTRIC CODE  
17 AND MANUFACTURER'S SPECIFICATIONS;

18 (IV) WILL, WHERE APPLICABLE, ENSURE THAT ALL PIPING FOR A  
19 SPLIT SYSTEM IS INSTALLED BY TECHNICIANS CERTIFIED TO THE NITC R78  
20 BRAZING PROCEDURE AND TRAINED IN THE SAFE HANDLING OF  
21 FLAMMABLE REFRIGERANTS; AND

22 (V) WILL MEET ANY ADDITIONAL STANDARDS ESTABLISHED BY  
23 THE OFFICE IN ITS GUIDELINES, INCLUDING, IF APPLICABLE, THE 2021  
24 INTERNATIONAL ENERGY CONSERVATION CODE.

25 (b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
26 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
27 TAX CREDIT ALLOWED IN THIS SECTION, ANNUALLY PROVIDE A SECURE

1 ELECTRONIC COPY OF THE LIST DESCRIBED IN SUBSECTION (5)(a) OF THIS  
2 SECTION TO THE DEPARTMENT THAT INCLUDES THE SOCIAL SECURITY  
3 NUMBER OR COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER  
4 IDENTIFICATION NUMBER OF EACH ELIGIBLE TAXPAYER.

5 (c) THE OFFICE SHALL MAINTAIN A CURRENT COPY OF THE LIST ON  
6 ITS WEBSITE.

7 (d) THE OFFICE SHALL ISSUE A CERTIFICATE TO EACH ELIGIBLE  
8 TAXPAYER, IN A FORM PRESCRIBED OR APPROVED BY THE DEPARTMENT,  
9 FOR THE PURPOSE OF CLAIMING THE EXEMPTION ALLOWED BY SECTION  
10 39-26-734.

11 (e) (I) EVERY ELIGIBLE TAXPAYER SHALL KEEP AND MAINTAIN FOR  
12 A PERIOD OF FOUR YEARS SUCH BOOKS AND RECORDS AS MAY BE  
13 NECESSARY TO DETERMINE THAT:

14 (A) IT IS AN ELIGIBLE TAXPAYER;

15 (B) IT AND ANY OF ITS EMPLOYEES WHO WILL BE INSTALLING HEAT  
16 PUMP TECHNOLOGY OR THERMAL ENERGY NETWORKS MEET THE  
17 REQUIREMENTS DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION;

18 (C) THE CREDIT IT CLAIMED PURSUANT TO THIS SECTION WAS FOR  
19 THE INSTALLATION OF HEAT PUMP TECHNOLOGY OR THERMAL ENERGY  
20 NETWORKS IN THIS STATE; AND

21 (D) THE AMOUNT OF THE CREDIT WAS PROPERLY CALCULATED  
22 UNDER SUBSECTION (3) OF THIS SECTION.

23 (II) (A) THE OFFICE SHALL ANNUALLY EXAMINE A SAMPLE OF THE  
24 ELIGIBLE TAXPAYERS ON THE LIST DESCRIBED IN THIS SUBSECTION (5) TO  
25 SUBSTANTIATE THAT THE ELIGIBLE TAXPAYERS ARE MEETING THE OFFICE'S  
26 STANDARDS AND PROPERLY CLAIMING THE CREDIT ALLOWED BY THIS  
27 SECTION. EVERY ELIGIBLE TAXPAYER SHALL PRODUCE THE BOOKS AND

1 RECORDS DESCRIBED IN SUBSECTION (5)(e)(I) OF THIS SECTION FOR  
2 EXAMINATION AT ANY TIME BY THE OFFICE.

3 (B) IF THE OFFICE DETERMINES THAT AN ELIGIBLE TAXPAYER IS NO  
4 LONGER MEETING THE STANDARDS, THE OFFICE SHALL NOTIFY THE  
5 TAXPAYER IN WRITING THAT THEY ARE NO LONGER ELIGIBLE, REMOVE THE  
6 INELIGIBLE TAXPAYER FROM THE LIST, UPDATE THE LIST ON ITS WEBSITE,  
7 AND PROMPTLY NOTIFY THE DEPARTMENT IN WRITING OF ITS DECISION.

8 (C) IF THE OFFICE DETERMINES THAT A TAXPAYER WAS NOT  
9 ELIGIBLE FOR ALL OR PART OF THE CREDIT CLAIMED, THE OFFICE SHALL  
10 NOTIFY THE DEPARTMENT IN WRITING OF ITS DECISION. THE DEPARTMENT  
11 SHALL ISSUE THE TAXPAYER A NOTICE OF DEFICIENCY FOR THE UNPAID  
12 TAX OWED, TOGETHER WITH APPLICABLE PENALTIES AND INTEREST, AND  
13 PROCEED TO COLLECT THE DEFICIENCY IN THE SAME MANNER AS OTHER  
14 TAX DEFICIENCIES.

15 (6) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY  
16 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX  
17 CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE SET FORTH IN  
18 SUBSECTION (1)(a) OF THIS SECTION, AND SHALL PROVIDE SUCH  
19 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, TO  
20 THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S EVALUATION OF  
21 THIS TAX EXPENDITURE PURSUANT TO SECTION 39-21-305.

22 (7) THE OFFICE MAY ESTABLISH GUIDELINES TO IMPLEMENT THIS  
23 SECTION. ALL GUIDELINES ESTABLISHED BY THE OFFICE MUST BE POSTED  
24 ON THE OFFICE'S WEBSITE.

25 (8) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE  
26 INCOME TAX DUE ON THE INCOME OF THE ELIGIBLE TAXPAYER FOR THE  
27 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND

1 MUST BE REFUNDED TO THE ELIGIBLE TAXPAYER OR THE INSTALLER.

2 (9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

3 **SECTION 9.** In Colorado Revised Statutes, **add** 39-22-553 as  
4 follows:

5 **39-22-553. Electric bicycle tax credit - tax preference**  
6 **performance statement - definitions - repeal.** (1) (a) IN ACCORDANCE  
7 WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES  
8 A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE  
9 STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE  
10 GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THE TAX  
11 CREDIT PROVIDED IN THIS SECTION IS TO INDUCE CERTAIN DESIGNATED  
12 BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE PURCHASE OF ELECTRIC  
13 BICYCLES, AND TO PROVIDE TAX RELIEF TO CERTAIN BUSINESSES,  
14 SPECIFICALLY RETAILERS, THAT PROVIDE A DISCOUNT ON THE SALE OF AN  
15 ELECTRIC BICYCLE.

16 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
17 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE  
18 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE  
19 INFORMATION REQUIRED TO BE MAINTAINED BY AND REPORTED TO THE  
20 STATE AUDITOR BY THE OFFICE AND THE DEPARTMENT PURSUANT TO  
21 SUBSECTION (5)(b) OF THIS SECTION.

22 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
23 OTHERWISE REQUIRES:

24 (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE  
25 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

26 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

27 (c) "ELECTRIC BICYCLE" HAS THE SAME MEANING AS "ELECTRICAL

1 ASSISTED BICYCLE" AS SET FORTH IN SECTION 42-1-102 (28.5). "ELECTRIC  
2 BICYCLE" INCLUDES AN ELECTRIC ADAPTIVE BICYCLE.

3 (d) "PURCHASE PRICE" HAS THE SAME THE MEANING AS SET FORTH  
4 IN SECTION 39-26-102 (7).

5 (e) "QUALIFIED ELECTRIC BICYCLE" MEANS AN ELECTRIC BICYCLE  
6 THAT SATISFIES THE STANDARDS FOR APPROVAL DEVELOPED BY THE  
7 COLORADO ENERGY OFFICE PURSUANT TO SUBSECTION (4)(a) OF THIS  
8 SECTION.

9 (f) "QUALIFIED PURCHASER" MEANS A PERSON WHO IS A RESIDENT  
10 OF THE STATE AND WHO HAS NOT PREVIOUSLY PURCHASED A QUALIFIED  
11 ELECTRIC BICYCLE THAT WAS DISCOUNTED BY A QUALIFIED RETAILER  
12 CLAIMING A TAX CREDIT ALLOWED BY THIS SECTION FOR THE RETAIL SALE  
13 IN THE SAME INCOME TAX YEAR.

14 (g) "QUALIFIED RETAILER" MEANS A RETAILER THAT SELLS  
15 QUALIFIED ELECTRIC BICYCLES AND:

16 (I) HOLDS A STATE SALES TAX LICENSE;

17 (II) HAS TIMELY FILED A MONTHLY SALES TAX RETURN SHOWING  
18 A TAX LIABILITY FOR AT LEAST TWELVE MONTHS;

19 (III) HAS PAID THE TAXES DUE ON THE MONTHLY SALES TAX  
20 RETURN; AND

21 (IV) HAS REGISTERED WITH THE DEPARTMENT PURSUANT TO  
22 SUBSECTION (3)(e)(III) OF THIS SECTION.

23 (h) "RETAILER" HAS THE SAME MEANING AS SET FORTH IN SECTION  
24 39-26-102 (8).

25 (3) (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6) OF  
26 THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
27 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED RETAILER

1 IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED PURSUANT TO THIS  
2 ARTICLE 22 IN AN AMOUNT EQUAL TO FIVE HUNDRED DOLLARS FOR EACH  
3 RETAIL SALE OF NEW QUALIFIED ELECTRIC BICYCLES SOLD IN THE STATE  
4 DURING THE INCOME TAX YEAR TO A QUALIFIED PURCHASER.

5 (b) IN ORDER TO QUALIFY FOR THE TAX CREDIT ALLOWED  
6 PURSUANT TO THIS SECTION, THE QUALIFIED RETAILER SHALL PROVIDE TO  
7 THE QUALIFIED PURCHASER AT THE TIME OF THE RETAIL SALE OF THE NEW  
8 QUALIFIED ELECTRIC BICYCLE A DISCOUNT ON THE PURCHASE PRICE OF THE  
9 QUALIFIED ELECTRIC BICYCLE EQUAL TO THE LESSER OF FOUR HUNDRED  
10 FIFTY DOLLARS OR THE PURCHASE PRICE AND SHALL SHOW THE DISCOUNT  
11 AS A SEPARATE ITEM ON THE RECEIPT OR INVOICE PROVIDED TO THE  
12 QUALIFIED PURCHASER.

13  
14 (c) TO DETERMINE WHETHER A QUALIFIED RETAILER SOLD NEW  
15 QUALIFIED ELECTRIC BICYCLES IN THE STATE, THE RULES SET FORTH IN  
16 SECTION 39-26-104 (3)(a) APPLY.

17 (d) THE QUALIFIED RETAILER MAY RETAIN FROM THE CREDIT  
18 ALLOWED IN THIS SECTION AN ADMINISTRATIVE FEE NOT TO EXCEED  
19 FIFTY DOLLARS FOR PROVIDING THE DISCOUNT.

20 (e) (I) THE QUALIFIED RETAILER SHALL ELECTRONICALLY SUBMIT  
21 A REPORT TO THE DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND  
22 MANNER REQUIRED BY THE DEPARTMENT THAT DETAILS THE NUMBER OF  
23 NEW QUALIFIED ELECTRIC BICYCLES SOLD BY THE QUALIFIED RETAILER IN  
24 THE REPORTING PERIOD FOR WHICH THE QUALIFIED RETAILER PROVIDED A  
25 DISCOUNT AS DESCRIBED IN SUBSECTION (3)(b)(I) OF THIS SECTION, AND  
26 THAT INCLUDES ANY OTHER INFORMATION THE EXECUTIVE DIRECTOR OF  
27 THE DEPARTMENT MAY REQUIRE.

1 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
2 1, 2025, THE QUALIFIED RETAILER MAY ELECT ADVANCE PAYMENTS OF THE  
3 CREDIT ALLOWED PURSUANT TO THIS SECTION AS SPECIFIED IN SECTION  
4 39-22-629.

5 (III) PRIOR TO SELLING A QUALIFIED ELECTRIC BICYCLE FOR WHICH  
6 A RETAILER INTENDS TO CLAIM A CREDIT PURSUANT TO THIS SECTION, THE  
7 RETAILER SHALL REGISTER AS A QUALIFIED RETAILER BY FILING WITH THE  
8 DEPARTMENT A REGISTRATION STATEMENT IN THE FORM AND MANNER  
9 PRESCRIBED BY THE DEPARTMENT.

10 (4) (a) (I) THE OFFICE SHALL DEVELOP STANDARDS FOR  
11 DETERMINING ALLOWABLE ELECTRIC BICYCLE MANUFACTURERS FOR  
12 PURPOSES OF DETERMINING THE TYPE OF ELECTRIC BICYCLE THAT IS A  
13 QUALIFIED ELECTRIC BICYCLE ELIGIBLE FOR THE TAX CREDIT ALLOWED  
14 PURSUANT TO THIS SECTION. THE OFFICE SHALL CONSIDER THE DESIGN  
15 AND MANUFACTURE OF ALLOWABLE ELECTRIC BICYCLES AND  
16 CERTIFICATION OF ALLOWABLE ELECTRIC BICYCLES FOR COMPLIANCE WITH  
17 CONSENSUS SAFETY STANDARDS, SUCH AS THE ANSI/CAN/UL 2849  
18 STANDARD FOR SAFETY FOR ELECTRICAL SYSTEMS FOR ELECTRIC BICYCLES  
19 OR SIMILAR, IN ORDER TO DETERMINE THAT AN ELECTRIC BICYCLE IS A  
20 QUALIFIED ELECTRIC BICYCLE. THE OFFICE MAY ANNUALLY REVIEW THE  
21 STANDARDS. THE STANDARDS MUST BE POSTED ON THE OFFICE'S WEBSITE.

22 (II) THE OFFICE SHALL DEVELOP A PROCESS FOR PURCHASERS TO  
23 REGISTER AS QUALIFIED PURCHASERS, THROUGH THE OFFICE AND PRIOR TO  
24 PURCHASING A QUALIFIED ELECTRIC BICYCLE FROM A QUALIFIED  
25 RETAILER, BY AFFIRMING THE PURCHASER'S RESIDENCY AND THAT THE  
26 PURCHASER HAS NOT PREVIOUSLY PURCHASED A QUALIFIED ELECTRIC  
27 BICYCLE THAT WAS DISCOUNTED PURSUANT TO THIS SECTION IN THE SAME

1 INCOME TAX YEAR. THE PROCESS MUST ALLOW FOR A QUALIFIED RETAILER  
2 TO ACCESS QUALIFIED PURCHASER INFORMATION IN ORDER TO CONFIRM A  
3 PURCHASER IS A QUALIFIED PURCHASER.

4 (b) PURSUANT TO SECTION 39-21-304 (3), AND FOR THE PURPOSE  
5 OF PROVIDING DATA THAT ALLOWS THE EFFECTIVENESS OF THE TAX  
6 CREDIT ALLOWED PURSUANT TO THIS SECTION TO BE MEASURED, THE  
7 DEPARTMENT, ON OR BEFORE JANUARY 1, 2025, AND ON OR BEFORE  
8 JANUARY 1 OF EACH YEAR THEREAFTER THROUGH JANUARY 1, 2034,  
9 SHALL PROVIDE TO THE STATE AUDITOR INFORMATION THAT DETAILS THE  
10 NUMBER OF SALES OF NEW QUALIFIED ELECTRIC BICYCLES FOR WHICH  
11 CREDITS ARE CLAIMED AS REPORTED BY TAXPAYERS CLAIMING THE CREDIT  
12 FOR CONSIDERATION DURING THE STATE AUDITOR'S EVALUATION OF THIS  
13 TAX EXPENDITURE PURSUANT TO SECTION 39-21-305.

14 (5) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE  
15 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED RETAILER FOR THE  
16 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND  
17 MUST BE REFUNDED TO THE QUALIFIED RETAILER.

18 (6) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE  
19 REVENUE FORECAST THROUGH THE JUNE 2031 REVENUE FORECAST AS  
20 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF  
21 STATE PLANNING AND BUDGETING, PROJECTS THAT THE STATE IS NOT  
22 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED  
23 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE  
24 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE  
25 CREDIT ALLOWED PURSUANT TO THIS SECTION FOR ANY TAX YEAR  
26 COMMENCING IN THE CALENDAR YEAR THAT BEGINS DURING SAID NEXT  
27 FISCAL YEAR, IS REDUCED BY FIFTY PERCENT.



1 (7) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

2 **SECTION 10.** In Colorado Revised Statutes, **add** 39-22-554 as  
3 follows:

4 **39-22-554. Tax credit for sustainable aviation fuel production**  
5 **facility - tax preference performance statement - definitions - repeal.**

6 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES  
7 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX  
8 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
9 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND  
10 DECLARES THAT THE PURPOSE OF THIS TAX EXPENDITURE IS TO INDUCE  
11 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE  
12 CONSTRUCTION OF SUSTAINABLE AVIATION FUEL PRODUCTION FACILITIES  
13 IN THE STATE, BY PROVIDING TAX RELIEF FOR CERTAIN BUSINESSES AND  
14 INDIVIDUALS THAT CONSTRUCT OR OPERATE THESE FACILITIES IN THE  
15 STATE.

16 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
17 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES  
18 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE  
19 INFORMATION REQUIRED BY AND REPORTED TO THE DEPARTMENT  
20 PURSUANT TO SUBSECTION (7) OF THIS SECTION.

21 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
22 REQUIRES:

23 (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE  
24 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

25 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

26 (c) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT IS AN  
27 AVIATION BUSINESS, A SUSTAINABLE AVIATION FUEL PRODUCER, OR AN

1 AIRPORT.

2 (d) "SUSTAINABLE AVIATION FUEL" HAS THE SAME MEANING AS  
3 SET FORTH IN SECTION 40B(d) OF THE INTERNAL REVENUE CODE.

4 (e) "SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY" MEANS:

5 (I) A FACILITY WHICH PRODUCES SUSTAINABLE AVIATION FUEL; OR

6 (II) A FACILITY DIRECTLY RELATED TO ENABLING THE PRODUCTION  
7 OR DISTRIBUTION OF SUSTAINABLE AVIATION FUEL AS DETERMINED UNDER  
8 THE STANDARDS ESTABLISHED BY THE OFFICE.

9 (f) "TAXPAYER" MEANS A PERSON SUBJECT TO TAX PURSUANT TO  
10 THIS ARTICLE 22.

11 (3) (a) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,  
12 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED TAXPAYER IS ALLOWED  
13 A CREDIT AGAINST THE INCOME TAX IMPOSED UNDER THIS ARTICLE 22 FOR  
14 AN AMOUNT OF THE ACTUAL COST PAID TO CONSTRUCT, RECONSTRUCT, OR  
15 ERECT A SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY IN THE  
16 STATE EQUAL TO:

17 (I) THIRTY PERCENT FOR A FACILITY FOR WHICH CONSTRUCTION  
18 BEGINS ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2027;

19 (II) TWENTY-FOUR PERCENT FOR A FACILITY FOR WHICH  
20 CONSTRUCTION BEGINS ON OR AFTER JANUARY 1, 2027, BUT BEFORE  
21 JANUARY 1, 2028;

22 (III) EIGHTEEN PERCENT FOR A FACILITY FOR WHICH  
23 CONSTRUCTION BEGINS ON OR AFTER JANUARY 1, 2028, BUT BEFORE  
24 JANUARY 1, 2029; AND

25 (IV) TWELVE PERCENT FOR A FACILITY FOR WHICH CONSTRUCTION  
26 BEGINS ON OR AFTER JANUARY 1, 2029, BUT BEFORE JANUARY 1, 2033.

27 (b) THE CREDIT ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION

1 IS ALLOWED FOR THE TAX YEAR IN WHICH THE SUSTAINABLE AVIATION  
2 FUEL PRODUCTION FACILITY IS PLACED IN SERVICE.

3 (4) (a) A QUALIFIED TAXPAYER SHALL SUBMIT AN APPLICATION TO  
4 THE OFFICE FOR A TAX CREDIT CERTIFICATE TO CLAIM THE CREDIT  
5 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY  
6 THE OFFICE. THE APPLICATION MUST INCLUDE INFORMATION TO ALLOW  
7 THE OFFICE TO MAKE A DETERMINATION THAT THE APPLICANT IS A  
8 QUALIFIED TAXPAYER AND THAT THE AMOUNT FOR WHICH THE TAX CREDIT  
9 CERTIFICATE IS APPLIED IS THE ACTUAL COST PAID TO CONSTRUCT,  
10 RECONSTRUCT, OR ERECT A SUSTAINABLE AVIATION FUEL PRODUCTION  
11 FACILITY IN THE STATE FOR WHICH A CREDIT IS ALLOWED BY THIS SECTION.

12 (b) THE AGGREGATE AMOUNT OF ALL TAX CREDIT CERTIFICATES  
13 ISSUED BY THE OFFICE PURSUANT TO THIS SUBSECTION (4) MUST NOT  
14 EXCEED ONE MILLION DOLLARS FOR INCOME TAX YEARS COMMENCING IN  
15 2024, TWO MILLION DOLLARS PER YEAR FOR THE 2025 AND 2026 INCOME  
16 TAX YEARS, AND THREE MILLION DOLLARS FOR INCOME TAX YEARS 2027  
17 THROUGH 2032.

18 (c) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO  
19 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME  
20 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH  
21 AN ELECTRONIC REPORT OF EACH QUALIFIED TAXPAYER THAT THE OFFICE  
22 APPROVED FOR THE INCOME TAX CREDIT ALLOWED IN THIS SECTION FOR  
23 THE PRECEDING CALENDAR YEAR THAT INCLUDES THE FOLLOWING  
24 INFORMATION:

25 (I) THE TAXPAYER'S NAME;

26 (II) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE  
27 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER

1 IDENTIFICATION NUMBER; AND

2 (III) THE AMOUNT OF THE TAX CREDIT CERTIFICATE.

3 (5) (a) THE OFFICE SHALL DEVELOP STANDARDS FOR THE  
4 APPROVAL OF QUALIFIED TAXPAYERS FOR WHICH A TAX CREDIT UNDER  
5 THIS SECTION IS ALLOWED.

6 (b) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL  
7 OF THE CONSTRUCTION, RECONSTRUCTION, OR ERECTION OF A  
8 SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY IN THE STATE AND  
9 FOR REVIEWING THE COST CERTIFICATION FOR THE COSTS RELATED TO THE  
10 CONSTRUCTION, RECONSTRUCTION, OR ERECTION OF THE SUSTAINABLE  
11 AVIATION FUEL PRODUCTION FACILITY. IN THE STANDARDS, THE OFFICE  
12 SHALL DETERMINE THE MANNER IN WHICH A TAXPAYER WILL  
13 DEMONSTRATE ACTUAL COSTS FOR PURPOSES OF CALCULATING THE  
14 AMOUNT OF THE TAX CREDIT SET FORTH IN THE TAX CREDIT CERTIFICATE  
15 ISSUED BY THE OFFICE TO THE TAXPAYER; EXCEPT THAT ACTUAL COSTS  
16 MUST NOT INCLUDE LEGAL FEES, LAND COST, OR DESIGN COSTS.

17 (c) THE STANDARDS DEVELOPED BY THE OFFICE UNDER THIS  
18 SUBSECTION (5) MUST BE POSTED ON THE OFFICE'S WEBSITE.

19 (6) (a) A QUALIFIED TAXPAYER SHALL SUBMIT A REPORT TO THE  
20 OFFICE BY THE END OF THE FIRST MONTH AFTER THE END OF ANY INCOME  
21 TAX YEAR IN WHICH THE QUALIFIED TAXPAYER RECEIVED A TAX CREDIT  
22 UNDER THIS SECTION AND SHALL ANNUALLY SUBMIT A REPORT FOR THREE  
23 YEARS THEREAFTER REPORTING SUSTAINABLE AVIATION FUEL  
24 PRODUCTION AND TOTAL FUEL PRODUCTION FOR THE FACILITY.

25 (b) IF THE SUSTAINABLE AVIATION FUEL PRODUCTION OF A  
26 FACILITY FOR WHICH A QUALIFIED TAXPAYER WAS ALLOWED A CREDIT  
27 UNDER THIS SECTION COMPRISES LESS THAN SIXTY PERCENT OF THE TOTAL

1 FUEL PRODUCTION OF THE FACILITY IN ANY OF THE THREE TAXABLE YEARS  
2 IMMEDIATELY FOLLOWING THE TAXABLE YEAR IN WHICH THE FACILITY  
3 WAS PLACED IN SERVICE, THE OFFICE SHALL NOTIFY THE DEPARTMENT IN  
4 WRITING THAT THE CREDIT ALLOWED IN THIS SECTION MUST BE  
5 DISALLOWED FOR THAT QUALIFIED TAXPAYER. THE QUALIFIED TAXPAYER  
6 SHALL ADD THE AMOUNT OF THE DISALLOWED CREDIT TO ITS RETURN AS  
7 A RECAPTURED CREDIT FOR THE TAX YEAR IN WHICH THE CREDIT IS  
8 DISALLOWED PURSUANT TO THIS SUBSECTION (6).

9 (7) NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136  
10 (11)(a)(I), FOR THE PURPOSE OF PROVIDING DATA THAT ALLOWS THE  
11 GENERAL ASSEMBLY AND THE STATE AUDITOR TO MEASURE THE  
12 EFFECTIVENESS OF THE CREDIT CREATED IN SUBSECTION (3) OF THIS  
13 SECTION PURSUANT TO SECTION 39-21-304 (3), THE OFFICE ON OR BEFORE  
14 JANUARY 1, 2026, AND ON OR BEFORE JANUARY 1 OF EACH YEAR  
15 THEREAFTER UNTIL JANUARY 1, 2034, SHALL SUBMIT TO THE GENERAL  
16 ASSEMBLY AND THE STATE AUDITOR A REPORT DETAILING THE  
17 CONSTRUCTION, RECONSTRUCTION, AND ERECTION OF SUSTAINABLE  
18 AVIATION FUEL PRODUCTION FACILITIES AS REPORTED BY QUALIFIED  
19 TAXPAYERS CLAIMING THE CREDIT IN THIS SECTION. THE TAX CREDIT  
20 MEETS ITS PURPOSE IF THE CONSTRUCTION, RECONSTRUCTION, AND  
21 ERECTION OF SUSTAINABLE AVIATION FUEL PRODUCTION FACILITIES IN THE  
22 STATE INCREASE SIGNIFICANTLY IN TAX YEARS FOR WHICH THE CREDIT IS  
23 ALLOWED.

24 (8) IF THE CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE  
25 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED TAXPAYER FOR THE  
26 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND  
27 MUST BE REFUNDED TO THE QUALIFIED TAXPAYER.

1 (9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

2 SECTION 11. In Colorado Revised Statutes, add 39-22-629 as  
3 follows:

4 39-22-629. Advance payments of income tax credits -  
5 definitions. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT  
6 OTHERWISE REQUIRES:

7 (a) "APPLICABLE CREDIT" MEANS THE CREDITS ALLOWED IN  
8 SECTIONS 39-22-516.7, 39-22-516.8, AND 39-22-553.

9 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

10 (c) "TAXPAYER" MEANS THE PERSON AUTHORIZED TO ELECT  
11 ADVANCED PAYMENTS OF AN APPLICABLE CREDIT.

12 (2) A TAXPAYER MAY ELECT TO RECEIVE ADVANCE PAYMENTS FOR  
13 APPLICABLE CREDITS AS FOLLOWS:

14 (a) THE TAXPAYER SHALL ANNUALLY REGISTER WITH THE  
15 DEPARTMENT FOR ADVANCE PAYMENTS OF ONE OR MORE APPLICABLE  
16 CREDITS NO LATER THAN THIRTY DAYS BEFORE THE DUE DATE OF THE  
17 FIRST QUARTERLY REPORT FILED BY THE TAXPAYER UNDER SUBSECTION  
18 (2)(b) OF THIS SECTION, IN A FORM AND MANNER PRESCRIBED BY THE  
19 DEPARTMENT; AND

20 (b) (I) THE TAXPAYER SHALL ELECTRONICALLY FILE QUARTERLY  
21 REPORTS IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT NO  
22 LATER THAN APRIL 15, JUNE 15, SEPTEMBER 15, AND DECEMBER 15 OF  
23 EACH TAX YEAR FOR WHICH THE TAXPAYER REGISTERS FOR ADVANCE  
24 PAYMENTS; EXCEPT THAT:

25 (A) FOR A TAXPAYER WITH A TAXABLE YEAR BEGINNING ON ANY  
26 DATE OTHER THAN JANUARY 1, THE CORRESPONDING MONTHS SHALL BE  
27 SUBSTITUTED FOR THE MONTHS SPECIFIED IN SUBSECTION (2)(b)(I) OF THIS

1 SECTION.

2 (B) FOR A TAXPAYER WITH A TAXABLE YEAR LESS THAN TWELVE  
3 MONTHS, THE DUE DATES SHALL BE DETERMINED IN ACCORDANCE WITH  
4 RULES PRESCRIBED BY THE DEPARTMENT.

5 (II) THE QUARTERLY REPORT MUST INCLUDE THE CUMULATIVE  
6 TOTAL OF APPLICABLE CREDIT THAT THE TAXPAYER IS SEEKING ADVANCE  
7 PAYMENT FOR IN THE QUARTER AND ANY INFORMATION REQUIRED TO BE  
8 INCLUDED IN THE QUARTERLY REPORT AS SPECIFIED IN THE STATUTE  
9 UNDER WHICH THE APPLICABLE CREDIT IS ALLOWED.

10 (3) AFTER RECEIPT OF A COMPLETED QUARTERLY REPORT, THE  
11 DEPARTMENT SHALL MAKE AN ADVANCE PAYMENT OF THE APPLICABLE  
12 CREDIT TO THE TAXPAYER IN THE FORM OF A REFUND OF THE TAXPAYER'S  
13 OVERPAYMENT OF TAX IMPOSED UNDER THIS ARTICLE 22; EXCEPT THAT  
14 THE ADVANCE PAYMENT DOES NOT ACCRUE INTEREST PURSUANT TO  
15 SECTION 39-21-108 (2) BUT IS SUBJECT TO INTERCEPT FOR THE TAXPAYER'S  
16 UNPAID BALANCE OR UNPAID DEBTS, IF ANY, PURSUANT TO SECTION  
17 39-21-108 (3).

18 (4) THE TAXPAYER SHALL REDUCE THE AMOUNT OF AN APPLICABLE  
19 CREDIT CLAIMED BY THE TAXPAYER FOR ANY TAXABLE YEAR BY THE  
20 AGGREGATE AMOUNT OF ADVANCE PAYMENTS THAT THE TAXPAYER  
21 CLAIMED FOR THE APPLICABLE CREDIT DURING THE TAXABLE YEAR, AND:

22 (a) IF THE AGGREGATE AMOUNT OF ADVANCE PAYMENTS CLAIMED  
23 FOR THE APPLICABLE TAX YEAR EXCEEDS THE AMOUNT OF THE CREDIT  
24 ALLOWED TO THE TAXPAYER, THE AMOUNT OF THE EXCESS IS SUBJECT TO  
25 RECAPTURE; OR

26 (b) IF THE AGGREGATE AMOUNT OF ADVANCE PAYMENTS FOR THE  
27 APPLICABLE TAX YEAR IS LESS THAN THE AMOUNT OF THE CREDIT

1 ALLOWED TO THE TAXPAYER, THE AMOUNT OF THE DIFFERENCE MAY BE  
2 CLAIMED BY THE TAXPAYER AS A CREDIT IN THE TAXABLE YEAR IN THE  
3 SAME MANNER AS THE APPLICABLE CREDIT.

4 (5) IN THE CASE OF A PARTNERSHIP OR S CORPORATION ELECTING  
5 ADVANCE PAYMENTS UNDER THIS SECTION, THE PARTNERSHIP OR S  
6 CORPORATION SHALL MAKE THE ELECTION AND THE DEPARTMENT SHALL  
7 MAKE THE ADVANCE PAYMENTS TO THE PARTNERSHIP OR S CORPORATION.  
8 IN THE EVENT OF AN EXCESS AMOUNT PURSUANT TO SUBSECTION (4)(a) OF  
9 THIS SECTION, THE PARTNERSHIP OR S CORPORATION SHALL PAY THE  
10 AMOUNT OF THE EXCESS ON BEHALF OF THE PARTNERS OR SHAREHOLDERS.  
11 IN THE EVENT OF AN AMOUNT OF DIFFERENCE PURSUANT TO SUBSECTION  
12 (4)(b) OF THIS SECTION, THE DEPARTMENT SHALL REFUND THE AMOUNT OF  
13 THE DIFFERENCE TO THE PARTNERSHIP OR S CORPORATION.

14 ■ ■ ■

15 **SECTION 12.** In Colorado Revised Statutes, 39-26-732, **amend**  
16 (3) and (5) as follows:

17 **39-26-732. Heat pump systems - tax preference performance**  
18 **statement - legislative declaration - definitions - repeal.** (3) On and  
19 after January 1, 2023, BUT BEFORE JANUARY 1, 2024, subject to the  
20 provisions of subsection (4) of this section, all sales, storage, and use of  
21 heat pump systems and heat pump water heaters that are used in  
22 commercial or residential buildings are exempt from taxation under parts  
23 1 and 2 of this article 26.

24 (5) This section is repealed, effective ~~January 1, 2033~~ JANUARY  
25 1, 2027.

26 ■ ■ ■

27 **SECTION 13.** In Colorado Revised Statutes, 39-29-105, **amend**



1 (2)(b) and (2)(c) introductory portion; and **add (2)(d)** as follows:

2 **39-29-105. Tax on severance of oil and gas.** (2) (b) (I) With  
3 respect to oil and gas, there ~~shall be~~ IS allowed, as a credit against the tax  
4 computed in accordance with the provisions of subsection (1)(b) of this  
5 section for each taxable year commencing on or after January 1, 2000, but  
6 prior to ~~January 1, 2025~~, JANUARY 1, 2024, an amount equal to  
7 eighty-seven and one-half percent of all ad valorem taxes assessed during  
8 the taxable year in the case of accrual basis taxpayers or paid during the  
9 taxable year in the case of cash basis taxpayers upon oil and gas  
10 leaseholds and leasehold interests and oil and gas royalties and royalty  
11 interests for state, county, municipal, school district, and special district  
12 purposes, except such ad valorem taxes assessed or paid for such  
13 purposes upon equipment and facilities used in the drilling for, production  
14 of, storage of, and pipeline transportation of oil and gas. ~~However,~~

15 (II) WITH RESPECT TO OIL AND GAS THERE IS ALLOWED, AS A  
16 CREDIT AGAINST THE TAX COMPUTED IN ACCORDANCE WITH THE  
17 PROVISIONS OF SUBSECTION (1)(b) OF THIS SECTION FOR EACH TAXABLE  
18 YEAR COMMENCING ON OR AFTER JANUARY 1, 2024, BUT PRIOR TO  
19 JANUARY 1, 2026, AN AMOUNT EQUAL TO SEVENTY-FIVE PERCENT OF ALL  
20 AD VALOREM TAXES ASSESSED DURING THE TAXABLE YEAR IN THE CASE  
21 OF ACCRUAL BASIS TAXPAYERS OR PAID DURING THE TAXABLE YEAR IN  
22 THE CASE OF CASH BASIS TAXPAYERS UPON OIL AND GAS LEASEHOLDS AND  
23 LEASEHOLD INTERESTS AND OIL AND GAS ROYALTIES AND ROYALTY  
24 INTERESTS FOR STATE, COUNTY, MUNICIPAL, SCHOOL DISTRICT, AND  
25 SPECIAL DISTRICT PURPOSES, EXCEPT SUCH AD VALOREM TAXES ASSESSED  
26 OR PAID FOR SUCH PURPOSES UPON EQUIPMENT AND FACILITIES USED IN  
27 THE DRILLING FOR, PRODUCTION OF, STORAGE OF, AND PIPELINE

1 TRANSPORTATION OF OIL AND GAS.

2 (III) NOTWITHSTANDING SUBSECTIONS (2)(b)(I) AND (2)(b)(II) OF  
3 THIS SECTION, no credit shall be allowed for ad valorem taxes paid or  
4 assessed on oil and gas production that is exempt from the state severance  
5 tax pursuant to subsection (1) of this section.

6 (c) For a taxable year beginning on or after ~~January 1, 2025,~~  
7 JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2027, for each well that is not  
8 exempt from the state severance tax pursuant to subsection (1)(b) of this  
9 section, there is allowed a credit against the tax computed in accordance  
10 with the provisions of subsection (1)(b) of this section in an amount  
11 calculated by the formula  $C = 0.7656 \times 0.65625 \times GI \times ML$ , where:

12 (d) FOR A TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1,  
13 2027, FOR EACH WELL THAT IS NOT EXEMPT FROM THE STATE SEVERANCE  
14 TAX PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION, THERE IS  
15 ALLOWED A CREDIT AGAINST THE TAX COMPUTED IN ACCORDANCE WITH  
16 SUBSECTION (1)(b) OF THIS SECTION IN AN AMOUNT CALCULATED BY THE  
17 FORMULA  $C = 0.7656 \times GI \times ML$ , WHERE:

18 (I) C IS THE AMOUNT OF THE CREDIT;

19 (II) GI IS THE GROSS INCOME ATTRIBUTABLE TO THE WELL FOR THE  
20 CURRENT TAXABLE YEAR; AND

21 (III) ML IS THE TOTAL OF ALL MILL LEVIES, FIXED NOT LATER THAN  
22 DECEMBER 22 OF THE PRECEDING CALENDAR YEAR PURSUANT TO SECTION  
23 39-1-111, BY ALL LOCAL GOVERNMENTS FOR PROPERTY AT THE WELL'S  
24 LOCATION.

25 **SECTION 14.** In Colorado Revised Statutes, 39-29-108, **amend**  
26 (2)(b), (7)(a)(II), (7)(a)(III), (7)(b), (7)(d), and (7)(e); and **add** (2)(e),  
27 (7)(a)(IV), and (7)(f) as follows:

1           **39-29-108. Allocation of severance tax revenues - definitions**

2   **- repeal.** (2) (b) Except as set forth in ~~subsection~~ SUBSECTIONS (2)(d)  
3   AND (2)(e) of this section, of the total gross receipts realized from the  
4   severance taxes imposed on minerals and mineral fuels under the  
5   provisions of this article after June 30, 2017, fifty percent shall be  
6   credited to the state severance tax trust fund created by section 39-29-109,  
7   and fifty percent shall be credited to the local government severance tax  
8   fund created by section 39-29-110.

9           (e) (I) EXCEPT AS PROVIDED IN SUBSECTION (2)(e)(II) OF THIS  
10   SECTION, FOR THE STATE FISCAL YEARS 2023-24 THROUGH 2026-27, THE  
11   STATE TREASURER SHALL CREDIT THE DISCRETE INCREASED AMOUNT OF  
12   SEVERANCE TAX FOR OIL AND GAS PRODUCTION THAT IS ATTRIBUTABLE TO  
13   THE REDUCTION OF THE CREDIT AGAINST TAX PURSUANT TO SECTION  
14   39-29-105 (2)(b)(II) AND 39-29-105(2)(c) TO THE DECARBONIZATION TAX  
15   CREDITS ADMINISTRATION CASH FUND CREATED IN SECTION 24-38.5-119  
16   (2).

17           (II) THE STATE TREASURER SHALL CREDIT A PORTION OF THE  
18   DISCRETE INCREASED AMOUNT OF SEVERANCE TAX FOR OIL AND GAS  
19   PRODUCTION IN THE AMOUNT ATTRIBUTABLE TO ADMINISTRATIVE COSTS  
20   TO THE RESPECTIVE CASH FUNDS ON OR BEFORE JULY 1, 2025.

21           (III) AS USED IN THIS SUBSECTION (2)(e), UNLESS THE CONTEXT  
22   OTHERWISE REQUIRES:

23           (A) "ADMINISTRATIVE COSTS" MEANS THE AMOUNT OF MONEY  
24   EXPENDED FROM THE RESPECTIVE CASH FUNDS BY THE COLORADO  
25   ENERGY OFFICE AND THE DEPARTMENT OF REVENUE FOR THE  
26   ADMINISTRATION AND IMPLEMENTATION OF CERTAIN INCOME TAX CREDITS  
27   AND A TEMPORARY SPECIFIC OWNERSHIP TAX RATE REDUCTION FOR

1 ELECTRIC MEDIUM-DUTY AND HEAVY-DUTY TRUCKS THAT ARE PART OF A  
2 FLEET AS PROVIDED FOR IN SECTIONS 24-38.5-116 (6)(b)(II), 24-38.5-118  
3 (7)(d), 24-38.5-506 (2)(a)(II), AND 25-7-1405 (2)(b).

4 (B) "DISCRETE INCREASED AMOUNT OF SEVERANCE TAX FOR OIL  
5 AND GAS PRODUCTION" MEANS THE AMOUNT OF TAX COLLECTED THAT IS  
6 ATTRIBUTABLE TO A TWELVE AND ONE-HALF PERCENT REDUCTION IN THE  
7 SEVERANCE TAX CREDIT FOR OIL AND GAS PRODUCTION SET FORTH IN  
8 SECTION 39-29-105 (2)(b)(II) FOR TAX YEARS BEGINNING ON OR AFTER  
9 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2026, AND A TEN AND NINE  
10 HUNDRED THIRTY-FIVE THOUSANDTHS PERCENT REDUCTION SET FORTH IN  
11 SECTION 39-29-105 (2)(c) FOR TAX YEARS BEGINNING ON OR AFTER  
12 JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2027.

13 (C) "RESPECTIVE CASH FUNDS" MEANS THE INDUSTRIAL AND  
14 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CASH FUND  
15 CREATED IN SECTION 24-38.5-116 (6), THE GEOTHERMAL ENERGY GRANT  
16 FUND CREATED IN SECTION 24-38.5-118 (7), THE COMMUNITY ACCESS TO  
17 ELECTRIC BICYCLES CASH FUND CREATED IN SECTION 24-38.5-506, OR THE  
18 ELECTRIFYING SCHOOL BUSES GRANT PROGRAM CASH FUND CREATED IN  
19 SECTION 25-7-1405.

20 (7) (a) The director of the office of state planning and budgeting  
21 and the executive directors of the departments of revenue, natural  
22 resources, education, and local affairs, or their designees, shall, in  
23 consultation with the stakeholder group convened pursuant to subsection  
24 (7)(c) of this section, develop an implementation plan with  
25 recommendations to:

- 26 (II) Require electronic filing of returns for severance taxes; and
- 27 (III) Require additional electronic data collection necessary to

1 ease the administration and enforcement of the state severance tax on oil  
2 and gas, including consideration of opportunities for increased data  
3 sharing among state and local government agencies; AND

4 (IV) MAKE RECOMMENDATIONS FOR THE LONG-TERM  
5 RESTRUCTURING OF THE CREDIT ALLOWED IN SECTION 39-29-105 (2)  
6 INCLUDING:

7 (A) LINKING THE SIZE OF THE CREDIT IN A GIVEN TAX YEAR TO OIL  
8 AND GAS TAXPAYERS' PROFITABILITY OR REVENUES FOR THAT TAX YEAR;

9 (B) SEPARATING THE CREDIT FOR OIL PRODUCTION AND GAS  
10 PRODUCTION;

11 (C) LINKING THE CREDIT IN A GIVEN TAX YEAR TO THE RELATIVE  
12 DIFFERENCE BETWEEN OIL AND GAS PRICES FOR THAT TAX YEAR  
13 COMPARED TO HISTORIC MONTHLY HENRY HUB NATURAL GAS SPOT PRICES  
14 AS REPORTED BY THE UNITED STATES ENERGY INFORMATION  
15 ADMINISTRATION AND MONTHLY CUSHING, OKLAHOMA WEST TEXAS  
16 INTERMEDIATE SPOT PRICES AS REPORTED BY THE UNITED STATES ENERGY  
17 INFORMATION ADMINISTRATION;

18 (D) UPDATING THE DEPARTMENT OF REVENUE'S SEVERANCE TAX  
19 FORM AND REPROGRAMMING GENTAX TO MAKE THESE CHANGES  
20 POSSIBLE; AND

21 (E) GIVING CONSIDERATION TO THE FACT THAT THE CURRENT  
22 CREDIT SIZE RESULTS IN THE STATE EFFECTIVELY SUBSIDIZING LOCAL  
23 TAXING JURISDICTIONS WHICH WAS NOT THE ORIGINAL INTENT OF THE  
24 CREDIT.

25 (b) The implementation plan required by subsection (7)(a) of this  
26 section must include a quantitative fiscal analysis of the ~~change~~ CHANGES  
27 described in ~~subsection~~ SUBSECTIONS (7)(a)(I) AND (7)(a)(IV) of this

1 section and the calculation of the credit allowed in section 39-29-105  
2 (2)(c) and make recommendations as to how they can be implemented  
3 while maintaining revenue neutrality.

4 (d) The persons identified in subsection (7)(a) of this section shall  
5 submit the written implementation plan to the joint budget committee no  
6 later than ~~January 15, 2024~~ JANUARY 15, 2025. Prior submission of the  
7 implementation plan, the stakeholder group shall have an opportunity to  
8 review the draft recommendations and individual stakeholders may  
9 provide comments in response to the implementation plan to be included  
10 with the submission of the implementation plan.

11 (e) ~~This subsection (7) is repealed, effective July 1, 2024.~~ IT IS  
12 THE INTENT OF THE GENERAL ASSEMBLY THAT THE RECOMMENDATIONS  
13 WITHIN THE IMPLEMENTATION PLAN PURSUANT TO SUBSECTION (7)(a) OF  
14 THIS SECTION BE IMPLEMENTED BY TAX YEAR 2026 WITH RESPECT TO  
15 CHANGING THE STRUCTURE OF THE CREDIT, PROVIDED THAT REVENUE TO  
16 THE STATE, AS DETERMINED BY LEGISLATIVE COUNCIL STAFF, IS NEUTRAL  
17 WITH RESPECT TO AMENDMENTS MADE TO 39-29-105 (2)(b) AND (2)(c) AS  
18 AMENDED BY HB23-1272. TO THIS END, IT IS THE INTENT OF THE GENERAL  
19 ASSEMBLY THAT 39-29-105 (2)(c) BE FURTHER AMENDED OR SUPERSEDED  
20 BY THE RECOMMENDATION OR RECOMMENDATIONS DURING THE 2025  
21 LEGISLATIVE SESSION.

22 (f) THIS SUBSECTION (7) IS REPEALED, EFFECTIVE JULY 1, 2025.

23 **SECTION 15.** In Colorado Revised Statutes, 42-3-107, **amend**  
24 (1)(a)(I); and **add** (1)(a)(IV) as follows:

25 **42-3-107. Taxable value of classes of property - rate of tax -**  
26 **when and where payable - department duties - apportionment of tax**  
27 **collections - definitions - rules - repeal.** (1) (a) (I) Except as provided

1 in ~~subparagraph (I.5) of this paragraph (a)~~, SUBSECTIONS (1)(a)(I.5) AND  
2 (1)(a)(IV) OF THIS SECTION, the taxable value of every item of Class A or  
3 Class B personal property greater than sixteen thousand pounds declared  
4 empty vehicle weight shall be the actual purchase price of such property.  
5 Such price shall not include any applicable federal excise tax, including  
6 the excise tax on the first retail sale of a heavy truck, trailer, or tractor for  
7 which the seller is liable, transportation or shipping costs, or preparation  
8 and delivery costs. The taxable value of every item of Class A or Class B  
9 personal property less than or equal to sixteen thousand pounds declared  
10 empty vehicle weight shall be seventy-five percent of the manufacturer's  
11 suggested retail price.

12 (IV) (A) ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,  
13 2028, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B  
14 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS GREATER THAN  
15 SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT AND  
16 THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN  
17 SECTION 39-22-516.8 (1)(I), IS FIFTY PERCENT OF THE ACTUAL PURCHASE  
18 PRICE OF SUCH PROPERTY.

19 (B) ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,  
20 2028, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B  
21 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS LESS THAN OR  
22 EQUAL TO SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT  
23 AND THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN  
24 SECTION 39-22-516.8 (1)(I), IS FIFTY PERCENT OF THE MANUFACTURER'S  
25 SUGGESTED RETAIL PRICE OF SUCH PROPERTY.

26 (C) ON OR AFTER JANUARY 1, 2028, BUT BEFORE JANUARY 1,  
27 2033, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B

1 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS GREATER THAN  
2 SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT AND  
3 THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN  
4 SECTION 39-22-516.8 (1)(I), IS SIXTY PERCENT OF THE ACTUAL PURCHASE  
5 PRICE OF SUCH PROPERTY.

6 (D) ON OR AFTER JANUARY 1, 2028, BUT BEFORE JANUARY 1,  
7 2033, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B  
8 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS LESS THAN OR  
9 EQUAL TO SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT  
10 AND THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN  
11 SECTION 39-22-516.8 (1)(I), IS SIXTY PERCENT OF THE MANUFACTURER'S  
12 SUGGESTED RETAIL PRICE OF SUCH PROPERTY.

13 (E) THIS SUBSECTION (1)(a)(IV) IS REPEALED, EFFECTIVE JANUARY  
14 1, 2034.

15 ■ ■ ■

16 **SECTION 16.** In Colorado Revised Statutes, 24-38.5-102, add  
17 (3.3) and (5) as follows:

18 **24-38.5-102. Colorado energy office - duties and powers -**  
19 **definitions.** (3.3) AS PART OF THE HEARING REQUIRED BY SECTION  
20 2-7-203 (2), FOR HEARINGS HELD ON OR AFTER JANUARY 1, 2025, BUT  
21 BEFORE JANUARY 1, 2034, THE COLORADO ENERGY OFFICE SHALL REPORT  
22 ON THE ESTIMATED IMPACT OF GREENHOUSE GAS EMISSIONS REDUCTIONS  
23 ATTRIBUTABLE TO THE TAX CREDITS CREATED IN SECTIONS 39-22-549,  
24 39-22-550, 39-22-551, 39-22-552, 39-22-553, AND 39-22-554.

25 (5) (a) AS USED IN THIS SUBSECTION (5), UNLESS THE CONTEXT  
26 OTHERWISE REQUIRES:

27 (I) "DECARBONIZATION TAX CREDITS" MEANS THE TAX CREDITS



1 CREATED IN SECTIONS 39-22-549, 39-22-550, 39-22-551, 39-22-552,  
2 39-22-553, AND 39-22-554.

3 (II) "STANDARDS" MEAN THE STANDARDS OR GUIDELINES THE  
4 OFFICE IS AUTHORIZED TO ADOPT TO IMPLEMENT THE DECARBONIZATION  
5 TAX CREDITS.

6 (b) NOTWITHSTANDING 24-1-136 (11)(a)(I), BEGINNING ON AND  
7 AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, THE COLORADO  
8 ENERGY OFFICE SHALL ANNUALLY REPORT TO THE TRANSPORTATION AND  
9 ENERGY COMMITTEE OF THE SENATE, THE ENERGY AND ENVIRONMENT  
10 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, AND THE FINANCE  
11 COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR  
12 ANY SUCCESSOR COMMITTEES, THE FOLLOWING:

13 (I) STANDARDS ADOPTED IN THE PRECEDING YEAR;

14 (II) AMENDMENTS, MODIFICATIONS, CHANGES, OR REPEALS TO  
15 PREVIOUSLY ADOPTED STANDARDS IN THE PRECEDING YEAR; AND

16 (III) INFORMATION ON ANY PUBLIC COMMENT SOLICITED OR  
17 RECEIVED PURSUANT TO THE ADOPTION OF STANDARDS OR TO THE  
18 AMENDMENT, MODIFICATION, CHANGE, OR REPEAL OF PREVIOUSLY  
19 ADOPTED STANDARDS.

20 (c) THE COLORADO ENERGY OFFICE MAY INCLUDE THE  
21 INFORMATION REQUIRED IN SUBSECTION (5)(b) OF THIS SECTION IN ITS  
22 ANNUAL PRESENTATION TO ITS JOINT COMMITTEES OF REFERENCE  
23 PURSUANT TO SECTION 2-7-203.

24 (d) IF IN THE PRECEDING YEAR THE COLORADO ENERGY OFFICE  
25 DOES NOT ADOPT NEW STANDARDS OR MAKE ANY CHANGES OR  
26 MODIFICATIONS TO ADOPTED STANDARDS, THEN IT IS NOT REQUIRED TO  
27 REPORT IN THAT YEAR PURSUANT TO SUBSECTION (5)(b) OF THIS SECTION.

1 (e) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE DECEMBER 1,  
2 2033.

3 SECTION 17. In Colorado Revised Statutes, 24-38.5-116,  
4 amend (6)(b); and add (3)(c) as follows:

5 24-38.5-116. Industrial and manufacturing operations clean  
6 air grant program - creation - eligibility - fund created - gifts, grants,  
7 or donations - transfer - legislative declaration - definitions -  
8 reporting - repeal. (3) Grant program. (c) (I) GRANTS CANNOT BE  
9 AWARDED FOR GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS  
10 PUT IN SERVICE AT AN INDUSTRIAL FACILITY FOR WHICH AN INDUSTRIAL  
11 CLEAN ENERGY TAX CREDIT IS RECEIVED PURSUANT TO SECTION  
12 39-22-549.

13 (II) AS USED IN THIS SUBSECTION (3)(c), UNLESS THE CONTEXT  
14 OTHERWISE REQUIRES:

15 (A) "GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS"  
16 HAS THE SAME MEANING AS SET FORTH IN SECTION 39-22-549 (2)(e).

17 (B) "INDUSTRIAL FACILITY" HAS THE SAME MEANING AS SET FORTH  
18 IN SECTION 39-22-549 (2)(g).

19 (6) Fund. (b) (I) EXCEPT AS OTHERWISE PROVIDED IN  
20 SUBSECTION (6)(b)(II) OF THIS SECTION, the money in the fund is  
21 continuously appropriated to the office for the purposes set forth in this  
22 section. The state treasurer shall credit all interest and income derived  
23 from the deposit and investment of money in the fund to the fund. Any  
24 unexpended and unencumbered money remaining in the fund at the end  
25 of a state fiscal year remains in the fund; except that the state treasurer  
26 shall transfer any money remaining in the fund at the end of the 2027-28  
27 state fiscal year to the general fund.

1 (II) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE  
2 AND, SUBJECT TO ANNUAL APPROPRIATION, THE DEPARTMENT OF REVENUE  
3 MAY EXPEND MONEY FROM THE FUND FOR THE ADMINISTRATION AND  
4 IMPLEMENTATION OF THE INDUSTRIAL CLEAN ENERGY TAX CREDIT  
5 CREATED IN SECTION 39-22-549 AND THE TAX CREDIT FOR SUSTAINABLE  
6 AVIATION FUEL PRODUCTION FACILITY CREATED IN SECTION 39-22-554.  
7 THE OFFICE SHALL KEEP AN ACCOUNTING OF ALL MONEY EXPENDED FROM  
8 THE FUND PURSUANT TO THIS SUBSECTION (6)(b)(II) FOR PURPOSES OF  
9 CALCULATING THE REPAYMENT OF THE ADMINISTRATIVE COSTS REQUIRED  
10 BY SECTION 39-29-108 (2)(e)(II).

11 **SECTION 18.** In Colorado Revised Statutes, 24-38.5-118,  
12 **amend** (7)(a)(III); and **add** (7)(d) as follows:

13 **24-38.5-118. Geothermal energy grant program - creation -**  
14 **procedures - fund - report - definitions - repeal. (7) Fund.** (a) (III)  
15 EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7)(d) OF THIS SECTION,  
16 money in the fund is continuously appropriated to the office to implement  
17 this section AND FOR THE PURPOSES SET FORTH IN SUBSECTION (7)(d) OF  
18 THIS SECTION.

19 (d) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE  
20 AND, SUBJECT TO ANNUAL APPROPRIATION, THE DEPARTMENT OF REVENUE  
21 MAY EXPEND MONEY IN THE FUND FOR THE ADMINISTRATION AND  
22 IMPLEMENTATION OF THE TAX CREDIT FOR EXPENDITURES MADE IN  
23 CONNECTION WITH A GEOTHERMAL ENERGY PROJECT CREATED IN SECTION  
24 39-22-550, THE GEOTHERMAL ELECTRICITY GENERATION PRODUCTION TAX  
25 CREDIT CREATED IN SECTION 39-22-551, AND THE HEAT PUMP  
26 TECHNOLOGY AND THERMAL ENERGY NETWORK TAX CREDIT CREATED IN  
27 SECTION 39-22-552. THE OFFICE SHALL KEEP AN ACCOUNTING OF ALL

1 MONEY EXPENDED FROM THE FUND PURSUANT TO THIS SUBSECTION (7)(d)  
2 FOR PURPOSES OF CALCULATING THE REPAYMENT OF THE ADMINISTRATIVE  
3 COSTS REQUIRED BY SECTION 39-29-108 (2)(e)(II).

4 **SECTION 19.** In Colorado Revised Statutes, 24-38.5-506,  
5 **amend** (2)(a) as follows:

6 **24-38.5-506. Community access to electric bicycles cash fund**  
7 **- creation - gifts, grants, or donations - transfer - repeal.**

8 (2) (a) (I) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(a)(II) OF  
9 THIS SECTION, the money in the fund is continuously appropriated to the  
10 office for the purposes set forth in this part 5 AND FOR THE PURPOSES SET  
11 FORTH IN SUBSECTION (2)(a)(II) OF THIS SECTION. The state treasurer shall  
12 credit all interest and income derived from the deposit and investment of  
13 money in the fund to the fund. Any unexpended and unencumbered  
14 money remaining in the fund at the end of a state fiscal year remains in  
15 the fund; except that the state treasurer shall transfer any money  
16 remaining in the fund at the end of the 2026-27 state fiscal year to the  
17 general fund.

18 (II) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE  
19 AND, SUBJECT TO ANNUAL APPROPRIATION, THE DEPARTMENT OF REVENUE  
20 MAY EXPEND MONEY IN THE FUND FOR THE ADMINISTRATION AND  
21 IMPLEMENTATION OF THE ELECTRIC BICYCLE TAX CREDIT CREATED IN  
22 SECTION 39-22-553. THE OFFICE SHALL KEEP AN ACCOUNTING OF ALL  
23 MONEY EXPENDED FROM THE FUND PURSUANT TO THIS SUBSECTION  
24 (2)(a)(II) FOR PURPOSES OF CALCULATING THE REPAYMENT OF THE  
25 ADMINISTRATIVE COSTS REQUIRED BY SECTION 39-29-108 (2)(e)(II).

26 **SECTION 20.** In Colorado Revised Statutes, 25-7-1405, **amend**  
27 (1)(a) and (2) as follows:

1           **25-7-1405. Electrifying school buses grant program cash fund**  
2   **- creation - gifts, grants, and donations - transfer - repeal.** (1) (a) The  
3 electrifying school buses grant program cash fund is created in the state  
4 treasury, and, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(b) OF  
5 THIS SECTION, the department shall administer the fund for the purposes  
6 of this part 14. The fund consists of any money that the general assembly  
7 may transfer or appropriate to the fund for implementation of the grant  
8 program and any federal money or gifts, grants, or donations received  
9 pursuant to subsection (1)(b) of this section.

10           (2) (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(b) OF  
11 THIS SECTION, the money in the fund is continuously appropriated to the  
12 department, and the department may expend money in the fund for the  
13 purposes set forth in this part 14. The state treasurer shall credit all  
14 interest and income derived from the deposit and investment of money in  
15 the fund to the fund. Any unexpended and unencumbered money  
16 remaining in the fund at the end of a state fiscal year remains in the fund;  
17 except that the state treasurer shall transfer any money remaining in the  
18 fund at the end of the 2032-33 state fiscal year to the general fund.

19           (b) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, AND SUBJECT  
20 TO ANNUAL APPROPRIATION, THE COLORADO ENERGY OFFICE, CREATED IN  
21 SECTION 24-38.5-101, AND THE DEPARTMENT OF REVENUE MAY EXPEND  
22 MONEY FROM THE FUND FOR THE ADMINISTRATION AND IMPLEMENTATION  
23 OF THE INNOVATIVE MOTOR VEHICLES AND INNOVATIVE TRUCKS TAX  
24 CREDITS CREATED IN SECTIONS 39-22-516.7 AND 39-22-516.8 AND FOR  
25 THE SPECIFIC OWNERSHIP TAX RATE REDUCTION FOR ELECTRIC  
26 MEDIUM-DUTY AND HEAVY-DUTY TRUCKS THAT ARE PART OF A FLEET AS  
27 SET FORTH IN SECTION 42-3-107 (1)(a)(IV). THE OFFICE SHALL KEEP AN

1 ACCOUNTING OF ALL MONEY EXPENDED FROM THE FUND PURSUANT TO  
2 THIS SUBSECTION (2)(b) FOR PURPOSES OF CALCULATING THE REPAYMENT  
3 OF THE ADMINISTRATIVE COSTS REQUIRED BY SECTION 39-29-108  
4 (2)(e)(II).

5 [REDACTED]

6 **SECTION 21.** In Colorado Revised Statutes, **add 24-38.5-119** as  
7 follows:

8 **24-38.5-119. Decarbonization tax credits administration cash**  
9 **fund - definitions - repeal.** (1) AS USED IN THIS SECTION, UNLESS THE  
10 CONTEXT OTHERWISE REQUIRES:

11 (a) "DECARBONIZATION TAX CREDITS" MEANS THE CREDITS  
12 CREATED IN SECTIONS 39-22-516.7, 39-22-516.8, 39-22-549, 39-22-550,  
13 39-22-551, 39-22-552, 39-22-553, AND 39-22-554.

14 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

15 (c) "FUND" MEANS THE DECARBONIZATION TAX CREDITS  
16 ADMINISTRATION CASH FUND CREATED IN SUBSECTION (2) OF THIS  
17 SECTION.

18 (d) "OFFICE" MEANS THE COLORADO ENERGY OFFICE.

19 (2) THE DECARBONIZATION TAX CREDITS ADMINISTRATION CASH  
20 FUND IS HEREBY CREATED IN THE STATE TREASURY. THE FUND CONSISTS  
21 OF MONEY CREDITED TO THE FUND PURSUANT TO SECTION 39-29-108  
22 (2)(e)(I) AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY  
23 APPROPRIATE OR TRANSFER TO THE FUND.

24 (3) SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL  
25 ASSEMBLY, FOR STATE FISCAL YEARS 2023-24 THROUGH 2034-35, THE  
26 OFFICE AND THE DEPARTMENT MAY EXPEND MONEY FROM THE FUND FOR  
27 DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE IMPLEMENTATION

1 AND ADMINISTRATION OF THE DECARBONIZATION TAX CREDITS.

2 (4) THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED  
3 AND UNENCUMBERED MONEY IN THE FUND ON JUNE 30, 2024, JUNE 30,  
4 2025, AND JUNE 30, 2026, TO THE GENERAL FUND; EXCEPT THAT THE  
5 BALANCE OF MONEY REMAINING IN THE FUND NOT INCLUDING EXPENDED  
6 AND ENCUMBERED MONEY SHALL NOT BE LESS THAN ONE HUNDRED  
7 THOUSAND DOLLARS.

8 (5) NOTWITHSTANDING SUBSECTION (4) OF THIS SECTION, ON JULY  
9 1, 2036, THE STATE TREASURER SHALL TRANSFER ALL MONEY IN THE FUND  
10 TO THE GENERAL FUND.

11 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2036.

12 SECTION 22. In Colorado Revised Statutes, 39-30-104, add (7)  
13 as follows:

14 39-30-104. Credit against tax - investment in certain property  
15 - definitions. (7) A PERSON THAT CLAIMS A CREDIT PURSUANT TO  
16 SECTION 39-22-549 IS NOT ENTITLED TO CLAIM THE CREDIT ALLOWED  
17 PURSUANT TO THIS SECTION FOR THE SAME IMPROVEMENTS FOR WHICH A  
18 CREDIT WAS ALLOWED BY THAT SECTION. A PERSON THAT CLAIMS A  
19 CREDIT PURSUANT TO SECTION 39-22-550 OR 39-22-551 IS NOT ENTITLED  
20 TO CLAIM THE CREDIT ALLOWED PURSUANT TO THIS SECTION FOR THE  
21 SAME PROJECT FOR WHICH A CREDIT WAS ALLOWED BY THOSE SECTIONS.

22 SECTION 23. In Colorado Revised Statutes, 39-21-119.5,  
23 amend (2)(a)(III), (2)(a)(IV), (4)(j), and (4)(k); and add (2)(a)(V) and  
24 (4)(l) as follows:

25 39-21-119.5. Mandatory electronic filing of returns -  
26 mandatory electronic payment - penalty - waiver - definitions.  
27 (2) Except as provided in subsection (6) of this section, the executive

1 director may, as specified in subsection (3) of this section, require the  
2 electronic filing of returns and require the payment of any tax or fee due  
3 by electronic funds transfer for the following:

4 (a) Any income tax return required for:

5 (III) A fiduciary pursuant to section 39-22-601 (3), including  
6 withholding for nonresident beneficiaries pursuant to section 39-22-601  
7 (4); ~~and~~

8 (IV) A partnership pursuant to section 39-22-601 (5), including  
9 composite returns filed on behalf of nonresident partners, agreements  
10 filed under section 39-22-601 (5)(e), and payments made under section  
11 39-22-601 (5)(h); AND

12 (V) A PERSON OR ORGANIZATION EXEMPT FROM TAX PURSUANT TO  
13 SECTION 39-22-601 (7).

14 (4) Except as provided in subsection (6) of this section, on and  
15 after August 2, 2019, electronic filing of returns and the payment of any  
16 tax or fee by electronic funds transfer is required for the following:

17 (j) Any nicotine products tax return required to be filed and  
18 payment required to be paid pursuant to article 28.6 of this title 39; ~~and~~

19 (k) Any clean fleet per ride fee and air pollution mitigation per  
20 ride fee return required to be filed and payment required pursuant to  
21 section 40-10.1-607.5; AND

22 (l) ANY QUARTERLY REPORT FOR THE ADVANCE PAYMENT OF AN  
23 INCOME TAX CREDIT REQUIRED TO BE FILED PURSUANT TO SECTION  
24 39-22-629 (2)(b).

25 **SECTION 24. Appropriation.** (1) For the 2023-24 state fiscal  
26 year, \$149,729 is appropriated to the department of revenue. Of this  
27 amount, \$129,479 is from the electrifying school buses grant program



1 cash fund created in section 25-7-1405 (1)(a), C.R.S., \$11,250 is from the  
2 community access to electric bicycles cash fund created in section  
3 24-38.5-506 (1)(a), C.R.S., \$4,500 is from the geothermal energy grant  
4 fund created in section 24-38.5-118 (7)(a)(I), C.R.S., and \$4,500 is from  
5 the industrial and manufacturing operations clean air program grant  
6 program cash fund created in section 24-38.5-116 (6)(a)(I), C.R.S. To  
7 implement this act, the department may use this appropriation as follows:

8 (a) \$6,328 for administration and support related to the executive  
9 director's office, which amount is based on an assumption that the  
10 division will require an additional 0.1 FTE;

11 (b) \$56,250 for tax administration IT system (GenTax) support  
12 related to administration;

13 (c) \$3,200 for personal services related to taxation services;

14 (d) \$19,040 for DRIVES maintenance and support;

15 (e) \$990 for operating expenses related to vehicle services; and

16 (f) \$63,921 for the purchase of document management services.

17 (2) For the 2023-24 state fiscal year, \$63,921 is appropriated to  
18 the department of personnel. This appropriation is from reappropriated  
19 funds received from the department of revenue under subsection (1)(f) of  
20 this section. To implement this act, the department of personnel may use  
21 this appropriation to provide document management services for the  
22 department of revenue.

23 **SECTION 25. Safety clause.** The general assembly hereby finds,  
24 determines, and declares that this act is necessary for the immediate  
25 preservation of the public peace, health, or safety.