

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

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 24-0859.01 Sarah Lozano x3858

**HOUSE BILL 24-1352**

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**HOUSE SPONSORSHIP**

**Froelich and Velasco,**

**SENATE SPONSORSHIP**

**Cutter, Priola**

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**House Committees**

Energy & Environment  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING MEASURES TO INCREASE ACCESS TO AFFORDABLE**  
102 **APPLIANCES FOR A HEALTHY COMMUNITY.**

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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 1** of the bill, on and after January 1, 2027, prohibits the sale and distribution of certain air conditioners that are manufactured on or after January 1, 2027, (covered HVAC) unless the covered HVAC complies with certain technical standards (technical standards).

On or before January 1, 2029, and again on or before January 1, 2034, the executive director of the department of public health and

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.

environment (executive director) must assess compliance with the technical standards. On or before February 1, 2029, and again on or before February 1, 2034, the executive director must prepare a report of the assessments.

Before January 1, 2027, the executive director must establish a secure process that allows an individual to make an anonymous report of a violation of the technical standards. In the case of the first 2 violations of the technical standards, the executive director must send a warning letter to the alleged violator. In the case of a third or subsequent violation, the attorney general may bring a civil action to seek a civil penalty of no more than \$2,000 per ton of cooling and certain other remedial actions.

**Section 3**, on or before January 1, 2026, and every other January 1 until January 1, 2034, requires the Colorado energy office (energy office) to conduct a market study or literature review to estimate the average cost difference for certain income-qualified households and income-qualified housing providers between installing a covered HVAC that meets the technical standards and installing a covered HVAC that does not meet the technical standards (study).

On or before January 1, 2027, the energy office shall establish a program to offer certain financial incentives to certain income-qualified households and income-qualified housing providers to cover the average cost difference described in the energy office's most recent study.

For income tax years commencing on and after January 1, 2024, but before January 1, 2034, **section 4** creates a refundable, assignable state income tax credit that a home builder or an HVAC contractor that installs certain cold-climate heat pumps or ground-source heat pumps (eligible heat pump) can claim in the tax year that the eligible heat pump is placed into service. The amount of the tax credit is \$5,000 per installation of an eligible heat pump, but the amount claimed may be increased based on certain criteria. A home builder or an HVAC contractor must provide certain verification information to the department of revenue to qualify for the tax credit.

**Section 5:**

- Makes certain changes to definitions;
- Changes the state income tax credit amounts that may be claimed for the installation of certain other heat pumps; and
- Requires the energy office to post information about the tax credit on the energy office's website.

**Section 6** makes certain changes to definitions.

**Section 8**, on or before April 1, 2025, requires a public utility that provides electricity to submit to the public utilities commission a proposal for a specific voluntary rate or rates for electricity supplied to residential customers who utilize a heat pump as their primary heating source.

**Section 9** requires, on and after January 1, 2025, recipients of state financial assistance for new building construction projects that include



1 WINTER HEATING IF THEY ARE CONFIGURED AS HEAT PUMPS, WHICH ARE  
2 A MORE ENVIRONMENTALLY FRIENDLY OPTION THAN OTHER TYPES OF  
3 HVAC;

4 (c) BECAUSE HEAT PUMPS DO NOT COMBUST FOSSIL FUELS, HEAT  
5 PUMPS GREATLY REDUCE THE ADVERSE HEALTH IMPACTS ASSOCIATED  
6 WITH INDOOR AND OUTDOOR AIR POLLUTION, WHICH ADVERSE HEALTH  
7 IMPACTS INCLUDE ASTHMA, CARDIOVASCULAR ILLNESSES, NEUROLOGICAL  
8 PROBLEMS, CERTAIN CANCERS, AND PREMATURE DEATHS;

9 (d) HEAT PUMPS EMIT FEWER GREENHOUSE GASES THAN OTHER  
10 TYPES OF HVAC, WHICH CAN HELP REDUCE CLIMATE CHANGE;

11 (e) THE MOST ECONOMICAL TIME TO CONFIGURE RESIDENTIAL AIR  
12 CONDITIONERS AS HEAT PUMPS IS WHEN A NEW HOME IS CONSTRUCTED  
13 OR WHEN AN EXISTING AIR CONDITIONER IS REPLACED;

14 (f) PROGRAMS, TAX INCENTIVES, AND REBATES FROM THE FEDERAL  
15 "INFLATION REDUCTION ACT OF 2022" AND THE STATE CAN MAKE THIS  
16 TECHNOLOGY LESS EXPENSIVE THAN A COOLING-ONLY SYSTEM; AND

17 (g) COLORADO SHOULD TAKE ADVANTAGE OF THIS FEDERAL  
18 OPPORTUNITY TO THE MAXIMUM EXTENT TO CREATE A MORE AFFORDABLE  
19 AND ENVIRONMENTALLY FRIENDLY HOUSING MARKET AND INDUSTRY.

20 (2) THE GENERAL ASSEMBLY THEREFORE DETERMINES AND  
21 DECLARES THAT IT IS IN THE PUBLIC INTEREST FOR THE HEALTH AND  
22 ENVIRONMENT OF THE STATE TO REQUIRE THAT CERTAIN AIR  
23 CONDITIONERS COMPLY WITH CERTAIN TECHNICAL STANDARDS.

24 **25-7-1602. Definitions.** AS USED IN THIS PART 16, UNLESS THE  
25 CONTEXT OTHERWISE REQUIRES:

26 (1) "AIR CONDITIONER" MEANS ANY ELECTRICALLY POWERED  
27 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO COOL AN

1 INTERIOR HABITABLE SPACE.

2 (2) "COLD-CLIMATE HEAT PUMP" HAS THE MEANING SET FORTH IN  
3 SECTION 39-22-554.

4 (3) "COVERED HVAC" MEANS AN AIR CONDITIONER THAT IS:

5 (a) NEW;

6 (b) MANUFACTURED ON OR AFTER JANUARY 1, 2027;

7 (c) POWERED BY A SINGLE-PHASE CURRENT;

8 (d) AIR-COOLED;

9 (e) DESIGNED AND INTENDED FOR PERMANENT INSTALLATION;

10 (f) DESIGNED AND INTENDED FOR ONE- AND TWO-FAMILY  
11 DWELLINGS AND TOWNHOUSES AS DEFINED IN THE INTERNATIONAL  
12 RESIDENTIAL CODE; AND

13 (g) NOT DESIGNED OR INTENDED TO BE WINDOW-MOUNTED.

14 (4) "CROSSOVER TEMPERATURE" MEANS THE TEMPERATURE AT  
15 WHICH A HEAT-PUMP-BASED HVAC SYSTEM SWITCHES PARTIALLY OR  
16 FULLY TO A SUPPLEMENTAL HEATING SOURCE.

17 (5) "DEPARTMENT" MEANS THE DEPARTMENT OF PUBLIC HEALTH  
18 AND ENVIRONMENT.

19 (6) "ENERGY STAR PROGRAM" MEANS THE FEDERAL PROGRAM  
20 AUTHORIZED BY 42 U.S.C. SEC. 6294a, AS AMENDED.

21 (7) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF  
22 THE DEPARTMENT.

23 (8) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED  
24 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER  
25 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.

26 (9) "HVAC" MEANS A HEATING, VENTILATION, AND AIR  
27 CONDITIONING SYSTEM.

1           **25-7-1603. Technical standards for covered HVAC -**  
2           **assessment of compliance - report - rules - repeal.** (1) ON AND AFTER

3 JANUARY 1, 2027, A PERSON SHALL NOT DISTRIBUTE, SELL, OFFER FOR  
4 SALE, OFFER FOR LEASE, INSTALL, OR OFFER FOR INSTALLATION A  
5 COVERED HVAC IN THE STATE FOR PROFIT UNLESS THE COVERED HVAC:

6           (a) INCLUDES A FACTORY-INSTALLED REVERSING VALVE AND  
7 OTHER NECESSARY COMPONENTS THAT ALLOW THE COVERED HVAC TO  
8 OPERATE AS A HEAT PUMP IN HEATING MODE;

9           (b) IS INSTALLED WITH CONTROLS THAT:

10           (I) HAVE THE ABILITY TO SET THE HEAT PUMP AS THE PRIMARY  
11 HEATING SOURCE FOR THE AFFECTED ROOM, ZONE, OR HOME AND SET ANY  
12 OTHER HEATING EQUIPMENT AS A SUPPLEMENTAL HEATING SOURCE FOR  
13 THE AFFECTED ROOM, ZONE, OR HOME IN COMPLIANCE WITH THE MOST  
14 RECENT INTERNATIONAL ENERGY CONSERVATION CODE; AND

15           (II) ARE SET WITH A CROSSOVER TEMPERATURE THAT MAXIMIZES  
16 COST-EFFECTIVE USE OF THE HEAT PUMP IN HEATING MODE;

17           (c) MEETS ONE OF THE FOLLOWING OPTIONS FOR COLD-CLIMATE  
18 PERFORMANCE:

19           (I) THE COVERED HVAC UTILIZES A COLD-TEMPERATURE HEAT  
20 PUMP;

21           (II) THE COVERED HVAC UTILIZES A STANDARD,  
22 NON-COLD-CLIMATE HEAT PUMP WITH SUPPLEMENTAL ELECTRIC  
23 RESISTANCE HEAT THAT IS ACCOMPANIED WITH AN AFFIDAVIT SIGNED BY  
24 THE PROPERTY OWNER ACKNOWLEDGING THE POTENTIAL FOR HIGHER  
25 HEATING BILLS DURING TIMES WHEN THE SUPPLEMENTAL ELECTRIC  
26 RESISTANCE HEAT IS IN USE;

27           (III) THE COVERED HVAC UTILIZES A STANDARD,

1 NON-COLD-CLIMATE HEAT PUMP WITHOUT SUPPLEMENTAL ELECTRIC  
2 RESISTANCE HEAT THAT IS ACCOMPANIED WITH AN AFFIDAVIT SIGNED BY  
3 THE PROPERTY OWNER ACKNOWLEDGING THAT THE HEAT PUMP MAY NOT  
4 PROVIDE FULL HEATING IN COLD TEMPERATURES; OR

5 (IV) IF ALLOWED BY FEDERAL, STATE, OR LOCAL LAW, THE  
6 COVERED HVAC OPERATES ALONGSIDE A FURNACE, WOOD STOVE, OR  
7 FIREPLACE FOR SUPPLEMENTAL HEAT; AND

8 (d) IS ACCOMPANIED WITH PRINTED INFORMATION, PROVIDED TO  
9 THE PROPERTY OWNER AND ATTACHED TO THE HEAT PUMP, THAT EXPLAINS  
10 THE SPECIFIC HEAT PUMP MODEL'S PERFORMANCE IN COLD TEMPERATURES  
11 AND THE APPLICABILITY OF ANY SUPPLEMENTAL HEAT SOURCES.

12 (2) (a) ON OR BEFORE JANUARY 1, 2029, AND AGAIN ON OR BEFORE  
13 JANUARY 1, 2034, THE EXECUTIVE DIRECTOR SHALL ASSESS COMPLIANCE  
14 WITH SUBSECTION (1) OF THIS SECTION, WHICH ASSESSMENT MAY  
15 INCLUDE:

16 (I) A COMPARISON OF SHIPMENT DATA OF COVERED HVAC THAT  
17 MEETS THE STANDARDS DESCRIBED IN SUBSECTION (1) OF THIS SECTION  
18 AND COVERED HVAC THAT DOES NOT MEET THE STANDARDS DESCRIBED  
19 IN SUBSECTION (1) OF THIS SECTION;

20 (II) FORMAL REQUESTS TO SELECT DISTRIBUTORS IN THE STATE TO  
21 ATTEST TO COMPLIANCE WITH THE STANDARDS DESCRIBED IN SUBSECTION  
22 (1) OF THIS SECTION;

23 (III) RANDOMIZED SPOT-CHECKS OF DISTRIBUTORS; AND

24 (IV) OTHER METHODS DETERMINED BY THE EXECUTIVE DIRECTOR.

25 (b) ON OR BEFORE FEBRUARY 1, 2029, AND AGAIN ON OR BEFORE  
26 FEBRUARY 1, 2034, THE EXECUTIVE DIRECTOR SHALL PREPARE A REPORT  
27 ON THE ASSESSMENTS MADE PURSUANT TO SUBSECTION (2)(a) OF THIS

1 SECTION, WHICH REPORT MUST INCLUDE:

2 (I) A DESCRIPTION OF THE METHOD THE EXECUTIVE DIRECTOR  
3 USED TO MAKE THE ASSESSMENTS; AND

4 (II) THE FINDINGS OF THE ASSESSMENTS.

5 (c) NO LATER THAN ONE MONTH AFTER THE COMPLETION OF THE  
6 REPORT DESCRIBED IN SUBSECTION (2)(b) OF THIS SECTION, THE  
7 EXECUTIVE DIRECTOR SHALL:

8 (I) POST THE REPORT ON THE DEPARTMENT'S WEBSITE; AND

9 (II) SUBMIT THE REPORT TO THE ENERGY AND ENVIRONMENT  
10 COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE  
11 TRANSPORTATION AND ENERGY COMMITTEE OF THE SENATE, OR ANY  
12 SUCCESSOR COMMITTEES.

13 (d) THIS SUBSECTION (2) IS REPEALED, EFFECTIVE JULY 1, 2034.

14 (3) (a) THE EXECUTIVE DIRECTOR MAY ADOPT RULES AS  
15 NECESSARY TO ENSURE THE TECHNICAL FEASIBILITY, PROPER  
16 IMPLEMENTATION, AND ENFORCEMENT OF THIS SECTION, INCLUDING A  
17 GRACE PERIOD BEFORE ENFORCEMENT PURSUANT TO SECTION 25-7-1604  
18 FOR ALL OR A SUBSET OF COVERED HVAC.

19 (b) THE EXECUTIVE DIRECTOR SHALL NOT ADOPT RULES PURSUANT  
20 TO SUBSECTION (3)(a) OF THIS SECTION THAT WOULD RESULT IN A  
21 SUBSTANTIAL INCREASE IN GREENHOUSE GAS EMISSIONS AS COMPARED TO  
22 NOT ADOPTING THE RULES.

23 (4) NOTHING IN THIS SECTION RESTRICTS THE ABILITY OF A PUBLIC  
24 UTILITY TO PROVIDE INCENTIVES OR SERVICES, OR TO RECEIVE A CREDIT  
25 FOR PROVIDING THOSE INCENTIVES OR SERVICES, AS DEEMED APPROPRIATE  
26 BY THE PUBLIC UTILITIES COMMISSION, FOR THE INSTALLATION OF A  
27 COVERED HVAC.



1           **25-7-1604. Enforcement - process to report violations - civil**

2 **penalties.** (1) (a) BEFORE JANUARY 1, 2027, THE EXECUTIVE DIRECTOR  
3 SHALL ESTABLISH A SECURE PROCESS, ACCESSIBLE THROUGH THE  
4 DEPARTMENT'S WEBSITE, THAT ALLOWS AN INDIVIDUAL TO MAKE AN  
5 ANONYMOUS REPORT OF A VIOLATION OF SECTION 25-7-1603 (1) TO THE  
6 EXECUTIVE DIRECTOR.

7           (b) THE EXECUTIVE DIRECTOR SHALL INVESTIGATE ANY CREDIBLE  
8 REPORT OF AN ALLEGED VIOLATION OF SECTION 25-7-1603 (1).

9           (2) (a) (I) IN THE CASE OF THE FIRST TWO VIOLATIONS OF SECTION  
10 25-7-1603 (1), THE EXECUTIVE DIRECTOR SHALL SEND A WARNING LETTER  
11 BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE ALLEGED  
12 VIOLATOR.

13           (II) IN THE CASE OF AN ALLEGED VIOLATOR IN A NONMANAGERIAL  
14 ROLE, THE EXECUTIVE DIRECTOR SHALL DELIVER, BY CERTIFIED MAIL,  
15 RETURN RECEIPT REQUESTED, THE WARNING LETTER TO A MANAGER, A  
16 SUPERVISOR, OR AN OWNER.

17           (b) IN THE CASE OF A THIRD OR SUBSEQUENT VIOLATION OF  
18 SECTION 25-7-1603 (1), THE EXECUTIVE DIRECTOR SHALL NOTIFY THE  
19 ATTORNEY GENERAL OF THE VIOLATION. IF THE ATTORNEY GENERAL HAS  
20 PROBABLE CAUSE TO BELIEVE THAT A PERSON HAS VIOLATED OR CAUSED  
21 ANOTHER PERSON TO VIOLATE SECTION 25-7-1603 (1), AFTER TWO  
22 WARNING LETTERS, THE ATTORNEY GENERAL MAY BRING A CIVIL ACTION  
23 ON BEHALF OF THE STATE TO SEEK:

24           (I) THE ASSESSMENT OF A CIVIL PENALTY OF NO MORE THAN TWO  
25 THOUSAND DOLLARS PER TON OF THERMAL ENERGY, WHICH PENALTY  
26 AMOUNT MUST BE TRANSFERRED TO THE STATE TREASURER, WHO SHALL  
27 CREDIT THE AMOUNT TO THE ENERGY FUND CREATED IN SECTION

1 24-38.5-102.4 (1)(a)(I);

2 (II) AT NO ADDITIONAL COST TO THE SYSTEM OWNER, THE  
3 REPLACEMENT OF ANY NONCOMPLIANT SOLD OR LEASED HVAC SYSTEM  
4 WITH A NEW COLD-CLIMATE HEAT PUMP AND ANY ADDITIONAL  
5 MECHANICAL, ELECTRICAL, OR STRUCTURAL COMPONENTS NEEDED TO  
6 EFFECTIVELY OPERATE THE HEAT PUMP; AND

7 (III) THE REMOVAL OF THE VIOLATOR FROM ANY  
8 STATE-MAINTAINED LISTS OF QUALIFIED CONTRACTORS.

9 (c) A VIOLATION OF SECTION 25-7-1603 (1) CONSTITUTES A  
10 SEPARATE VIOLATION WITH RESPECT TO EACH CONSUMER, TRANSACTION,  
11 OR ONLINE FOR-SALE PRODUCT LISTING INVOLVED IN THE VIOLATION.

12 (d) A COURT SHALL NOT ASSESS A CIVIL PENALTY PURSUANT TO  
13 SUBSECTION (2)(b)(I) OF THIS SECTION AGAINST A NONMANAGERIAL  
14 EMPLOYEE OF A CONTRACTOR THAT INSTALLS, REPAIRS, OR REPLACES A  
15 COVERED HVAC AND COLLECTS FROM CUSTOMERS COMPENSATION FOR  
16 LABOR AND EQUIPMENT.

17 **SECTION 2.** In Colorado Revised Statutes, 24-38.5-102.4,  
18 **amend** (1)(a)(I) as follows:

19 **24-38.5-102.4. Energy fund - creation - use of fund -**  
20 **definitions - report - repeal.** (1) (a) (I) The energy fund is created in the  
21 state treasury. The principal of the fund consists of money transferred to  
22 the fund from the general fund; money transferred to the fund at the end  
23 of the 2006-07 state fiscal year and at the end of each succeeding state  
24 fiscal year from money received by the Colorado energy office; money  
25 received pursuant to the federal "American Recovery and Reinvestment  
26 Act of 2009", Pub.L. 111-5, or any amendments thereto; money received  
27 pursuant to revenue contracts, court settlement funds, supplemental

1 environmental program funds, or the repayment or return of funds from  
2 eligible public depositories; money transferred to the fund pursuant to  
3 sections 6-7.5-110 (2)(a), ~~6-7.7-103 (6)~~, 25-5-1406 (3)(a), and 25-7-1507  
4 (3)(a), AND 25-7-1604 (2)(b)(I); money received as gifts, grants, and  
5 donations; and any other money received by the Colorado energy office.  
6 Interest and income earned on the deposit and investment of money in the  
7 energy fund are credited to the fund. Money in the fund at the end of any  
8 state fiscal year remains in the fund and may not be credited to the state  
9 general fund or any other fund. Money in the fund may not be transferred  
10 to the innovative energy fund created in section 24-38.5-102.5.

11 **SECTION 3.** In Colorado Revised Statutes, **add** 24-38.5-123 as  
12 follows:

13 **24-38.5-123. Recommendations for improving access to certain**  
14 **cooling devices in households - study - short title - legislative**  
15 **declaration - definitions - repeal.** (1) THE SHORT TITLE OF THIS SECTION  
16 IS "ENSURING MARKET READINESS FOR ALL".

17 (2) THE GENERAL ASSEMBLY FINDS, DETERMINES, AND DECLARES  
18 THAT:

19 (a) IMPROVING ACCESS TO LOW-EMISSION TECHNOLOGIES IS A  
20 CRUCIAL COMPONENT IN ENSURING THAT THE STATE'S TRANSITION TO A  
21 CLEAN ENERGY ECONOMY IS EQUITABLE FOR COLORADANS OF ALL  
22 SOCIOECONOMIC BACKGROUNDS;

23 (b) THE FEDERAL "INFLATION REDUCTION ACT OF 2022" CREATED  
24 CONSUMER TAX INCENTIVES AND REBATES TO ENCOURAGE THE USE OF  
25 NEW HEAT PUMPS AND OTHER LOW-EMISSION TECHNOLOGIES;

26 (c) THE IMPLEMENTATION OF SECTION 40-3.2-109 WILL MAKE  
27 ADDITIONAL INCENTIVES AVAILABLE FOR HEAT PUMPS AND OTHER

1     LOW-EMISSION TECHNOLOGIES;

2             (d) HOWEVER, DEDICATED ATTENTION IS NECESSARY TO ENSURE  
3     THAT THESE TECHNOLOGIES REACH ALL COLORADANS, PARTICULARLY  
4     INCOME-QUALIFIED HOUSEHOLDS AND INCOME-QUALIFIED HOUSING  
5     PROVIDERS;

6             (e) ALLOWING CONSUMER TAX INCENTIVES AND REBATES TO BE  
7     CLAIMED AT THE POINT OF SALE WILL ENSURE EQUITY BY IMPROVING  
8     ACCESS TO LOW-EMISSION TECHNOLOGIES FOR COLORADANS WHO CANNOT  
9     AFFORD THE FULL PRICE FOR THESE TECHNOLOGIES; AND

10            (f) HIGHER ADOPTION RATES OF LOW-EMISSION TECHNOLOGIES  
11     WILL BENEFIT ALL COLORADANS THROUGH CLEANER AIR, A MORE STABLE  
12     CLIMATE, BETTER UTILIZATION OF RENEWABLE ENERGY, AND MORE  
13     FAMILY-SUSTAINING JOBS.

14            (3) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
15     REQUIRES:

16            (a) "COMMISSION" MEANS THE PUBLIC UTILITIES COMMISSION  
17     CREATED IN SECTION 40-2-101 (1)(a).

18            (b) "COVERED HVAC" HAS THE MEANING SET FORTH IN SECTION  
19     25-7-1602 (3).

20            (c) "DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE OR THE  
21     DIRECTOR'S DESIGNEE.

22            ■

23            (d) "INCOME-QUALIFIED HOUSEHOLD" MEANS A HOUSEHOLD THAT  
24     EARNS UP TO EIGHTY PERCENT OF THE AREA MEDIAN INCOME.

25            (e) "INCOME-QUALIFIED HOUSING PROVIDER" MEANS AN OWNER OF  
26     A RESIDENTIAL PROPERTY IN WHICH AT LEAST FIFTY PERCENT OF THE  
27     UNITS SERVE INCOME-QUALIFIED HOUSEHOLDS.

1 (f) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN  
2 SECTION 24-38.5-101 (1).

3 (g) "RECOMMENDATIONS" MEANS THE RECOMMENDATIONS MADE  
4 BY THE OFFICE PURSUANT TO SUBSECTION (5)(b) OF THIS SECTION.

5 (4) ON OR BEFORE JANUARY 1, 2026, AND ON OR BEFORE EVERY  
6 OTHER JANUARY 1 UNTIL JANUARY 1, 2034, THE OFFICE SHALL CONDUCT  
7 A BRIEF MARKET STUDY OR LITERATURE REVIEW TO ESTIMATE THE  
8 AVERAGE DIFFERENCE FOR INCOME-QUALIFIED HOUSEHOLDS AND  
9 INCOME-QUALIFIED HOUSING PROVIDERS BETWEEN THE COSTS OF  
10 INSTALLING A COVERED HVAC THAT MEETS THE STANDARDS DESCRIBED  
11 IN SECTION 25-7-1603 (1) AND THE COSTS OF INSTALLING A COVERED  
12 HVAC THAT DOES NOT MEET THE STANDARDS DESCRIBED IN SECTION  
13 25-7-1603 (1), WHICH DIFFERENCE MUST TAKE INTO ACCOUNT ANY  
14 APPLICABLE FEDERAL, STATE, LOCAL, AND UTILITY FINANCIAL INCENTIVES.

15  
16 (5) ON OR BEFORE FEBRUARY 1, 2026, THE OFFICE SHALL IDENTIFY  
17 ANY REGIONS OF THE STATE, SEGMENTS OF THE STATE'S  
18 INCOME-QUALIFIED POPULATION, AND HOUSING PROVIDERS THAT SERVE  
19 THE STATE'S INCOME-QUALIFIED POPULATION THAT DOES NOT HAVE  
20 ACCESS TO INCENTIVES OFFERED BY THE OFFICE, A GAS OR ELECTRIC  
21 UTILITY OR COOPERATIVE, OR ANY OTHER LOCAL OR REGIONAL ENTITY TO  
22 COVER THE AVERAGE INCREMENTAL COST DIFFERENCE DESCRIBED IN THE  
23 OFFICE'S MOST RECENT BRIEF MARKET STUDY OR LITERATURE REVIEW  
24 CONDUCTED PURSUANT TO SUBSECTION (4) OF THIS SECTION. IF ANY GAPS  
25 IN INCENTIVE COVERAGE ARE FOUND, IN A REPORT TO THE GENERAL  
26 ASSEMBLY AND THE COMMISSION, THE OFFICE SHALL:

27 (a) IDENTIFY WHICH GAPS IN INCENTIVE ACCESS SHOULD BE

1 COVERED BY ENTITIES SUBJECT TO SECTION 40-3.2-109; AND

2 (b) MAKE RECOMMENDATIONS TO THE GENERAL ASSEMBLY AND  
3 THE COMMISSION FOR FILLING ANY REMAINING GAPS IN INCENTIVE ACCESS.

4 (6) THE DIRECTOR SHALL PERIODICALLY REVIEW THE  
5 EFFECTIVENESS OF THE RECOMMENDATIONS AND MAKE NECESSARY  
6 ADJUSTMENTS TO THE RECOMMENDATIONS TO MAXIMIZE THE  
7 RECOMMENDATIONS' IMPACT ON EQUITY, ENERGY CONSERVATION, AND  
8 STATEWIDE GREENHOUSE GAS EMISSION REDUCTION GOALS.

9 (7) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2038.

10 SECTION 4. In Colorado Revised Statutes, add 39-22-554.5 as  
11 follows:

12 39-22-554.5. Tax credit for cold-climate heat pumps and  
13 ground-source heat pumps - tax preference performance statement  
14 - legislative declaration - definitions - repeal. (1) (a) THE GENERAL

15 ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT:

16 (I) COLD-CLIMATE HEAT PUMPS AND GROUND-SOURCE HEAT PUMPS  
17 ARE ADVANCED, PROVEN, RELIABLE, ENERGY-EFFICIENT, AND  
18 LOW-EMISSION TECHNOLOGIES THAT PROVIDE HEATING IN COLORADO'S  
19 WINTERS AND COOLING IN COLORADO'S SUMMERS;

20 (II) INCENTIVIZING HOME BUILDERS AND HVAC CONTRACTORS TO  
21 INSTALL ELIGIBLE COLD-CLIMATE HEAT PUMPS AND GROUND-SOURCE HEAT  
22 PUMPS WILL ENCOURAGE THE WIDESPREAD ADOPTION OF THESE  
23 TECHNOLOGIES, LEADING TO IMPROVED ENERGY-EFFICIENCY EFFORTS,  
24 HIGHER UTILIZATION OF RENEWABLE ENERGY, REDUCED GREENHOUSE GAS  
25 EMISSIONS, AND BETTER INDOOR AND OUTDOOR AIR QUALITY;

26 (III) THE GENERAL ASSEMBLY USES CREDITS AS A TOOL TO  
27 ACCELERATE THE ADOPTION OF CLEAN ENERGY TECHNOLOGIES;

1 (IV) SUPPORTING THE STATE'S CONSTRUCTION INDUSTRY AND  
2 CONTRACTORS THROUGH THE ISSUANCE OF CREDITS WILL FOSTER  
3 ECONOMIC GROWTH, CREATE JOB OPPORTUNITIES, STIMULATE LOCAL  
4 ECONOMIES, AND ACCELERATE THE STATE'S JUST TRANSITION; AND

5 (V) IT IS IMPERATIVE TO ENCOURAGE THE STATE'S TRANSITION TO  
6 ENVIRONMENTALLY FRIENDLY PRACTICES AND TECHNOLOGIES TO ENSURE  
7 A SUSTAINABLE AND RESILIENT FUTURE FOR THE STATE.

8 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
9 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
10 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
11 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND  
12 DECLARES THAT THE PURPOSES OF THE TAX CREDIT ALLOWED PURSUANT  
13 TO THIS SECTION ARE TO:

14 (I) INDUCE CERTAIN DESIGNATED BEHAVIOR BY HOME BUILDERS  
15 AND HVAC CONTRACTORS, SPECIFICALLY THE INSTALLATION OF ELIGIBLE  
16 COLD-CLIMATE HEAT PUMPS AND GROUND-SOURCE HEAT PUMPS; AND

17 (II) CONTRIBUTE TO THE STATE'S EFFORTS TO ACHIEVE THE  
18 STATEWIDE GREENHOUSE GAS EMISSION REDUCTION GOALS SET FORTH IN  
19 SECTION 25-7-102 (2)(g).

20 (c) THE GENERAL ASSEMBLY AND THE OFFICE SHALL MEASURE THE  
21 EFFECTIVENESS OF THE TAX CREDIT IN ACHIEVING THE PURPOSES SPECIFIED  
22 IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE INFORMATION  
23 REQUIRED TO BE MAINTAINED BY AND REPORTED TO THE STATE AUDITOR  
24 BY THE DEPARTMENT PURSUANT TO SUBSECTION (8) OF THIS SECTION.

25 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
26 REQUIRES:

27 (a) "COLD-CLIMATE HEAT PUMP" HAS THE MEANING SET FORTH IN

1 SECTION 39-22-554.

2 (b) "CROSSOVER TEMPERATURE" MEANS THE POINT THAT A  
3 HEAT-PUMP-BASED HVAC SYSTEM SWITCHES EITHER PARTIALLY OR  
4 FULLY FROM THE HEAT PUMP TO A SUPPLEMENTARY HEATING SOURCE.

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

6 (d) "DISPROPORTIONATELY IMPACTED COMMUNITY" HAS THE  
7 MEANING SET FORTH IN SECTION 24-4-109 (2)(b)(II).

8 (e) "ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE  
9 HEAT PUMP" MEANS A COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE  
10 HEAT PUMP THAT:

11 (I) IS CAPABLE OF PROVIDING A MINIMUM OF ONE TON AND A  
12 MAXIMUM OF FIVE TONS OF THERMAL ENERGY;

13 (II) IN THE CASE OF RESIDENTIAL INSTALLATIONS, IS SIZED BASED  
14 ON BUILDING LOADS CALCULATED IN ACCORDANCE WITH THE LATEST  
15 EDITION OF "MANUAL J - RESIDENTIAL LOAD CALCULATION", PUBLISHED  
16 BY THE AIR CONDITIONING CONTRACTORS OF AMERICA;

17 (III) IS INSTALLED IN ACCORDANCE WITH:

18 (A) THE MOST RECENT INTERNATIONAL ENERGY CONSERVATION  
19 CODE; AND

20 (B) THE MANUFACTURER'S SPECIFICATIONS FOR THE  
21 COLD-CLIMATE HEAT PUMP OR THE GROUND-SOURCE HEAT PUMP;

22 (IV) IN THE CASE OF A COLD-CLIMATE HEAT PUMP WITH  
23 SUPPLEMENTAL ELECTRIC-RESISTANCE HEATING, IS INSTALLED WITH  
24 CONTROLS THAT SET A CROSSOVER TEMPERATURE NO HIGHER THAN TEN  
25 DEGREES FAHRENHEIT;

26 (V) IS NOT SUPPLEMENTED BY A FURNACE OR OTHER EQUIPMENT  
27 THAT COMBUSTS FOSSIL FUELS; AND



1 (VI) COMPLIES WITH ANY OTHER GUIDELINES THAT ARE  
2 ESTABLISHED BY THE OFFICE PURSUANT TO SUBSECTION (6) OF THIS  
3 SECTION.

4 (f) "ENERGY STAR PROGRAM" MEANS THE FEDERAL PROGRAM  
5 AUTHORIZED BY 42 U.S.C. SEC. 6294a, AS AMENDED.

6 (g) "GROUND-SOURCE HEAT PUMP" HAS THE MEANING SET FORTH  
7 IN SECTION 39-22-554 (2).

8 (h) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED  
9 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER  
10 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.

11 (i) "HISTORICALLY UNDERUTILIZED BUSINESS" HAS THE MEANING  
12 SET FORTH IN SECTION 24-103-1103.

13 (j) (I) "HOME BUILDER" MEANS A PERSON THAT CONSTRUCTS ONE-  
14 AND TWO-FAMILY DWELLINGS AND TOWNHOUSES AS DEFINED IN THE  
15 INTERNATIONAL RESIDENTIAL CODE.

16 (II) "HOME BUILDER" INCLUDES A HOUSING DEVELOPER THAT IS  
17 EXEMPT FROM TAXATION UNDER SECTION 39-22-112 (1).

18 (k) "HVAC" MEANS A HEATING, VENTILATION, AND AIR  
19 CONDITIONING SYSTEM.

20 (l) "HVAC COMMISSIONING" MEANS AN EVALUATION AND A  
21 FUNCTIONAL TESTING OF A HEATING OR COOLING SYSTEM TO ENSURE IT IS  
22 OPERATING UNDER MANUFACTURER SPECIFICATIONS AND IS OPERATING  
23 OPTIMALLY.

24 (m) (I) "HVAC CONTRACTOR" MEANS A PERSON THAT INSTALLS  
25 HVAC SYSTEMS IN THE STATE FOR COMPENSATION AND IS A QUALIFIED  
26 CONTRACTOR PURSUANT TO SECTION 39-22-554.

27 (II) "HVAC CONTRACTOR" DOES NOT INCLUDE AN INDIVIDUAL

1 THAT INSTALLS AN HVAC SYSTEM IN THE INDIVIDUAL'S OWN RESIDENCE.

2 (n) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN  
3 SECTION 24-38.5-101 (1).

4 (o) (I) "TAXPAYER" MEANS A PERSON SUBJECT TO TAX UNDER THIS  
5 ARTICLE 22 OR A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT  
6 IS EXEMPT FROM TAX UNDER SECTION 39-22-112 (1).

7 (II) "TAXPAYER" INCLUDES A PERSON OR POLITICAL SUBDIVISION  
8 OF THE STATE THAT IS EXEMPT FROM TAX UNDER SECTION 39-22-112 (1)  
9 EVEN IF THE PERSON HAS NO UNRELATED BUSINESS INCOME.

10 (III) "TAXPAYER" DOES NOT INCLUDE INSURANCE COMPANIES  
11 SUBJECT TO THE TAX IMPOSED ON GROSS PREMIUMS BY SECTION 10-3-209.

12 (p) "THIRD-PARTY HVAC COMMISSIONING" MEANS HVAC  
13 COMMISSIONING PERFORMED BY A PERSON THAT IS NOT COMPENSATED BY  
14 OR OTHERWISE INFLUENCED BY THE HOME BUILDER OR HVAC  
15 CONTRACTOR RESPONSIBLE FOR THE HVAC INSTALLATION.

16 (3) (a) FOR INCOME TAX YEARS COMMENCING ON AND AFTER  
17 JANUARY 1, 2025, BUT BEFORE JANUARY 1, 2035, A TAXPAYER THAT IS A  
18 HOME BUILDER OR AN HVAC CONTRACTOR AND THAT INSTALLS AN  
19 ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE HEAT PUMP IN  
20 THE STATE IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY  
21 THIS ARTICLE 22 IN AN AMOUNT SET FORTH IN SUBSECTION (3)(b) OF THIS  
22 SECTION IN THE TAX YEAR THAT THE ELIGIBLE COLD-CLIMATE HEAT PUMP  
23 OR GROUND-SOURCE HEAT PUMP IS PLACED INTO SERVICE.

24 (b) SUBJECT TO THE MODIFICATIONS SET FORTH IN SUBSECTION  
25 (3)(c) OF THIS SECTION, THE AMOUNT OF THE CREDIT ALLOWED PURSUANT  
26 TO THIS SECTION IS FIVE THOUSAND DOLLARS PER INSTALLATION OF  
27 ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE HEAT PUMP,

1 WITH A MAXIMUM OF TEN TOTAL INSTALLATIONS.

2 (c) NOTWITHSTANDING THE AMOUNT SET FORTH IN SUBSECTION  
3 (3)(b) OF THIS SECTION, THE AMOUNT OF THE CREDIT ALLOWED BY THIS  
4 SECTION MAY BE INCREASED BY AN ADDITIONAL ONE THOUSAND DOLLARS  
5 PER ELIGIBLE COLD-CLIMATE OR GROUND-SOURCE HEAT PUMP  
6 INSTALLATION FOR EACH OF THE FOLLOWING CRITERIA, WITH A MAXIMUM  
7 INCREASE OF FIVE THOUSAND DOLLARS:

8 (I) THE ELIGIBLE COLD-CLIMATE OR GROUND-SOURCE HEAT PUMP  
9 IS INSTALLED BY A HOME BUILDER OR AN HVAC CONTRACTOR THAT  
10 UTILIZES PREVAILING WAGE AND APPRENTICESHIP PROGRAMS REGISTERED  
11 WITH THE UNITED STATES DEPARTMENT OF LABOR AND THE STATE  
12 APPRENTICESHIP AGENCY;

13 (II) THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE  
14 HEAT PUMP IS INSTALLED BY A HOME BUILDER OR AN HVAC CONTRACTOR  
15 THAT UTILIZES COLLECTIVE BARGAINING AGREEMENTS;

16 (III) THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE  
17 HEAT PUMP IS INSTALLED BY A HOME BUILDER OR AN HVAC CONTRACTOR  
18 THAT IS A HISTORICALLY UNDERUTILIZED BUSINESS;

19 (IV) THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE  
20 HEAT PUMP IS INSTALLED IN A DISPROPORTIONATELY IMPACTED  
21 COMMUNITY;

22 (V) THE INSTALLATION INCLUDES AT LEAST TWO ON-SITE  
23 EMPLOYEES WHO HAVE:

24 (A) A BUILDING PERFORMANCE INSTITUTE AIR CONDITIONING AND  
25 HEAT PUMP PROFESSIONAL CERTIFICATION, OR A SUCCESSOR  
26 CERTIFICATION;

27 (B) A NORTH AMERICAN TECHNICIAN EXCELLENCE AIR-TO-AIR

1 HEAT PUMP INSTALLATION CERTIFICATION, OR A SUCCESSOR  
2 CERTIFICATION; OR

3 (C) ANOTHER QUALIFICATION ESTABLISHED BY THE OFFICE  
4 PURSUANT TO SUBSECTION (6) OF THIS SECTION;

5 (VI) THE INSTALLATION UNDERGOES THIRD-PARTY HVAC  
6 COMMISSIONING;

7 (VII) THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR  
8 GROUND-SOURCE HEAT PUMP IS INSTALLED IN A PROPERTY THAT HAS  
9 IMPLEMENTED VERIFIED ENERGY EFFICIENCY MEASURES WITHIN THREE  
10 YEARS BEFORE THE DATE THAT THE ELIGIBLE COLD-CLIMATE HEAT PUMP  
11 OR GROUND-SOURCE HEAT PUMP IS INSTALLED AND HAS SAVED AN  
12 AVERAGE OF AT LEAST TEN PERCENT ANNUALLY;

13 (VIII) THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR  
14 GROUND-SOURCE HEAT PUMP IS INSTALLED IN A PROPERTY THAT HAS AT  
15 LEAST THREE KILOWATTS OF SOLAR ENERGY GENERATION EQUIPMENT ON  
16 SITE PER HOUSING UNIT;

17 (IX) THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE  
18 HEAT PUMP IS INSTALLED IN A PROPERTY THAT IS CERTIFIED BY THE  
19 PASSIVE HOUSE INSTITUTE, PHIUS, OR A SUCCESSOR ORGANIZATION; AND

20 (X) THE HOME BUILDER OR HVAC CONTRACTOR, WITH ALL  
21 SENSITIVE AND PERSONAL IDENTIFIABLE INFORMATION REDACTED OR  
22 ANONYMIZED, AGREES TO ASSIST THE STATE WITH MARKET RESEARCH AND  
23 DEVELOPMENT, INCLUDING:

24 (A) PROVIDING THE OFFICE WITH AN ITEMIZED INVOICE AND  
25 DESCRIPTION OF THE PERFORMANCE RESULTS FOR THE INSTALLATION,  
26 WHICH MUST INCLUDE THE NUMBER OF, AND REASON FOR, CALLBACKS;

27 (B) SUBMITTING AN AGREEMENT SIGNED BY THE OWNER OF THE

1 ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE HEAT PUMP  
2 THAT STATES THAT THE OWNER IS WILLING TO PARTICIPATE IN A  
3 POST-INSTALLATION SURVEY; AND

4 (C) PARTICIPATING IN AT LEAST ONE TWO-HOUR FOCUS GROUP LED  
5 BY THE OFFICE.

6 ■ ■

7 (4) (a) IN ORDER TO QUALIFY FOR THE TAX CREDIT ALLOWED  
8 PURSUANT TO THIS SECTION, THE HOME BUILDER OR HVAC CONTRACTOR  
9 SHALL PROVIDE VERIFICATION, IN THE FORM AND MANNER DETERMINED BY  
10 THE DEPARTMENT, OF THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR  
11 GROUND-SOURCE HEAT PUMP, WHICH VERIFICATION MUST INCLUDE:

12 (I) THE MAKE, MODEL, AND SERIAL NUMBER OF THE ELIGIBLE  
13 COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE HEAT PUMP;

14 (II) THE TOTAL CUSTOMER COST OF THE INSTALLATION OF THE  
15 ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE HEAT PUMP;

16 (III) THE ZIP CODE WHERE THE ELIGIBLE COLD-CLIMATE HEAT  
17 PUMP OR GROUND-SOURCE HEAT PUMP IS INSTALLED;

18 (IV) THE LOAD CALCULATIONS FOR THE INSTALLATION OF THE  
19 ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE HEAT PUMP;

20 (V) AN ATTESTATION THAT THE COLD-CLIMATE HEAT PUMP OR  
21 GROUND-SOURCE HEAT PUMP IS NOT SUPPLEMENTED BY A FURNACE OR  
22 OTHER EQUIPMENT THAT COMBUSTS FOSSIL FUELS; AND

23 (VI) ANY INFORMATION THAT THE DEPARTMENT DETERMINES IS  
24 NECESSARY TO VERIFY THE CREDIT INCREASE CLAIMED PURSUANT TO  
25 SUBSECTION (3)(c) OF THIS SECTION.

26 (b) THE DEPARTMENT SHALL ANNUALLY SHARE WITH THE OFFICE  
27 THE INFORMATION RECEIVED PURSUANT TO SUBSECTION (4)(a) OF THIS

1 SECTION, WHICH INFORMATION MUST BE KEPT ANONYMOUS WITH ALL  
2 PERSONAL IDENTIFIABLE INFORMATION REDACTED. THE OFFICE SHALL  
3 ONLY USE THE INFORMATION RECEIVED PURSUANT TO THIS SUBSECTION  
4 (4)(b) FOR RESEARCH PURPOSES.

5 (5) (a) A HOME BUILDER OR AN HVAC CONTRACTOR MAY ASSIGN  
6 THE FULL CREDIT ALLOWED PURSUANT TO THIS SECTION TO ANOTHER  
7 TAXPAYER, INVESTOR, OR FINANCING ENTITY AS FOLLOWS:

8 (I) THE ASSIGNMENT MUST BE COMPLETED AT THE TIME OF  
9 INSTALLATION BY ENTERING INTO AN AGREEMENT PURSUANT TO  
10 SUBSECTION (5)(c) OF THIS SECTION;

11 (II) THE HOME BUILDER OR HVAC CONTRACTOR MUST CERTIFY IN  
12 WRITING THAT THE HOME BUILDER OR HVAC CONTRACTOR HAS MET OR  
13 WILL MEET ALL THE APPLICABLE REQUIREMENTS FOR THE INSTALLATION;

14 (III) THE HOME BUILDER OR HVAC CONTRACTOR MUST FORFEIT  
15 THE RIGHT TO CLAIM THE CREDIT ON THE HOME BUILDER'S OR HVAC  
16 CONTRACTOR'S TAX RETURN IN EXCHANGE FOR GOOD AND VALUABLE  
17 CONSIDERATION; AND

18 (IV) THE TAXPAYER, INVESTOR, OR FINANCING ENTITY MUST  
19 COMPENSATE THE HOME BUILDER OR HVAC CONTRACTOR FOR THE FULL  
20 NOMINAL VALUE OF THE CREDIT. THE COMPENSATION PAID TO THE HOME  
21 BUILDER OR HVAC CONTRACTOR IS CONSIDERED A REFUND OF STATE  
22 TAXES AND IS NOT STATE TAXABLE INCOME.

23 (b) NOTWITHSTANDING SECTION 39-21-108 (3), IF A HOME  
24 BUILDER OR AN HVAC CONTRACTOR ASSIGNS THE CREDIT TO A  
25 TAXPAYER, INVESTOR, OR FINANCING ENTITY PURSUANT TO THIS  
26 SUBSECTION (5), THE TAXPAYER, INVESTOR, OR FINANCING ENTITY  
27 RECEIVES THE FULL AMOUNT OF THE CREDIT THAT THE HOME BUILDER OR

1 HVAC CONTRACTOR IS ALLOWED PURSUANT TO THIS SECTION. ANY  
2 UNPAID BALANCE OR UNPAID DEBT OF THE TAXPAYER, INVESTOR, OR  
3 FINANCING ENTITY BEING ASSIGNED THE CREDIT MAY NOT BE CREDITED  
4 FROM THE AMOUNT OF THE TAX CREDIT ALLOWED PURSUANT TO THIS  
5 SECTION.

6 (c) (I) TO COMPLETE THE ASSIGNMENT PURSUANT TO THIS  
7 SUBSECTION (5), THE HOME BUILDER OR HVAC CONTRACTOR AND THE  
8 TAXPAYER, INVESTOR, OR FINANCING ENTITY BEING ASSIGNED THE CREDIT  
9 MUST ENTER INTO AN AGREEMENT THAT:

10 (A) INCLUDES THE HOME BUILDER'S OR HVAC CONTRACTOR'S  
11 WRITTEN CERTIFICATION TO COMPLY WITH THIS SECTION; AND

12 (B) AFFIRMS THAT THE REQUIREMENTS OF SUBSECTION (5)(a) OF  
13 THIS SECTION WERE MET.

14 (II) THE TAXPAYER, INVESTOR, OR FINANCING ENTITY BEING  
15 ASSIGNED THE CREDIT MAY AUTHORIZE AN AGENT OR A DESIGNEE TO SIGN  
16 THE AGREEMENT DESCRIBED IN SUBSECTION (5)(c)(I) OF THIS SECTION ON  
17 THE TAXPAYER'S, INVESTOR'S, OR FINANCING ENTITY'S BEHALF.

18 (d) THE TAXPAYER, INVESTOR, OR FINANCING ENTITY BEING  
19 ASSIGNED THE CREDIT SHALL:

20 (I) ELECTRONICALLY SUBMIT A REPORT CONTAINING THE  
21 INFORMATION REQUIRED IN THE AGREEMENT DESCRIBED IN SUBSECTION  
22 (5)(c)(I) OF THIS SECTION TO THE DEPARTMENT WITHIN THIRTY DAYS  
23 AFTER THE INSTALLATION OF AN ELIGIBLE COLD-CLIMATE HEAT PUMP OR  
24 GROUND-SOURCE HEAT PUMP IN A FORM AND MANNER DETERMINED BY  
25 THE DEPARTMENT; AND

26 (II) FILE THE AGREEMENT DESCRIBED IN SUBSECTION (5)(c)(I) OF  
27 THIS SECTION WITH THE ORIGINAL TAX RETURN FOR THE TAXABLE YEAR IN

1 WHICH THE ELIGIBLE COLD-CLIMATE HEAT PUMP OR GROUND-SOURCE  
2 HEAT PUMP IS INSTALLED.

3 (6) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE  
4 INCOME TAX DUE ON THE INCOME OF THE TAXPAYER, INVESTOR, OR  
5 FINANCING ENTITY FOR THE TAXABLE YEAR, THE EXCESS CREDIT MAY NOT  
6 BE CARRIED FORWARD AND MUST BE REFUNDED TO THE TAXPAYER,  
7 INVESTOR, OR FINANCING ENTITY.

8 (7) THE OFFICE OR THE DEPARTMENT MAY ESTABLISH GUIDELINES  
9 TO IMPLEMENT THIS SECTION. ANY GUIDELINES ESTABLISHED BY THE  
10 OFFICE OR THE DEPARTMENT MUST BE POSTED ON THE OFFICE'S AND THE  
11 DEPARTMENT'S WEBSITES.

12 (8) NO LATER THAN FEBRUARY 1, 2025, THE OFFICE SHALL POST  
13 INFORMATION ABOUT THE CREDIT ON THE OFFICE'S WEBSITE AND  
14 DISTRIBUTE THE INFORMATION ABOUT THE CREDIT TO RELEVANT TRADE  
15 ASSOCIATIONS.

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

23 (10) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2040.

24 **SECTION 5.** In Colorado Revised Statutes, 39-22-554, **amend**  
25 (2)(a), (2)(g), (2)(j), (2)(p), (2)(q), (3)(a), (3)(b), (3)(c), (3)(f), (4), (5)(a)  
26 introductory portion, (5)(a)(I), (5)(a)(II), (5)(a)(III), (5)(a)(V), (5)(b),  
27 (5)(d)(I) introductory portion, and (5)(d)(II); **repeal** (2)(b), (2)(f), and



1 (5)(d)(I)(A); and **add** (2)(c.5), (2)(i.5), (2)(k.3), and (2)(k.7) as follows:

2 **39-22-554. Heat pump technology and thermal energy**  
3 **network tax credit - tax preference performance statement -**  
4 **definitions - repeal.** (2) **Definitions.** As used in this section, unless the  
5 context otherwise requires:

6 (a) ~~(f)~~ "Air-source heat pump system" means a system that:

7 ~~(A) (I) Is certified pursuant to the federal environmental~~  
8 ~~protection agency's energystar program~~ EITHER A STANDARD AIR-SOURCE  
9 HEAT PUMP OR A COLD-CLIMATE HEAT PUMP;

10 ~~(B) Has a variable speed compressor; and~~

11 (II) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND  
12 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

13 (III) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S  
14 SPECIFICATIONS;

15 ~~(C)~~ (IV) Is listed in the Air-conditioning, Heating, and  
16 Refrigeration Institute directory of certified product performance as a  
17 matched system;

18 (V) IN THE CASE OF RESIDENTIAL INSTALLATIONS, IS SIZED BASED  
19 ON BUILDING LOADS CALCULATED IN ACCORDANCE WITH THE LATEST  
20 EDITION OF "MANUAL J - RESIDENTIAL LOAD CALCULATION", PUBLISHED  
21 BY THE AIR CONDITIONING CONTRACTORS OF AMERICA; AND

22 (VI) INCLUDES PRINTED INFORMATION GIVEN TO THE PROPERTY  
23 OWNER AND ATTACHED TO THE HEAT PUMP DESCRIBING THE HEAT PUMP  
24 MODEL'S PERFORMANCE IN COLD TEMPERATURES AND THE APPLICABILITY  
25 OF ANY SUPPLEMENTAL HEAT.

26 ~~(H) "Air-source heat pump system" may include supplemental~~  
27 ~~heat so long as:~~

1           ~~(A) The air-source heat pump is used as the primary source of a~~  
2 ~~building's heat and is designed to supply at least eighty percent of total~~  
3 ~~annual heating for the building; and~~

4           ~~(B) The system is capable of distributing produced heat to all~~  
5 ~~conditioned areas of the building.~~

6           ~~(H) "Air-source heat pump system" includes mechanical and~~  
7 ~~electrical equipment central to the operation of an air-source heat pump,~~  
8 ~~including an upgraded electrical panel if necessary.~~

9           ~~(b) "Applicable percentage" means a percentage annually~~  
10 ~~established by the office as specified in subsection (4) of this section.~~

11           ~~(c.5) "COLD-CLIMATE HEAT PUMP" MEANS A TYPE OF AIR-SOURCE~~  
12 ~~HEAT PUMP THAT MEETS THE QUALIFICATION CRITERIA OF THE FEDERAL~~  
13 ~~ENVIRONMENTAL PROTECTION AGENCY'S ENERGY STAR PROGRAM'S~~  
14 ~~COLD-CLIMATE HEAT PUMP DESIGNATION OR MEETS THE HIGHEST TIER OF~~  
15 ~~THE CONSORTIUM FOR ENERGY EFFICIENCY'S NORTHERN AIR-SOURCE~~  
16 ~~HEAT PUMP SPECIFICATIONS, NOT INCLUDING AN ADVANCED TIER.~~

17           ~~(f) "Eligible taxpayer" means a taxpayer that meets the~~  
18 ~~requirements for and is included on the list of eligible taxpayers described~~  
19 ~~in subsection (5) of this section.~~

20           ~~(g) (†) "Ground-source heat pump system" means a system that:~~

21           ~~(A) (I) Is certified pursuant to the federal environmental~~  
22 ~~protection agency's Energy Star program;~~

23           ~~(B) (II) Conforms to all applicable municipal, state, and federal~~  
24 ~~codes, standards, regulations, and certifications;~~

25           ~~(C) (III) Has blowers that are variable speed OR MULTISPEED,~~  
26 ~~high-efficiency motors that meet or exceed efficiency levels listed in the~~  
27 ~~National Electrical Manufacturers Association MG 1-1993 publication;~~

1 and

2 ~~(D)~~ (IV) Complies with all state and local drinking water  
3 guidelines and regulations and public water system requirements; AND

4 (V) IN THE CASE OF RESIDENTIAL INSTALLATIONS, IS BASED ON  
5 BUILDING LOADS CALCULATED IN ACCORDANCE WITH THE LATEST EDITION  
6 OF "MANUAL J - RESIDENTIAL LOAD CALCULATION", PUBLISHED BY THE  
7 AIR CONDITIONING CONTRACTORS OF AMERICA.

8 ~~(H)~~ "Ground-source heat pump system" may include supplemental  
9 heat so long as:

10 ~~(A)~~ The ground-source heat pump is used as the primary source  
11 of a building's heat and is designed to supply at least eighty percent of  
12 total annual heating for the building; and

13 ~~(B)~~ The system is capable of distributing produced heat to all  
14 conditioned areas of the building.

15 ~~(H)~~ "Ground-source heat pump system" includes mechanical and  
16 electrical equipment central to the operation of a ground-source heat  
17 pump, including an upgraded electrical panel if necessary.

18 ~~(IV)~~ "Ground-source heat pump system" may include a heat  
19 exchanger for water heating.

20 (i.5) "HVAC CONTRACTOR" HAS THE MEANING SET FORTH IN  
21 SECTION 39-22-554.5 (2).

22 (j) "List" means the list of eligible taxpayers QUALIFIED  
23 CONTRACTORS created by the office as specified in subsection (5) of this  
24 section.

25 (k.3) "QUALIFIED CONTRACTOR" MEANS AN HVAC CONTRACTOR  
26 THAT MEETS THE REQUIREMENTS FOR AND IS INCLUDED ON THE LIST OF  
27 QUALIFIED CONTRACTORS DESCRIBED IN SUBSECTION (5) OF THIS SECTION.

1 (k.7) "STANDARD AIR-SOURCE HEAT PUMP" MEANS A TYPE OF HEAT  
2 PUMP THAT IS CERTIFIED PURSUANT TO THE FEDERAL ENVIRONMENTAL  
3 PROTECTION AGENCY'S ENERGY STAR PROGRAM AND IS NOT A  
4 COLD-CLIMATE HEAT PUMP.

5 (p) (H) "Variable refrigerant flow heat pump system" means a  
6 system that:

7 (A) (I) Is certified pursuant to the federal environmental  
8 protection agency's Energy Star program OR MEETS THE QUALIFICATION  
9 CRITERIA OF THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY'S  
10 ENERGY STAR PROGRAM'S COLD-CLIMATE LIGHT COMMERCIAL HEAT PUMP  
11 DESIGNATION;

12 (B) (II) Conforms to all applicable municipal, state, and federal  
13 codes, standards, regulations, and certifications;

14 (C) (III) Has blowers that are variable speed OR MULTISPEED,  
15 high-efficiency motors that meet or exceed efficiency levels listed in the  
16 National Electrical Manufacturers Association MGI-1993 MG 1-1993  
17 publication; and

18 (D) (IV) Complies with all state and local drinking water  
19 guidelines and regulations and public water system and wastewater  
20 system requirements.

21 (H) "Variable refrigerant flow system" may include supplemental  
22 heat so long as:

23 (A) The variable refrigerant flow system is used as the primary  
24 source of a building's heat and is designed to supply at least eighty  
25 percent of the total annual heating for the building; and

26 (B) The system is capable of distributing produced heat to all  
27 conditioned areas of the building.

1           ~~(H)~~ "Variable refrigerant flow system" includes mechanical and  
2 electrical equipment central to the operation of a variable refrigerant flow  
3 system.

4           ~~(q)~~ ~~(H)~~ "Water-source heat pump system" means a system that:

5           ~~(A)~~ (I) Is certified pursuant to the federal environmental  
6 protection agency's Energy Star program;

7           ~~(B)~~ (II) Conforms to all applicable municipal, state, and federal  
8 codes, standards, regulations, and certifications;

9           ~~(C)~~ (III) Has blowers that are variable speed OR MULTISPEED,  
10 high-efficiency motors that meet or exceed efficiency levels listed in the  
11 National Electrical Manufacturers Association MG 1-1993 publication;  
12 and

13           ~~(D)~~ (IV) Complies with all state and local drinking water  
14 guidelines and regulations and public water system and wastewater  
15 system requirements.

16           ~~(H)~~ "Water-source heat pump system" may include supplemental  
17 heat so long as:

18           ~~(A)~~ The water-source heat pump is used as the primary source of  
19 a building's heat and is designed to supply at least eighty percent of the  
20 total annual heating for the building; and

21           ~~(B)~~ The system is capable of distributing produced heat to all  
22 conditioned areas of the building.

23           ~~(H)~~ "Water-source heat pump system" includes mechanical and  
24 electrical equipment central to the operation of a water-source heat pump.

25           (3) (a) For income tax years commencing on or after January 1,  
26 2024, but before January 1, 2033, ~~an eligible~~ A taxpayer that installs  
27 ~~PURCHASES NEW RETAIL~~ heat pump technology in a building in the state,

1 ~~on a campus in the state, or develops, through purchase and installation~~  
2 ~~of necessary equipment, a thermal energy network~~ OR A NEW THERMAL  
3 ENERGY NETWORK FOR PROPERTY in the state is allowed a credit against  
4 the tax imposed under this article 22 in an amount set forth in subsection  
5 (3)(c) of this section in the tax year that the RETAIL heat pump technology  
6 or NEW thermal energy network is placed into service.

7 (b) In order to qualify for the tax credit allowed under this section,  
8 ~~the eligible taxpayer shall provide a discount from the amount charged for~~  
9 ~~the installation of heat pump technology or a thermal energy network in~~  
10 ~~an amount equal to the amount of the credit set forth in subsection (3)(c)~~  
11 ~~of this section minus the applicable percentage of the credit, and shall~~  
12 ~~show the discount as a separate item on the receipt or invoice; except that~~  
13 ~~the requirement in this subsection (3)(b) does not apply to an eligible~~  
14 ~~taxpayer who installs their own heat pump technology or thermal energy~~  
15 ~~network~~ THE NEW RETAIL HEAT PUMP TECHNOLOGY OR NEW THERMAL  
16 ENERGY NETWORK MUST BE INSTALLED BY A QUALIFIED CONTRACTOR.

17 (c) Subject to the modifications set forth in subsection (3)(d)  
18 of this section and the annual review required pursuant to subsection  
19 (3)(e) of this section and except as otherwise provided in subsection (3)(f)  
20 of this section, the amount of the credit allowed pursuant to this section  
21 is calculated as follows:

22 (I) For the installation of ~~an air-source~~ A STANDARD heat pump  
23 system or a variable refrigerant flow heat system, SEVEN HUNDRED FIFTY  
24 DOLLARS PER TON OF THERMAL ENERGY;

25 (A) ~~For tax years commencing on or after January 1, 2024, but~~  
26 ~~before January 1, 2026, one thousand five hundred dollars;~~

27 (B) ~~For tax years commencing on or after January 1, 2026, but~~

1 before January 1, 2029, one thousand dollars; and  
2 (C) For tax years commencing on or after January 1, 2029, but  
3 before January 1, 2033, five hundred dollars;  
4 (II) For the installation of a COLD-CLIMATE HEAT PUMP, A  
5 ground-source heat pump system, A water-source heat pump system, a  
6 combined air-source and ground-source heat pump system, a combined  
7 water-source and ground-source heat pump system, a combined variable  
8 refrigerant flow and ground-source heat pump system, or a combined  
9 variable refrigerant flow and water-source heat pump system, ONE  
10 THOUSAND FIVE HUNDRED DOLLARS PER TON OF THERMAL ENERGY; AND  
11 (A) For tax years commencing on or after January 1, 2024, but  
12 before January 1, 2026, three thousand dollars;  
13 (B) For tax years commencing on or after January 1, 2026, but  
14 before January 1, 2029, two thousand dollars; and  
15 (C) For tax years commencing on or after January 1, 2029, but  
16 before January 1, 2033, one thousand dollars; and  
17 (III) For the installation of a heat pump water heater, FIVE  
18 HUNDRED DOLLARS.  
19 (A) For tax years commencing on or after January 1, 2024, but  
20 before January 1, 2026, five hundred dollars; and  
21 (B) For tax years commencing on or after January 1, 2026, but  
22 before January 1, 2033, two hundred fifty dollars.  
23 (f) If the June 2025 revenue forecast, and each June revenue  
24 forecast through the June 2031 revenue forecast as prepared by either  
25 legislative council staff or the office of state planning and budgeting,  
26 projects that state revenues, as defined in section 24-77-103.6 (6)(c), will  
27 not increase by at least four percent for the next STATE fiscal year, the

1 amount of the credit allowed pursuant to subsection ~~(3)(c)(I)(B)~~,  
2 ~~(3)(c)(I)(C)~~, ~~(3)(c)(II)(B)~~, ~~(3)(c)(II)(C)~~, or ~~(3)(c)(III)(B)~~ (3)(c) of this  
3 section, as may be modified by subsections (3)(d) and (3)(e) of this  
4 section, for any tax year commencing in the calendar year that begins  
5 during said next STATE fiscal year is reduced by fifty percent if the heat  
6 pump technology is installed at an existing residential or nonresidential  
7 building; except that, if the amount of the reduced credit is equal to or  
8 less than two hundred fifty dollars, then no credit is available for such a  
9 tax year.

10 (4) ~~An eligible taxpayer may retain an applicable percentage of~~  
11 ~~the amount of the tax credit allowed under subsection (3)(c) of this~~  
12 ~~section to support the industry-wide adoption and deployment of heat~~  
13 ~~pump technologies in the state. The office shall annually determine the~~  
14 ~~applicable percentage, which must be the same for each eligible taxpayer,~~  
15 ~~pursuant to guidelines established by the office. The office shall maintain~~  
16 ~~the current applicable percentage on its website and shall provide the~~  
17 ~~applicable percentage in writing to the department no later than December~~  
18 ~~31, 2023, and each December 31 thereafter through December 31, 2031.~~

19 A PROJECT IN A MULTIFAMILY PROPERTY THAT CONTAINS TWENTY  
20 THOUSAND SQUARE FEET OR MORE OF CONDITIONED FLOOR SPACE AND FOR  
21 WHICH A CREDIT IS CLAIMED MUST EXCLUSIVELY USE CONTRACTORS THAT  
22 PARTICIPATE IN APPRENTICESHIP PROGRAMS REGISTERED WITH THE  
23 UNITED STATES DEPARTMENT OF LABOR'S EMPLOYMENT AND TRAINING  
24 ADMINISTRATION OR WITH A STATE APPRENTICESHIP COUNCIL RECOGNIZED  
25 BY THE UNITED STATES DEPARTMENT OF LABOR FOR ANY NECESSARY  
26 PLUMBING OR ELECTRICAL WORK. THIS SUBSECTION (4) DOES NOT APPLY  
27 TO A PROJECT THAT IS LIMITED TO IN-UNIT WORK IN A MULTIFAMILY



1 PROPERTY, AS UNDERTAKEN BY THE OWNER OR TENANT OF THE  
2 MULTIFAMILY PROPERTY OR UNIT.

3 (5) (a) The office shall create, and update at least annually, a list  
4 containing the names and contact information of ~~eligible taxpayers~~  
5 QUALIFIED CONTRACTORS. To become ~~an eligible taxpayer~~ A QUALIFIED  
6 CONTRACTOR, and be included on the list described in this subsection (5),  
7 a ~~taxpayer~~ CONTRACTOR shall demonstrate to the office that the ~~taxpayer~~  
8 ~~and any of its employees who will be installing heat pump technology or~~  
9 ~~thermal energy networks~~ CONTRACTOR:

10 (I) ~~Are~~ IS licensed as required by the state;

11 (II) ~~Are~~ IS knowledgeable of AND AGREES TO FOLLOW the relevant  
12 system requirements set forth in subsections (2)(a), ~~(2)(c.5)~~, (2)(g), (2)(h),  
13 (2)(i), ~~(2)(k.7)~~, (2)(m), (2)(n), (2)(p), and (2)(q) of this section;

14 (III) ~~Will install heat pump technology and thermal energy~~  
15 ~~networks in accordance with the national electric code and manufacturer's~~  
16 ~~specifications;~~

17 (V) Will meet any additional standards established by the office  
18 in its guidelines. ~~including, if applicable, the 2021 international energy~~  
19 ~~conservation code.~~

20 (b) The office shall, in a sufficiently timely manner to allow the  
21 department to process returns claiming the income tax credit allowed in  
22 this section, annually provide a secure electronic copy of the list  
23 described in subsection (5)(a) of this section to the department that  
24 includes the social security number or Colorado account number and  
25 federal employer identification number of each ~~eligible taxpayer~~  
26 QUALIFIED CONTRACTOR.

27 (d) (I) Every ~~eligible taxpayer~~ QUALIFIED CONTRACTOR shall keep

1 and maintain for a period of four years such books and records as may be  
2 necessary to determine that:

3 (A) ~~It is an eligible taxpayer;~~

4 (II) (A) The office shall annually examine a sample of the ~~eligible~~  
5 ~~taxpayers~~ QUALIFIED CONTRACTORS on the list described in this  
6 subsection (5) to substantiate that the ~~eligible taxpayers~~ QUALIFIED  
7 CONTRACTORS are meeting the office's standards. ~~and properly claiming~~  
8 ~~the credit allowed by this section.~~ Every ~~eligible taxpayer~~ QUALIFIED  
9 CONTRACTOR shall produce the books and records described in subsection  
10 (5)(d)(I) of this section for examination at any time by the office.

11 (B) If the office determines that ~~an eligible taxpayer~~ A QUALIFIED  
12 CONTRACTOR is no longer meeting the standards, the office shall notify  
13 the ~~taxpayer~~ QUALIFIED CONTRACTOR in writing that ~~they are~~ THE  
14 QUALIFIED CONTRACTOR IS no longer eligible, remove the ineligible  
15 ~~taxpayer~~ QUALIFIED CONTRACTOR from the list, update the list on its  
16 website, and promptly notify the department in writing of its decision.

17 (C) ~~If the office determines that a taxpayer was not eligible for all~~  
18 ~~or part of the credit claimed, the office shall notify the department in~~  
19 ~~writing of its decision. The department shall issue the taxpayer a notice~~  
20 ~~of deficiency for the unpaid tax owed, together with applicable penalties~~  
21 ~~and interest, and proceed to collect the deficiency in the same manner as~~  
22 ~~other tax deficiencies.~~

23 **SECTION 6.** In Colorado Revised Statutes, 39-26-732, **amend**  
24 (2)(a), (2)(b), (2)(e), and (2)(f) as follows:

25 **39-26-732. Heat pump systems - tax preference performance**  
26 **statement - legislative declaration - definitions - repeal.** (2) As used  
27 in this section, unless the context otherwise requires:

1           (a) ~~(f)~~ "Air-source heat pump system" means a system that: HAS  
2 THE MEANING SET FORTH IN SECTION 39-22-554 (2).

3           ~~(A) Is certified pursuant to the federal environmental protection~~  
4 ~~agency's energy star program;~~

5           ~~(B) Has a variable speed compressor;~~

6           ~~(C) Is listed in the air-conditioning, heating, and refrigeration~~  
7 ~~institute directory of certified product performance as a matched system;~~  
8 and

9           ~~(D) Is installed by a licensed contractor, plumber, or employee of~~  
10 ~~a gas utility in accordance with the national electrical code and the~~  
11 ~~manufacturer's specifications.~~

12           ~~(H) "Air-source heat pump system" may include an electric~~  
13 ~~resistance heating element or a dual fuel system for supplemental heat so~~  
14 ~~long as:~~

15           ~~(A) The air-source heat pump is used as the primary source of a~~  
16 ~~building's heat and is designed to supply at least eighty percent of total~~  
17 ~~annual heating for the building;~~

18           ~~(B) The system is capable of distributing produced heat to all~~  
19 ~~conditioned areas of the building;~~

20           ~~(C) The dual fuel system has a furnace with an annual fuel~~  
21 ~~utilization efficiency rating of ninety percent or higher;~~

22           ~~(D) All piping for a split system is installed by technicians~~  
23 ~~certified to the NITC R78 brazing procedure; and~~

24           ~~(E) The system is installed by technicians that are trained on the~~  
25 ~~safe handling of flammable refrigerants.~~

26           ~~(H) "Air-source heat pump system" includes mechanical and~~  
27 ~~electrical equipment central to the operation of an air-source heat pump;~~

1 including an upgraded electrical panel if necessary.

2 (b) (H) "Ground-source heat pump system" means a system that:  
3 HAS THE MEANING SET FORTH IN SECTION 39-22-554 (2).

4 ~~(A) Is certified to the international organization for  
5 standardization's latest standards;~~

6 ~~(B) Is installed by a licensed contractor, plumber, or employee of  
7 a gas utility in accordance with the national electric code and  
8 manufacturer's specifications;~~

9 ~~(C) Conforms to all applicable municipal, state, and federal codes,  
10 standards, regulations, and certifications;~~

11 ~~(D) Has blowers that are variable speed, high-efficiency motors  
12 that meet or exceed efficiency levels listed in the national electrical  
13 manufacturers association MG1-1993 publication; and~~

14 ~~(E) Complies with all state and local drinking water guidelines  
15 and regulations and public water system requirements.~~

16 ~~(H) "Ground-source heat pump system" may include a dual fuel  
17 system so long as:~~

18 ~~(A) The ground-source heat pump is used as the primary source  
19 of a building's heat and is designed to supply at least eighty percent of  
20 total annual heating for the building;~~

21 ~~(B) The system is capable of distributing produced heat to all  
22 conditioned areas of the building;~~

23 ~~(C) The furnace has an annual fuel utilization efficiency rating of  
24 ninety percent or higher;~~

25 ~~(D) All piping for a split system is installed by technicians  
26 certified to the NITC R78 brazing procedure; and~~

27 ~~(E) The system is installed by technicians that are trained on the~~

1 safe handling of flammable refrigerants:

2 (III) ~~"Ground-source heat pump system" includes mechanical and~~  
3 ~~electrical equipment central to the operation of a ground-source heat~~  
4 ~~pump, including an upgraded electrical panel if necessary.~~

5 (IV) ~~"Ground-source heat pump system" may include a heat~~  
6 ~~exchanger for water heating.~~

7 (e) (f) ~~"Water-source heat pump system" means a system that: HAS~~  
8 ~~THE MEANING SET FORTH IN SECTION 39-22-554 (2).~~

9 (A) ~~Is certified to the international organization for~~  
10 ~~standardization's latest standards;~~

11 (B) ~~Is installed by a licensed contractor, plumber, or employee of~~  
12 ~~a gas or wastewater utility in accordance with the national electric code~~  
13 ~~and manufacturer's specifications;~~

14 (C) ~~Conforms to all applicable municipal, state, and federal codes,~~  
15 ~~standards, regulations, and certifications;~~

16 (D) ~~Has blowers that are variable speed, high-efficiency motors~~  
17 ~~that meet or exceed efficiency levels listed in the national electrical~~  
18 ~~manufacturers association MG1-1993 publication; and~~

19 (E) ~~Complies with all state and local drinking water guidelines~~  
20 ~~and regulations and public water system and wastewater system~~  
21 ~~requirements.~~

22 (H) ~~"Water-source heat pump system" may include a dual fuel~~  
23 ~~system so long as:~~

24 (A) ~~The water-source heat pump is used as the primary source of~~  
25 ~~a building's heat and is designed to supply at least eighty percent of the~~  
26 ~~total annual heating for the building;~~

27 (B) ~~The system is capable of distributing produced heat to all~~

1 conditioned areas of the building;

2 ~~(C) The furnace has an annual fuel utilization efficiency rating of~~  
3 ~~ninety percent or higher;~~

4 ~~(D) All piping for a split system is installed by technicians~~  
5 ~~certified to the NITC R78 brazing procedure; and~~

6 ~~(E) The system is installed by technicians who are trained in the~~  
7 ~~safe handling of flammable refrigerants.~~

8 ~~(H) "Water-source heat pump system" includes mechanical and~~  
9 ~~electrical equipment central to the operation of a water-source heat pump.~~

10 ~~(f) (H) "Variable refrigerant flow heat pump system" means a~~  
11 ~~system that: HAS THE MEANING SET FORTH IN SECTION 39-22-554 (2).~~

12 ~~(A) Is certified to the international organization for~~  
13 ~~standardization's latest standards;~~

14 ~~(B) Is installed by a licensed contractor, plumber, or employee of~~  
15 ~~a gas or wastewater utility in accordance with the national electric code~~  
16 ~~and manufacturer's specifications;~~

17 ~~(C) Conforms to all applicable municipal, state, and federal codes,~~  
18 ~~standards, regulations, and certifications;~~

19 ~~(D) Has blowers that are variable speed, high-efficiency motors~~  
20 ~~that meet or exceed efficiency levels listed in the national electrical~~  
21 ~~manufacturers association MGI-1993 publication; and~~

22 ~~(E) Complies with all state and local drinking water guidelines~~  
23 ~~and regulations and public water system and wastewater system~~  
24 ~~requirements.~~

25 ~~(H) "Variable refrigerant flow system" may include a dual fuel~~  
26 ~~system so long as:~~

27 ~~(A) The variable refrigerant flow system is used as the primary~~

1 source of a building's heat and is designed to supply at least eighty  
2 percent of the total annual heating for the building;

3 (B) The system is capable of distributing produced heat to all  
4 conditioned areas of the building;

5 (C) The furnace has an annual fuel utilization efficiency rating of  
6 ninety percent or higher;

7 (D) All piping for a split system is installed by technicians  
8 certified to the NITC R78 brazing procedure; and

9 (E) The system is installed by technicians who are trained in the  
10 safe handling of flammable refrigerants.

11 (H) "Variable refrigerant flow system" includes mechanical and  
12 electrical equipment central to the operation of a variable refrigerant flow  
13 system.

14  
15 **SECTION 7.** In Colorado Revised Statutes, **add** 40-3.2-110 as  
16 follows:

17 **40-3.2-110. Requirements related to heat pumps - definitions.**

18 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
19 REQUIRES, "HEAT PUMP" MEANS AN ELECTRICALLY POWERED DEVICE THAT  
20 USES THE REFRIGERATION CYCLE TO TRANSFER THERMAL ENERGY FROM  
21 ONE LOCATION TO ANOTHER.

22 (2) ON OR BEFORE APRIL 1, 2026, AN INVESTOR-OWNED UTILITY  
23 THAT PROVIDES ELECTRIC OR THERMAL ENERGY SHALL SUBMIT TO THE  
24 COMMISSION A PROPOSAL FOR A VOLUNTARY RATE OR RATES FOR ENERGY  
25 SUPPLIED TO RESIDENTIAL CUSTOMERS WHO UTILIZE A HEAT PUMP AS  
26 THEIR PRIMARY HEATING SOURCE, WHICH VOLUNTARY RATE OR RATES:

27 (a) MAY BE A NEW RATE, A NEW OR AN EXISTING RIDER, OR

1 INCORPORATED INTO AN EXISTING TIME-OF-USE RATE;  
2 (b) ARE DESIGNED TO LOWER THE AVERAGE MONTHLY ENERGY  
3 BILL OF RESIDENTIAL CUSTOMERS WHO UTILIZE A HEAT PUMP AS THEIR  
4 PRIMARY HEATING SOURCE; AND  
5 (c) MINIMIZE OR AVOID CROSS-SUBSIDIES FROM OTHER  
6 CUSTOMERS.  
7 (3) ON OR BEFORE JANUARY 1, 2027, THE COMMISSION SHALL  
8 OPEN A MISCELLANEOUS PROCEEDING, OR ADDRESS IN AN EXISTING  
9 MISCELLANEOUS PROCEEDING, THE APPROPRIATE MECHANISMS TO  
10 PROMOTE REVENUE STABILITY FOR INVESTOR-OWNED UTILITIES THAT  
11 SUPPLY NATURAL GAS, WHICH MECHANISMS MAY INCLUDE REVENUE  
12 DECOUPLING OR RATE DESIGN OPTIONS.

13 **SECTION 8.** In Colorado Revised Statutes, **add** article 7.7 to title  
14 6 as follows:

15 **ARTICLE 7.7**  
16 **Standards for Construction Projects**  
17 **that Receive State Financial Assistance**

18 **6-7.7-101. Legislative declaration.** (1) THE GENERAL ASSEMBLY  
19 FINDS THAT:

- 20 (a) APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM MEET  
21 STRICT ENERGY EFFICIENCY AND PERFORMANCE GUIDELINES SET BY THE  
22 FEDERAL ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES  
23 DEPARTMENT OF ENERGY AND CAN SAVE AN ESTIMATED TWENTY TO  
24 THIRTY PERCENT MORE ENERGY THAN APPLIANCES THAT ARE NOT  
25 CERTIFIED BY THE ENERGY STAR PROGRAM;  
26 (b) NEW BUILDING CONSTRUCTION PROJECTS THAT USE TAXPAYER  
27 DOLLARS TO PURCHASE EQUIPMENT SHOULD ENSURE THAT THE EQUIPMENT



1 HAS LOWER LIFETIME COSTS TO OPERATE AND MAINTAIN;

2 (c) MANY PROJECTS THAT RECEIVE STATE FINANCIAL ASSISTANCE  
3 AIM TO ASSIST VULNERABLE LOWER-INCOME HOUSEHOLDS, AND  
4 INSTALLING APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM  
5 COULD LOWER THE COSTS OF THE ENERGY BILLS OF THESE HOUSEHOLDS  
6 OVER TIME; AND

7 (d) SAVING ENERGY IS CRUCIAL IN:

8 (I) AVOIDING THE MOST SERIOUS EFFECTS OF CLIMATE CHANGE  
9 AND PRESERVING COLORADO'S WAY OF LIFE, THE HEALTH OF  
10 COMMUNITIES, AND THE NATURAL ENVIRONMENT;

11 (II) ACHIEVING THE STATEWIDE GREENHOUSE GAS EMISSION  
12 REDUCTION GOALS; AND

13 (III) REDUCING COSTS FOR COLORADANS.

14 (2) THE GENERAL ASSEMBLY THEREFORE DETERMINES AND  
15 DECLARES THAT IT IS IN THE PUBLIC INTEREST OF THE HEALTH AND  
16 ENVIRONMENT OF THE STATE TO REQUIRE THAT NEW BUILDING  
17 CONSTRUCTION PROJECTS THAT RECEIVE STATE FINANCIAL ASSISTANCE  
18 USE COVERED ENERGY-CONSUMING PRODUCTS THAT ARE CERTIFIED BY  
19 THE ENERGY STAR PROGRAM.

20 **6-7.7-102. Definitions.** AS USED IN THIS ARTICLE 7.7, UNLESS THE  
21 CONTEXT OTHERWISE REQUIRES:

22 (1) "COVERED ENERGY-CONSUMING PRODUCT" MEANS AN  
23 APPLIANCE, DEVICE, OR PIECE OF EQUIPMENT THAT IS:

24 (a) POWERED BY ELECTRICITY OR FUEL;

25 (b) DESIGNED TO PERFORM ONE OR MORE SPECIFIC TASKS INSIDE  
26 A RESIDENTIAL OR COMMERCIAL BUILDING, SUCH AS COOKING, WASHING,  
27 DRYING, HEATING, COOLING, PROVIDING DOMESTIC HOT WATER, PRINTING,

1 OR DIGITAL ENTERTAINMENT; AND

2 (c) COVERED WITHIN THE SCOPE OF THE ENERGY STAR PROGRAM.

3 (2) "ENERGY STAR PROGRAM" MEANS THE FEDERAL PROGRAM  
4 AUTHORIZED BY 42 U.S.C. SEC. 6294a, AS AMENDED.

5 (3) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN  
6 SECTION 24-38.5-101 (1).

7 (4) "SOCIAL COST OF CARBON" MEANS THE SOCIAL COST OF  
8 CARBON DIOXIDE DEVELOPED BY THE PUBLIC UTILITIES COMMISSION  
9 PURSUANT TO SECTION 40-3.2-106.

10 (5) "STATE FINANCIAL ASSISTANCE" MEANS ALLOCATIONS FROM  
11 THE GENERAL FUND OR OTHER LEGISLATIVE ALLOCATIONS, TAX CREDITS,  
12 TAX EXEMPTIONS, STATE TAXPAYER FUNDS, REBATES, GRANTS, OR LOANS  
13 PROVIDED OR ADMINISTERED BY THE STATE.

14 **6-7.7-103. Energy-efficiency standards for certain building**  
15 **construction projects that receive state financial assistance - record**  
16 **retention requirements - waivers - exemptions - standardized**  
17 **resources - enforcement - civil penalties.** (1) ON AND AFTER JANUARY  
18 1, 2025, EXCEPT AS SET FORTH IN SUBSECTION (3) OR (4) OF THIS SECTION,  
19 RECIPIENTS OF STATE FINANCIAL ASSISTANCE FOR NEW BUILDING  
20 CONSTRUCTION PROJECTS THAT INCLUDE THE SPECIFICATION, PROVISION,  
21 OR PURCHASE OF COVERED ENERGY-CONSUMING PRODUCTS SHALL USE  
22 COVERED ENERGY-CONSUMING PRODUCTS CERTIFIED BY THE ENERGY  
23 STAR PROGRAM.

24 (2) ON AND AFTER JANUARY 1, 2025, A STATE AGENCY THAT  
25 PROVIDES OR ADMINISTERS STATE FINANCIAL ASSISTANCE FOR A NEW  
26 BUILDING CONSTRUCTION PROJECT SHALL:

27 (a) INCLUDE THE REQUIREMENTS OF SUBSECTION (1) OF THIS

1 SECTION IN THE STATE AGENCY'S CRITERIA OR GUIDANCE FOR APPLYING  
2 FOR OR RECEIVING STATE FINANCIAL ASSISTANCE;

3 (b) REQUEST AN AFFIDAVIT SIGNED BY A RECIPIENT OF STATE  
4 FINANCIAL ASSISTANCE THAT DECLARES THAT:

5 (I) THE REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION HAVE  
6 BEEN OR WILL BE FOLLOWED; OR

7 (II) THE RECIPIENT OF THE STATE FINANCIAL ASSISTANCE IS  
8 REQUESTING A WAIVER PURSUANT TO SUBSECTION (3) OF THIS SECTION;

9 (c) RESPOND TO WAIVER REQUESTS RECEIVED PURSUANT TO  
10 SUBSECTION (3) OF THIS SECTION IN ACCORDANCE WITH THE GUIDANCE  
11 PROVIDED BY THE OFFICE PURSUANT TO SUBSECTION (5) OF THIS SECTION;

12 (d) SUBMIT ANY AFFIDAVITS RECEIVED PURSUANT TO SUBSECTION  
13 (2)(b) OF THIS SECTION, ANY WAIVER REQUESTS RECEIVED PURSUANT TO  
14 SUBSECTION (3) OF THIS SECTION, AND ANY RESPONSES TO WAIVER  
15 REQUESTS RECEIVED PURSUANT TO SUBSECTION (2)(c) OF THIS SECTION IN  
16 THE PREVIOUS CALENDAR YEAR TO THE DEPARTMENT AND THE OFFICE;  
17 AND

18 (e) RETAIN ANY AFFIDAVIT RECEIVED PURSUANT TO SUBSECTION  
19 (2)(b) OF THIS SECTION, ANY WAIVER REQUESTS RECEIVED PURSUANT TO  
20 SUBSECTION (3) OF THIS SECTION, AND ANY RESPONSES TO WAIVER  
21 REQUESTS PROVIDED PURSUANT TO SUBSECTION (2)(c) OF THIS SECTION  
22 FOR AT LEAST SEVEN YEARS AFTER THE AFFIDAVIT OR WAIVER HAS BEEN  
23 ISSUED OR DENIED.

24 (3) A STATE AGENCY THAT PROVIDES OR ADMINISTERS STATE  
25 FINANCIAL ASSISTANCE FOR NEW BUILDING CONSTRUCTION PROJECTS MAY  
26 ISSUE A STANDARDIZED WAIVER FROM THE REQUIREMENTS OF SUBSECTION  
27 (1) OF THIS SECTION FOR A NEW BUILDING CONSTRUCTION PROJECT IF THE

1 RECIPIENT DEMONSTRATES, THROUGH EVIDENCE AND ATTESTATION FROM  
2 A LICENSED PROFESSIONAL ENGINEER OR DESIGN PROFESSIONAL, THAT:

3 (a) NO COVERED ENERGY-CONSUMING PRODUCT CERTIFIED BY THE  
4 ENERGY STAR PROGRAM AND THAT MEETS THE FUNCTIONAL  
5 REQUIREMENTS OF THE PROJECT IS REASONABLY AVAILABLE TO THE  
6 APPLICANT; OR

7 (b) TAKING ENERGY COST SAVINGS AND THE SOCIAL COST OF  
8 CARBON INTO ACCOUNT, NO COVERED ENERGY-CONSUMING PRODUCT  
9 CERTIFIED BY THE ENERGY STAR PROGRAM IS COST-EFFECTIVE OVER THE  
10 LIFE OF THE PRODUCT.

11 (4) THE FOLLOWING NEW BUILDING CONSTRUCTION PROJECTS ARE  
12 EXEMPT FROM THE REQUIREMENTS OF THIS SECTION:

13 (a) PROJECTS THAT HAVE PASSED THE DESIGN PHASE BEFORE  
14 JANUARY 1, 2025, AND WOULD REQUIRE SIGNIFICANT REDESIGN TO  
15 INCLUDE A COVERED ENERGY-CONSUMING PRODUCT CERTIFIED BY THE  
16 ENERGY STAR PROGRAM; AND

17 (b) PROJECTS THAT HAVE RECEIVED A PERMIT FROM A LOCAL  
18 GOVERNMENT FOR THE USE OF A COVERED ENERGY-CONSUMING PRODUCT  
19 BEFORE JANUARY 1, 2025.

20 (5) (a) ON OR BEFORE DECEMBER 1, 2024, THE OFFICE SHALL  
21 CREATE AND DISTRIBUTE TO STATE AGENCIES THAT PROVIDE OR  
22 ADMINISTER STATE FINANCIAL ASSISTANCE THE FOLLOWING  
23 STANDARDIZED RESOURCES:

24 (I) DETAILED GUIDANCE AND CRITERIA FOR ISSUING A WAIVER  
25 PURSUANT TO SUBSECTION (3) OF THIS SECTION;

26 (II) A FORM FOR AN APPLICANT TO PROVIDE AN AFFIDAVIT  
27 PURSUANT TO SUBSECTION (2)(b) OF THIS SECTION; AND

1 (III) A FORM FOR AN APPLICANT TO REQUEST A WAIVER PURSUANT  
2 TO SUBSECTION (3) OF THIS SECTION.

3 (b) ON OR BEFORE DECEMBER 1, 2025, AND PERIODICALLY  
4 THEREAFTER, THE OFFICE SHALL UPDATE THE STANDARDIZED RESOURCES  
5 DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION AND DISTRIBUTE THE  
6 UPDATED STANDARDIZED RESOURCES TO STATE AGENCIES THAT PROVIDE  
7 OR ADMINISTER STATE FINANCIAL ASSISTANCE.

8 (6) IF THE ATTORNEY GENERAL HAS PROBABLE CAUSE TO BELIEVE  
9 THAT A PERSON HAS VIOLATED OR CAUSED ANOTHER PERSON TO VIOLATE  
10 SUBSECTION (1) OF THIS SECTION, THE ATTORNEY GENERAL MAY BRING A  
11 CIVIL ACTION ON BEHALF OF THE STATE TO SEEK THE ASSESSMENT OF A  
12 CIVIL PENALTY OF UP TO THE TOTAL AMOUNT OF STATE FINANCIAL  
13 ASSISTANCE RECEIVED BY THE VIOLATOR ON OR AFTER JANUARY 1, 2025,  
14 WHICH AMOUNT MUST BE TRANSMITTED TO THE STATE TREASURER, WHO  
15 SHALL CREDIT THE AMOUNT TO THE ENERGY FUND CREATED IN SECTION  
16 24-38.5-102.4 (1)(a)(I).

17 **SECTION 9.** In Colorado Revised Statutes, 6-7.5-105, **amend**  
18 (5)(j) as follows:

19 **6-7.5-105. Standards - effective dates - repeal.** (5) On and after  
20 January 1, 2026, a person shall not sell, offer to sell, lease, or offer to  
21 lease any of the following new products in Colorado unless the efficiency  
22 of the new product meets or exceeds the following efficiency standards,  
23 as applicable:

24 (j) (I) ~~Residential windows, residential doors, and residential~~  
25 ~~skylights included in the scope of the Energy Star program product~~  
26 ~~specification for residential windows, doors, and skylights must satisfy~~  
27 ~~the northern climate zone qualification criteria of that specification;~~

1 ~~except that residential windows and doors that are custom designed for~~  
2 ~~a historically designated building and required in order to maintain the~~  
3 ~~historic nature or character of such a building are not required to satisfy~~  
4 ~~such criteria~~ EXCEPT AS SET FORTH IN SUBSECTION (5)(j)(III) OF THIS  
5 SECTION, RESIDENTIAL WINDOWS, RESIDENTIAL DOORS, AND RESIDENTIAL  
6 SKYLIGHTS INCLUDED IN THE SCOPE OF THE MOST RECENT EDITION OF THE  
7 INTERNATIONAL ENERGY CONSERVATION CODE MUST MEET THE  
8 REQUIREMENTS FOR CLIMATE ZONE 5 IN THE "PRESCRIPTIVE MAXIMUM  
9 ASSEMBLY U-FACTORS AND FENESTRATION REQUIREMENTS" FROM THE  
10 INTERNATIONAL ENERGY CONSERVATION CODE.

11 (II) THE UPDATED REQUIREMENTS REFERENCED IN SUBSECTION  
12 (5)(j)(I) OF THIS SECTION TAKE EFFECT ONE YEAR AFTER THE PUBLICATION  
13 OF THE MOST RECENT EDITION OF THE INTERNATIONAL ENERGY  
14 CONSERVATION CODE.

15 (III) RESIDENTIAL WINDOWS AND DOORS THAT ARE CUSTOM  
16 DESIGNED FOR A HISTORICALLY DESIGNATED BUILDING AND REQUIRED IN  
17 ORDER TO MAINTAIN THE HISTORIC NATURE OR CHARACTER OF THE  
18 BUILDING ARE NOT REQUIRED TO SATISFY THE CRITERIA DESCRIBED IN  
19 SUBSECTION (5)(j)(I) OF THIS SECTION.

20 **SECTION 10.** In Colorado Revised Statutes, 24-38.5-405,  
21 **amend (3)(a) as follows:**

22 **24-38.5-405. High-efficiency electric heating and appliances**  
23 **grant program - creation - report - legislative declaration - repeal.**

24 (3) Grantees may use the money received through the high-efficiency  
25 electric heating and appliances grant program for the following purposes:

26 (a) The purchase and installation of high-efficiency electric  
27 equipment for DRYING, space heating, water heating, or cooking, OR FOR

1 OTHER PURPOSES AS DETERMINED BY THE COLORADO ENERGY OFFICE in  
2 multiple residential or commercial buildings located in close proximity;

3 **SECTION 11.** In Colorado Revised Statutes, 39-22-545, **amend**  
4 (2)(a), (2)(b), (2)(i), and (2)(j) as follows:

5 **39-22-545. Credit against tax - heat pump systems - heat pump**  
6 **water heaters - tax preference performance statement - legislative**  
7 **declaration - definitions - repeal.** (2) As used in this section, unless the  
8 context otherwise requires:

9 (a) "Air-source heat pump system" has the same meaning AS set  
10 forth in section ~~39-26-732 (2)(a)~~ 39-22-554 (2).

11 (b) "Ground-source heat pump system" has the same meaning AS  
12 set forth in section ~~39-26-732 (2)(b)~~ 39-22-554 (2).

13 (i) "Variable refrigerant flow heat pump system" has the same  
14 meaning AS set forth in section ~~39-26-732 (2)(f)~~ 39-22-554 (2).

15 (j) "Water-source heat pump system" has the same meaning AS set  
16 forth in section ~~39-26-732 (2)(e)~~ 39-22-554 (2).

17 **SECTION 12. Applicability.** This act applies to conduct  
18 occurring on or after the effective date of this act.

19 **SECTION 13. Safety clause.** The general assembly finds,  
20 determines, and declares that this act is necessary for the immediate  
21 preservation of the public peace, health, or safety or for appropriations for  
22 the support and maintenance of the departments of the state and state  
23 institutions.