

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

REREVISED

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

LLS NO. 24-1175.01 Caroline Martin x5902

SENATE BILL 24-214

SENATE SPONSORSHIP

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Senate Committees

Transportation & Energy
Appropriations

House Committees

State, Civic, Military, & Veterans Affairs
Appropriations

HOUSE
Amended 3rd Reading
May 8, 2024

HOUSE
Amended 2nd Reading
May 7, 2024

A BILL FOR AN ACT

101 **CONCERNING THE IMPLEMENTATION OF STATE CLIMATE GOALS, AND,**
102 **IN CONNECTION THEREWITH, MAKING AND REDUCING AN**
103 **APPROPRIATION.**

SENATE
3rd Reading Unamended
May 3, 2024

SENATE
Amended 2nd Reading
May 2, 2024

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 creates the office of sustainability in the department of personnel (department). The office of sustainability is required to work with state agencies and institutions of higher education to implement environmentally sustainable practices. The powers, duties, and functions of the office of sustainability include:

*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.*

- Providing leadership to and requiring accountability from state agencies regarding ongoing sustainability initiatives;
- Developing baseline metrics and goals for reduction of negative environmental impacts and tracking state agencies' performance in achieving the goals;
- Tracking the amount of money the state saves as a result of implementing sustainable practices;
- Seeking and applying for federal funding and other grant opportunities that would support sustainable practices within state agencies;
- Assisting state agencies in implementing sustainable procurement methods and introducing options for environmentally preferable products or services to state agencies;
- Assisting state agencies in installing energy-efficient equipment and fixtures;
- Assisting state agencies in meeting building performance standards such as those administered by the Colorado energy office;
- Coordinating and assisting in planning and constructing state agencies' electric vehicle charging infrastructure and ensuring utilization of such infrastructure;
- Instituting water reduction initiatives, including but not limited to the installation of water-conserving fixtures and plants on state property;
- Assisting state agencies in transitioning from gas-powered to electric equipment;
- Implementing statewide waste diversion practices to increase state agencies' recycling rates;
- Developing commuting opportunities for state employees that reduce greenhouse gas emissions and other pollution;
- Assisting state agencies in developing training programs to educate state employees on sustainable practices; and
- Conducting other activities as directed by the general assembly or the governor.

The bill creates the state agency sustainability revolving fund (revolving fund) and directs the state treasurer to transfer \$540,230 from the general fund to the revolving fund. The bill specifies that the office of sustainability may use the money in the revolving fund for the purposes of operating the office and replacing the state's gas- and diesel-powered equipment located in ozone nonattainment areas as designated by the U.S. environmental protection agency.

In addition, the bill requires the office of sustainability to review and coordinate state agencies' applications for elective pay funding available under the federal "Inflation Reduction Act of 2022" (act), and

to work with the office of the state controller to coordinate central submissions of elective pay applications by advising and assisting state agencies in submitting and centrally filing those applications and by providing technical assistance to state agencies on elective pay.

The bill also creates the inflation reduction act elective pay cash fund (cash fund), which consists of money received by the department pursuant to the elective pay provisions of the act, all of which must be deposited into the cash fund to be used for the purposes of the office.

Section 2 specifies that the office of sustainability is a type 2 entity under the administrative organization act.

Section 3 makes several clarifications regarding the geothermal energy grant program (grant program), including specifying that:

- The grant program applies to both heating-only and combined heating and cooling systems;
- At least 25% of the grant money must be awarded to eligible entities from or projects in low-income, disproportionately impacted, or just transition communities; and
- The Colorado energy office may utilize grant program money to support education, outreach, and engagement with the general public and relevant stakeholders to facilitate the growth of the geothermal sector and awareness of relevant state programs in Colorado.

Section 4 extends the deadline for the energy code board to develop a model low energy and carbon code and specifies that the model low energy and carbon code can include appendices and resources to the international energy conservation code.

Section 5 decreases the amount of money the Colorado energy office can issue in grants to local governments to support their adoption and enforcement of the 2021 international energy conservation code, an electric ready and solar ready code, and a low energy and carbon code by \$125,000 and increases the amount the treasurer is required to transfer into the energy fund to \$275,000.

Section 6 clarifies that, for purposes of the industrial clean energy tax credit, an industrial study includes a pre-front-end or front-end engineering design study that meets or exceeds the standards established by the Colorado energy office or any other industrial studies as outlined in program standards, and that an owner includes a project developer. **Section 6** also increases the amount of the credit that can be claimed to \$8 million, and specifies that an owner that claims the industrial clean energy tax credit cannot, for the same greenhouse gas emission reduction improvements, claim the enterprise zone investment tax credit or receive grant money under the industrial and manufacturing operations clean air grant program.

Section 7 clarifies several definitions related to the tax credit for

expenditures made in connection with a geothermal energy project and adds several definitions. **Section 7** also adds tribal governments as eligible taxpayers pursuant to the tax credit.

Section 8 adds tribal governments as qualified entities pursuant to the geothermal electricity generation production tax credit, and requires the Colorado energy office to annually review and evaluate the effectiveness of the tax credit.

Section 9 clarifies the definition of "air-source heat pump system" pursuant to the heat pump technology and thermal energy network tax credit and allows the Colorado energy office to review and modify more credit amounts and create certificate maximums related to the heat pump technology and thermal energy network tax credit.

Section 10 clarifies that certain provisions related to the clean hydrogen tax credit are subject to rules adopted by the public utilities commission.

Section 11 advances the deadline by which the treasurer must repay all administrative costs to the industrial and manufacturing operations clean air grant program cash fund, the geothermal energy grant fund, the community access to electric bicycles cash fund, and the electrifying school buses grant program cash fund to June 30, 2024.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 23 to article
3 30 of title 24 as follows:

4 **PART 23**

5 **OFFICE OF SUSTAINABILITY**

6 **24-30-2301. Legislative declaration.** THE GENERAL ASSEMBLY
7 HEREBY FINDS AND DECLARES THAT:

8 (1) THE STATE SHOULD BE A LEADER IN SUSTAINABILITY AND
9 SHOULD OFFER SUSTAINABLE PRACTICES TO STATE AGENCIES AS A CORE
10 ADMINISTRATIVE SERVICE;

11 (2) REDUCING THE STATE'S OPERATING AND ENERGY COSTS
12 SUPPORTS A VIBRANT AND DIVERSE ECONOMY AND SAVES TAXPAYERS
13 MONEY;

14 (3) ENSURING STATE COMPLIANCE WITH ENVIRONMENTAL

1 MANDATES IS CRITICAL TO THE FUTURE OF OUR STATE AND OUR NATION;

2 (4) SUSTAINABLE STATE AGENCY OPERATIONS CONSERVE WATER
3 AND OFFSET THE ESTIMATED FUTURE WATER NEEDS OF UP TO SEVEN
4 HUNDRED FORTY THOUSAND ADDITIONAL ACRE FEET AS OUTLINED IN THE
5 2023 COLORADO WATER PLAN ADOPTED BY THE COLORADO WATER
6 CONSERVATION BOARD; AND

7 (5) COORDINATING SUSTAINABLE PRACTICES IS BEST
8 ACCOMPLISHED THROUGH THE CREATION OF AN OFFICE FOCUSED ON THE
9 STATE'S OPERATIONS, CAPITAL CONSTRUCTION PROJECTS, AND
10 PROCUREMENT.

11 **24- 30- 2302. Definitions.** AS USED IN THIS PART 23, UNLESS THE
12 CONTEXT OTHERWISE REQUIRES:

13 (1) "DEPARTMENT" MEANS THE DEPARTMENT OF PERSONNEL.

14 (2) "ELECTIVE PAY APPLICATION" MEANS ANY APPLICATION FOR
15 ELECTIVE PAY FUNDING AVAILABLE UNDER THE FEDERAL "INFLATION
16 REDUCTION ACT OF 2022", PUB.L. 117-169, 136 STAT. 1818 (2022).

17 (3) "ENVIRONMENTALLY PREFERABLE PRODUCTS OR SERVICES"
18 MEANS PRODUCTS OR SERVICES THAT CREATE FEWER OR LESS SEVERE
19 NEGATIVE IMPACTS ON THE NATURAL ENVIRONMENT WHEN COMPARED TO
20 SIMILAR PRODUCTS OR SERVICES.

21 (4) "OFFICE" MEANS THE OFFICE OF SUSTAINABILITY CREATED IN
22 SECTION 24-30-2303 (1).

23 (5) "STATE AGENCY" MEANS A PRINCIPAL DEPARTMENT AS
24 DEFINED IN SECTION 24-1-110 AND ANY DIVISION, OFFICE, BOARD,
25 COMMISSION, OR ENTERPRISE WITHIN A PRINCIPAL DEPARTMENT; EXCEPT
26 THAT "STATE AGENCY" DOES NOT INCLUDE AN INSTITUTION OF HIGHER
27 EDUCATION AS DEFINED IN SECTION 23-18-102 (7).

1 (6) "SUSTAINABILITY" MEANS THE MINIMIZATION OF NEGATIVE
2 IMPACTS ON THE NATURAL ENVIRONMENT, WHICH INCLUDE BUT ARE NOT
3 LIMITED TO EMISSIONS OF GREENHOUSE GASES, CLIMATE CHANGE,
4 INCREASED WATER CONSUMPTION OR WATER WASTE, POLLUTION,
5 NONRENEWABLE ENERGY USAGE, AND OVER-CONSUMPTION OR WASTE OF
6 RESOURCES.

7 (7) "SUSTAINABLE PRACTICE" MEANS A PRACTICE THAT INCREASES
8 SUSTAINABILITY BY REDUCING ONE OR MORE NEGATIVE IMPACTS ON THE
9 NATURAL ENVIRONMENT.

10 **24-30-2303. Office of sustainability - creation - duties.** (1) THE
11 OFFICE OF SUSTAINABILITY IS HEREBY CREATED IN THE DEPARTMENT. THE
12 OFFICE IS A **TYPE 2** ENTITY, AS DEFINED IN SECTION 24-1-105, AND
13 EXERCISES ITS POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER
14 THE DEPARTMENT. THE OFFICE SHALL WORK WITH STATE AGENCIES TO
15 IMPLEMENT SUSTAINABLE PRACTICES.

16 (2) THE POWERS, DUTIES, AND FUNCTIONS OF THE OFFICE INCLUDE:

17 (a) PROVIDING LEADERSHIP TO AND REQUIRING ACCOUNTABILITY
18 FROM STATE AGENCIES REGARDING ONGOING SUSTAINABILITY
19 INITIATIVES;

20 (b) DEVELOPING BASELINE METRICS AND GOALS FOR THE
21 REDUCTION OF NEGATIVE ENVIRONMENTAL IMPACTS AND TRACKING STATE
22 AGENCIES' PERFORMANCE TOWARD ACHIEVING THOSE GOALS;

23 (c) TRACKING THE AMOUNT OF MONEY THE STATE SAVES AS A
24 RESULT OF IMPLEMENTING SUSTAINABLE PRACTICES;

25 (d) SEEKING AND APPLYING FOR FEDERAL FUNDING AND OTHER
26 GRANT OPPORTUNITIES THAT WOULD SUPPORT STATE AGENCIES'
27 SUSTAINABLE PRACTICES;

1 (e) ASSISTING STATE AGENCIES IN IMPLEMENTING SUSTAINABLE
2 PROCUREMENT METHODS AND INTRODUCING OPTIONS FOR
3 ENVIRONMENTALLY PREFERABLE PRODUCTS OR SERVICES TO STATE
4 AGENCIES;

5 (f) ASSISTING STATE AGENCIES IN INSTALLING ENERGY-EFFICIENT
6 EQUIPMENT AND FIXTURES;

7 (g) ASSISTING STATE AGENCIES IN MEETING BUILDING
8 PERFORMANCE STANDARDS SUCH AS THOSE ADMINISTERED BY THE
9 COLORADO ENERGY OFFICE;

10 (h) COORDINATING AND ASSISTING IN PLANNING AND
11 CONSTRUCTING STATE AGENCIES' ELECTRIC VEHICLE CHARGING
12 INFRASTRUCTURE AND ENSURING UTILIZATION OF SUCH INFRASTRUCTURE;

13 (i) INSTITUTING WATER REDUCTION INITIATIVES FOR STATE
14 AGENCIES, INCLUDING BUT NOT LIMITED TO:

15 (I) THE INSTALLATION OF WATER-CONSERVING FIXTURES AND
16 WATER-WISE PLANTS ON STATE PROPERTY;

17 (II) THE CONVERSION OF NONNATIVE GRASSES TO XERISCAPE IN
18 ACCORDANCE WITH THE PRINCIPLES OF WATER-WISE LANDSCAPING, WITH
19 AN EMPHASIS ON NATIVE PLANTS, SET FORTH IN SECTION 37-60-135 (2)(1);
20 AND

21 (III) THE REDUCTION OF NONFUNCTIONAL TURF AND
22 ENCOURAGEMENT OF WATER-EFFICIENT SUSTAINABLE LANDSCAPING
23 PRACTICES AT STATE FACILITIES;

24 (j) ASSISTING STATE AGENCIES IN TRANSITIONING FROM
25 GAS-POWERED TO ELECTRIC EQUIPMENT;

26 (k) IMPLEMENTING STATEWIDE WASTE DIVERSION PRACTICES TO
27 INCREASE STATE AGENCIES' RECYCLING RATES;

1 (l) DEVELOPING COMMUTING OPPORTUNITIES FOR STATE
2 EMPLOYEES THAT REDUCE GREENHOUSE GAS EMISSIONS AND OTHER
3 POLLUTION;

4 (m) ASSISTING STATE AGENCIES IN DEVELOPING TRAINING
5 PROGRAMS TO EDUCATE STATE EMPLOYEES ON SUSTAINABLE PRACTICES;
6 AND

7 (n) CONDUCTING OTHER ACTIVITIES AS DIRECTED BY THE GENERAL
8 ASSEMBLY OR THE GOVERNOR.

9 **24-30-2304. Revolving fund - definition.** (1) THE STATE AGENCY
10 SUSTAINABILITY REVOLVING FUND, REFERRED TO IN THIS SECTION AS THE
11 "FUND", IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF
12 MONEY TRANSFERRED TO THE FUND PURSUANT TO SUBSECTION (2) OF THIS
13 SECTION AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
14 APPROPRIATE OR TRANSFER TO THE FUND.

15 (2) ON JULY 1, 2024, AND ON JULY 1 EACH YEAR THEREAFTER, THE
16 STATE TREASURER SHALL TRANSFER FOUR HUNDRED THOUSAND DOLLARS
17 FROM THE GENERAL FUND TO THE FUND. THE OFFICE [REDACTED] SHALL ALLOCATE
18 THE MONEY IN THE FUND TO ASSIST IN REPLACING THE STATE'S GAS AND
19 DIESEL-POWERED EQUIPMENT THAT IS LOCATED IN OZONE
20 NONATTAINMENT AREAS AS DESIGNATED BY THE U.S. ENVIRONMENTAL
21 PROTECTION AGENCY WITH EQUIVALENT ELECTRIC EQUIPMENT, AND TO
22 OPERATE THE OFFICE [REDACTED] IN ACCORDANCE WITH THIS PART 23. ___

23 (3) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
24 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
25 FUND TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEY
26 REMAINING IN THE FUND AT THE END OF A FISCAL YEAR SHALL REMAIN IN
27 THE FUND.

1 (4) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
2 DEPARTMENT TO BE USED FOR THE PURPOSES SPECIFIED IN SUBSECTION (2)
3 OF THIS SECTION.

4 (5) THE DEPARTMENT MAY SOLICIT, ACCEPT, AND EXPEND GIFTS,
5 GRANTS, AND DONATIONS FOR THE PURPOSES OF THIS PART 23. THE
6 DEPARTMENT SHALL CREDIT ANY GIFTS, GRANTS, AND DONATIONS TO THE
7 FUND.

8 **24-30-2305. Inflation reduction act elective pay - central**
9 **submission of applications - cash fund - definition.** (1) IN ADDITION TO
10 THE POWERS, DUTIES, AND FUNCTIONS OF THE OFFICE SPECIFIED IN
11 SECTION 24-30-2303, THE OFFICE SHALL REVIEW AND COORDINATE STATE
12 AGENCIES' ELECTIVE PAY APPLICATIONS AND WORK WITH THE OFFICE
13 OF THE STATE CONTROLLER TO COORDINATE CENTRAL SUBMISSIONS OF
14 ELECTIVE PAY APPLICATIONS. THE OFFICE SHALL ADVISE AND PROVIDE
15 TECHNICAL ASSISTANCE TO STATE AGENCIES ON ALL ASPECTS OF ELECTIVE
16 PAY TO THE EXTENT FEASIBLE. STATE AGENCIES SHALL SUBMIT ELECTIVE
17 PAY APPLICATIONS DIRECTLY TO THE OFFICE OF THE STATE CONTROLLER.

18 (2) (a) THE INFLATION REDUCTION ACT ELECTIVE PAY CASH FUND,
19 REFERRED TO IN THIS SECTION AS THE "CASH FUND", IS CREATED IN THE
20 STATE TREASURY. THE CASH FUND CONSISTS OF MONEY RECEIVED BY THE
21 STATE OR STATE AGENCIES PURSUANT TO THE ELECTIVE PAY PROVISIONS
22 OF THE FEDERAL "INFLATION REDUCTION ACT OF 2022", PUB.L. 117-169,
23 136 STAT. 1818 (2022), ALL OF WHICH MUST BE DEPOSITED INTO THE CASH
24 FUND, AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
25 APPROPRIATE OR TRANSFER TO THE CASH FUND.

26 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
27 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE

1 CASH FUND TO THE CASH FUND. ANY UNEXPENDED AND UNENCUMBERED
2 MONEY REMAINING IN THE CASH FUND AT THE END OF A FISCAL YEAR
3 SHALL REMAIN IN THE CASH FUND.

4 (c) MONEY IN THE CASH FUND IS CONTINUOUSLY APPROPRIATED
5 TO THE DEPARTMENT TO BE USED FOR THE PURPOSES SPECIFIED IN THIS
6 PART 23.

7 (3) THE DEPARTMENT MAY SOLICIT, ACCEPT, AND EXPEND GIFTS,
8 GRANTS, AND DONATIONS FOR THE PURPOSES SPECIFIED IN THIS PART 23.
9 THE DEPARTMENT SHALL CREDIT ANY GIFTS, GRANTS, AND DONATIONS TO
10 THE CASH FUND.

11 **SECTION 2.** In Colorado Revised Statutes, 24-1-128, **add** (9) as
12 follows:

13 **24-1-128. Department of personnel - creation.** (9) THE OFFICE
14 OF SUSTAINABILITY IS CREATED IN SECTION 24-30-2303. THE OFFICE IS A
15 **TYPE 2** ENTITY, AS DEFINED IN SECTION 24-1-105, AND EXERCISES ITS
16 POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER THE
17 DEPARTMENT OF PERSONNEL.

18 **SECTION 3.** In Colorado Revised Statutes, **add** article 7.7 to title
19 6 as follows:

20 **ARTICLE 7.7**

21 **Standards for Construction Projects**
22 **that Receive State Financial Assistance**

23 **6-7.7-101. Legislative declaration.** (1) THE GENERAL ASSEMBLY
24 FINDS THAT:

25 (a) APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM MEET
26 STRICT ENERGY EFFICIENCY AND PERFORMANCE GUIDELINES SET BY THE
27 FEDERAL ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES

1 DEPARTMENT OF ENERGY AND CAN SAVE AN ESTIMATED TWENTY TO
2 THIRTY PERCENT MORE ENERGY THAN APPLIANCES THAT ARE NOT
3 CERTIFIED BY THE ENERGY STAR PROGRAM;

4 (b) NEW BUILDING CONSTRUCTION PROJECTS THAT USE TAXPAYER
5 DOLLARS TO PURCHASE EQUIPMENT SHOULD ENSURE THAT THE EQUIPMENT
6 HAS LOWER LIFETIME COSTS TO OPERATE AND MAINTAIN;

7 (c) MANY PROJECTS THAT RECEIVE STATE FINANCIAL ASSISTANCE
8 AIM TO ASSIST VULNERABLE LOWER-INCOME HOUSEHOLDS, AND
9 INSTALLING APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM
10 COULD LOWER THE COSTS OF THE ENERGY BILLS OF THESE HOUSEHOLDS
11 OVER TIME; AND

12 (d) SAVING ENERGY IS CRUCIAL IN:

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

16 (II) ACHIEVING THE STATEWIDE GREENHOUSE GAS EMISSION
17 REDUCTION GOALS; AND

18 (III) REDUCING COSTS FOR COLORADANS.

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

25 **6-7.7-102. Definitions.** AS USED IN THIS ARTICLE 7.7, UNLESS THE
26 CONTEXT OTHERWISE REQUIRES:

27 (1) "COVERED ENERGY-CONSUMING PRODUCT" MEANS AN

1 APPLIANCE, DEVICE, OR PIECE OF EQUIPMENT THAT IS:

2 (a) POWERED BY ELECTRICITY OR FUEL;

3 (b) DESIGNED TO PERFORM ONE OR MORE SPECIFIC TASKS INSIDE
4 A RESIDENTIAL OR COMMERCIAL BUILDING, SUCH AS COOKING, WASHING,
5 DRYING, HEATING, COOLING, PROVIDING DOMESTIC HOT WATER, PRINTING,
6 OR DIGITAL ENTERTAINMENT; AND

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

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

10 (3) "SOCIAL COST OF CARBON" MEANS THE SOCIAL COST OF
11 CARBON DIOXIDE EMISSIONS DEVELOPED BY THE PUBLIC UTILITIES
12 COMMISSION PURSUANT TO SECTION 40-3.2-106.

13 (4) "STATE FINANCIAL ASSISTANCE" MEANS ALLOCATIONS FROM
14 THE GENERAL FUND OR OTHER LEGISLATIVE ALLOCATIONS, STATE
15 TAXPAYER FUNDS, REBATES, GRANTS, OR LOANS PROVIDED OR
16 ADMINISTERED BY THE STATE.

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

27 (2) ON AND AFTER JANUARY 1, 2025, A STATE AGENCY THAT

1 PROVIDES OR ADMINISTERS STATE FINANCIAL ASSISTANCE FOR A NEW
2 BUILDING CONSTRUCTION PROJECT SHALL:

3 (a) INCLUDE THE REQUIREMENTS OF SUBSECTION (1) OF THIS
4 SECTION IN THE STATE AGENCY'S CRITERIA OR GUIDANCE FOR APPLYING
5 FOR OR RECEIVING STATE FINANCIAL ASSISTANCE FOR NEW BUILDING
6 CONSTRUCTION PROJECTS;

7 (b) REQUEST AN ATTESTATION SIGNED BY A RECIPIENT OF STATE
8 FINANCIAL ASSISTANCE FOR NEW BUILDING CONSTRUCTION PROJECTS
9 THAT DECLARES THAT:

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

12 (II) THE RECIPIENT OF THE STATE FINANCIAL ASSISTANCE IS
13 REQUESTING A WAIVER PURSUANT TO SUBSECTION (3) OF THIS SECTION;
14 AND

15 (c) RESPOND TO WAIVER REQUESTS RECEIVED PURSUANT TO
16 SUBSECTION (3) OF THIS SECTION.

17 (3) A STATE AGENCY THAT PROVIDES OR ADMINISTERS STATE
18 FINANCIAL ASSISTANCE FOR NEW BUILDING CONSTRUCTION PROJECTS MAY
19 ISSUE A STANDARDIZED WAIVER FROM THE REQUIREMENTS OF SUBSECTION
20 (1) OF THIS SECTION FOR A NEW BUILDING CONSTRUCTION PROJECT IF THE
21 RECIPIENT DEMONSTRATES, THROUGH EVIDENCE AND ATTESTATION FROM
22 A LICENSED PROFESSIONAL ENGINEER OR DESIGN PROFESSIONAL, THAT:

23 (a) NO COVERED ENERGY-CONSUMING PRODUCT CERTIFIED BY THE
24 ENERGY STAR PROGRAM AND THAT MEETS THE FUNCTIONAL
25 REQUIREMENTS OF THE PROJECT IS REASONABLY AVAILABLE TO THE
26 APPLICANT; OR

27 (b) TAKING ENERGY COST SAVINGS AND THE SOCIAL COST OF

1 CARBON INTO ACCOUNT, NO COVERED ENERGY-CONSUMING PRODUCT
2 CERTIFIED BY THE ENERGY STAR PROGRAM IS COST-EFFECTIVE OVER THE
3 LIFE OF THE PRODUCT.

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

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

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

13 (5) IF THE ATTORNEY GENERAL, BY A PREPONDERANCE OF THE
14 EVIDENCE, BELIEVES THAT A PERSON HAS VIOLATED OR CAUSED ANOTHER
15 PERSON TO VIOLATE SUBSECTION (1) OF THIS SECTION, THE ATTORNEY
16 GENERAL MAY BRING A CIVIL ACTION ON BEHALF OF THE STATE TO SEEK
17 THE ASSESSMENT OF A CIVIL PENALTY OF UP TO THE TOTAL AMOUNT OF
18 STATE FINANCIAL ASSISTANCE RECEIVED BY THE VIOLATOR ON OR AFTER
19 JANUARY 1, 2025, WHICH AMOUNT MUST BE TRANSMITTED TO THE STATE
20 TREASURER, WHO SHALL CREDIT THE AMOUNT TO THE ENERGY FUND
21 CREATED IN SECTION 24-38.5-102.4 (1)(a)(I).

22 **SECTION 4.** In Colorado Revised Statutes, 6-7.5-105, **amend**
23 (5)(j) as follows:

24 **6-7.5-105. Standards - effective dates - repeal.** (5) On and after
25 January 1, 2026, a person shall not sell, offer to sell, lease, or offer to
26 lease any of the following new products in Colorado unless the efficiency
27 of the new product meets or exceeds the following efficiency standards,

1 as applicable:

2 (j) (I) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5)(j)(II)
3 OF THIS SECTION, residential windows, residential doors, and residential
4 skylights included in the scope of the Energy Star program product
5 specification for residential windows, doors, and skylights must satisfy
6 the northern climate zone qualification criteria of that specification;
7 except that residential windows and doors that are custom designed for
8 a historically designated building and required in order to maintain the
9 historic nature or character of such a building are not required to satisfy
10 such criteria.

11 (II) THE EXECUTIVE DIRECTOR MAY CONSULT WITH THE
12 COLORADO ENERGY OFFICE TO EVALUATE THE STANDARD SET FORTH IN
13 SUBSECTION (5)(j)(I) OF THIS SECTION FOR RESIDENTIAL WINDOWS,
14 RESIDENTIAL DOORS, AND RESIDENTIAL SKYLIGHTS. IF THE EXECUTIVE
15 DIRECTOR DETERMINES THAT THE STANDARD CANNOT REASONABLY BE
16 MET BY MANUFACTURERS OF RESIDENTIAL WINDOWS, RESIDENTIAL DOORS,
17 AND RESIDENTIAL SKYLIGHTS, THEN THE EXECUTIVE DIRECTOR SHALL SET
18 AN ALTERNATIVE STANDARD WHICH MAY BE APPLIED INSTEAD OF THE
19 STANDARD SET FORTH IN SUBSECTION (5)(j)(I) OF THIS SECTION AND THE
20 EXECUTIVE DIRECTOR SHALL DISPLAY THE ALTERNATIVE STANDARD ON
21 THE PUBLIC WEBSITE OF THE COLORADO DEPARTMENT OF PUBLIC HEALTH
22 AND ENVIRONMENT NO LATER THAN JUNE 1, 2025. WHEN DECIDING
23 WHETHER THE STANDARD SET FORTH IN SUBSECTION (5)(j)(I) OF THIS
24 SECTION CAN REASONABLY BE MET, THE EXECUTIVE DIRECTOR SHALL
25 TAKE INTO ACCOUNT THE FOLLOWING FACTORS:

- 26 (A) IMPACTS ON NET CONSUMER COSTS; AND
- 27 (B) SUPPLY CHAIN CONSTRAINTS.

1 **SECTION 5.** In Colorado Revised Statutes, 24-38.5-116, amend
2 (6)(b)(II) as follows:

3 **24-38.5-116. Industrial and manufacturing operations clean**
4 **air grant program - creation - eligibility - fund created - gifts, grants,**
5 **or donations - transfer - legislative declaration - definitions -**
6 **reporting - repeal.** (6) (b) (II) For state fiscal years 2023-24 and
7 2024-25, the office and, subject to annual appropriation, the department
8 of revenue may expend money from the fund for the administration and
9 implementation of the industrial clean energy tax credit created in section
10 39-22-551 and the tax credit for sustainable aviation fuel production
11 facility created in section 39-22-556. The office shall keep an accounting
12 of all money expended from the fund pursuant to this subsection (6)(b)(II)
13 for purposes of calculating the repayment of the administrative costs
14 required by section 39-29-108 (2)(c)(H) SECTION 24-38.5-120 (3).

15 **SECTION 6.** In Colorado Revised Statutes, 24-38.5-118, **amend**
16 (3)(b), (4)(a) introductory portion, (4)(b)(I), (7)(d), and (8)(b); **repeal**
17 (4)(a)(I); and **add** (8)(d) as follows:

18 **24-38.5-118. Geothermal energy grant program - creation -**
19 **procedures - fund - report - definitions - legislative declaration -**
20 **repeal.** (3) **Creation of grant program.** There is hereby created within
21 the office the geothermal energy grant program to provide grants to
22 building owners, developers, local governments, geothermal installers,
23 contractors, communities, gas or electric service public utilities, or other
24 entities approved by the office for:

25 (b) The installation of geothermal equipment for use as the
26 primary ~~heating~~ or HEATING-ONLY OR COMBINED HEATING AND cooling
27 systems in new construction or to retrofit existing buildings; or

1 (4) **Grants - limitations - qualifications.** The grant program
2 consists of three types of grants:

3 (a) The single-structure geothermal grant, which is awarded to
4 applicants that are constructing a new building or retrofitting an existing
5 building, including a single-family or multifamily residence, and
6 installing a geothermal system for use as the primary HEATING-ONLY OR
7 COMBINED heating and cooling system for the building. A single-structure
8 geothermal grant is subject to the following limitations and qualifications:

9 (I) ~~A developer or geothermal installer is eligible for grants for the~~
10 ~~construction or retrofitting of no more than one hundred residential~~
11 ~~buildings;~~

12 (b) The community district heating grant, which is awarded to
13 support ground-source, water-source, or multisource thermal systems that
14 serve more than a single building. Applicants may apply for grants for a
15 scoping study, a detailed design study, projects, or a combination of these
16 options. Teams consisting of building owners, geothermal installers,
17 public utilities, political subdivisions of Colorado, consultants,
18 developers, or other entities approved by the office are eligible to submit
19 a proposal for a scoping study or a detailed design study. To qualify for
20 a grant for the project, an applicant must successfully complete a study
21 and show proof of a viable project. A community district heating grant is
22 subject to the following limitations and qualifications:

23 (I) Up to one hundred thousand dollars per project to conduct a
24 scoping study to determine if a community thermal system would help
25 lower greenhouse gas emissions and provide a reasonable-cost approach
26 to PRIMARY HEATING-ONLY OR COMBINED heating and cooling a group of
27 buildings;

1 (7) Fund. (d) For state fiscal years 2023-24 and 2024-25, the
2 office and, subject to annual appropriation, the department of revenue
3 may expend money in the fund for the administration and implementation
4 of the tax credit for expenditures made in connection with a geothermal
5 energy project created in section 39-22-552, the geothermal electricity
6 generation production tax credit created in section 39-22-553, and the
7 heat pump technology and thermal energy network tax credit created in
8 section 39-22-554. The office shall keep an accounting of all money
9 expended from the fund pursuant to this subsection (7)(d) for purposes of
10 calculating the repayment of the administrative costs required by section
11 39-29-108 (2)(c)(H) SECTION 24-38.5-120 (3).

12 ~~(8) (b) The office shall award grants from the fund in accordance~~
13 ~~with the following parameters: THE OFFICE SHALL AWARD AT LEAST~~
14 ~~TWENTY-FIVE PERCENT OF THE GRANT MONEY AWARDED FOR~~
15 ~~SINGLE-STRUCTURE GEOTHERMAL GRANTS TO ELIGIBLE ENTITIES FROM OR~~
16 ~~PROJECTS IN LOW-INCOME, DISPROPORTIONATELY IMPACTED, OR JUST~~
17 ~~TRANSITION COMMUNITIES. ___~~

18 ~~(I) Up to forty percent of the total money in the fund may be~~
19 ~~awarded through grants to support the development of geothermal~~
20 ~~electricity generation and resource development, which may include~~
21 ~~hydrogen generation produced from geothermal energy;~~

22 ~~(H) Up to eighty percent of the total money in the fund may be~~
23 ~~awarded as single-structure geothermal grants, and one-fourth of the grant~~
24 ~~money awarded under this subsection (8)(b)(H) must be awarded to~~
25 ~~eligible entities from or projects in low-income, disproportionately~~
26 ~~impacted, or just transition communities, as those communities are~~
27 ~~defined by the office; and~~

1 (H) Up to twenty-five percent of the total money in the fund may
2 be awarded as community district heating grants, which may include:

3 (A) Single-owner campuses;

4 (B) Medical campuses;

5 (C) Residential campuses;

6 (D) Multi-owner nodes; and

7 (E) Public or private college or university campuses.

8 (d) THE OFFICE MAY USE GRANT PROGRAM MONEY TO SUPPORT
9 EDUCATION, OUTREACH, AND ENGAGEMENT WITH THE GENERAL PUBLIC
10 AND RELEVANT STAKEHOLDERS TO FACILITATE THE GROWTH OF THE
11 GEOTHERMAL SECTOR IN COLORADO.

12 **SECTION 7. In Colorado Revised Statutes, 24-38.5-120, amend**
13 **(3) and (4) as follows:**

14 **24-38.5-120. Decarbonization tax credits administration cash**
15 **fund - definitions - repeal.** (3) (a) Subject to annual appropriation by the
16 general assembly, for state fiscal years 2023-24 through 2034-35, the
17 office and the department may expend money from the fund for direct and
18 indirect costs associated with the implementation and administration of
19 the decarbonization tax credits.

20 (b) (I) MONEY IN THE FUND MAY ALSO BE USED TO REPAY
21 ADMINISTRATIVE COSTS TO THE RESPECTIVE CASH FUNDS. THE STATE
22 TREASURER SHALL TRANSFER MONEY FROM THE FUND IN THE AMOUNT
23 ATTRIBUTABLE TO ADMINISTRATIVE COSTS TO THE RESPECTIVE CASH
24 FUNDS SO THAT ALL ADMINISTRATIVE COSTS ARE REPAYED TO THE
25 RESPECTIVE CASH FUNDS ON OR BEFORE JUNE 29, 2024.

26 (II) AS USED IN THIS SUBSECTION (3)(b), UNLESS THE CONTEXT
27 OTHERWISE REQUIRES:

1 (A) "ADMINISTRATIVE COSTS" MEANS THE AMOUNT OF MONEY
2 EXPENDED FROM THE RESPECTIVE CASH FUNDS BY THE OFFICE AND THE
3 DEPARTMENT FOR THE ADMINISTRATION AND IMPLEMENTATION OF
4 CERTAIN INCOME TAX CREDITS, AS PROVIDED FOR IN SECTIONS
5 24-38.5-116 (6)(b)(II), 24-38.5-118 (7)(d), 24-38.5-506 (2)(b), AND OF
6 THE TEMPORARY SPECIFIC OWNERSHIP TAX RATE REDUCTION FOR
7 ELECTRIC MEDIUM-DUTY AND HEAVY-DUTY TRUCKS THAT ARE PART OF A
8 FLEET AS PROVIDED FOR IN SECTION 25-7-1405(2)(b).

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

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

22 **SECTION 8.** In Colorado Revised Statutes, 24-38.5-401, **amend**
23 (6)(a), (6)(b)(I), (7), and (8)(b); and **repeal** (8)(c) as follows:

24 **24-38.5-401. Energy code board - appointment - creation -**
25 **duties - definitions - repeal.** (6) (a) **Duty of the energy code board to**
26 **adopt a model low energy and carbon code.** It is the duty of the energy
27 code board to develop a model low energy and carbon code on or before

1 ~~June 1, 2025~~ SEPTEMBER 1, 2025, for adoption by counties,
2 municipalities, and state agencies.

3 (b) The model low energy and carbon code developed by the
4 energy code board must apply to commercial and residential buildings
5 and must:

6 (I) Include the more energy efficient of either the 2021 or 2024
7 international energy conservation code, except as the energy code board
8 may modify those international energy conservation codes pursuant to
9 subsection (7) of this section, including any appendices AND RESOURCES
10 to the international energy conservation code that the energy code board
11 deems appropriate;

12 (7) **Option to relax international energy conservation code**
13 **appendices and resources.** The energy code board may as necessary
14 relax the stringency of any requirements in the international energy
15 conservation code, including appendices AND RESOURCES that it adopts
16 as part of the model low energy and carbon code language it develops
17 pursuant to ~~subsection (5)~~ SUBSECTION (6) of this section if it deems that
18 doing so is appropriate, but the energy code board shall not increase the
19 stringency of any requirements in the international energy conservation
20 code including appendices AND RESOURCES that it adopts as part of the
21 model low energy and carbon code language it develops pursuant to
22 ~~subsection (5)~~ SUBSECTION (6) of this section.

23 (8) (b) If two-thirds of the energy code board fail, on or before
24 April 1, 2023, to adopt any element of the model electric ready and solar
25 ready code required by subsection (5) of this section, the executive
26 committee shall vote on that same element on or before May 15, 2023. If
27 two-thirds of the energy code board fail, on or before ~~February 1, 2025~~

1 JUNE 1, 2025, to adopt an element of the model low energy and carbon
2 required by subsection (6) of this section, the executive committee shall
3 vote on that same element on or before ~~March 15, 2025~~ AUGUST 1, 2025.

4 (c) ~~If the energy code board fails, on or before April 1, 2023, to~~
5 ~~adopt any element of the model electric ready and solar ready code~~
6 ~~required by subsection (5) of this section, the executive committee shall~~
7 ~~vote on that same element on or before May 15, 2023. If the energy code~~
8 ~~board fails, on or before February 1, 2025, to adopt an element of the~~
9 ~~model low energy and carbon code required by subsection (6) of this~~
10 ~~section, the executive committee shall vote on that same element on or~~
11 ~~before March 15, 2025.~~

12 **SECTION 9.** In Colorado Revised Statutes, 24-38.5-403, **amend**
13 (3)(a)(I) and (3)(c) as follows:

14 **24-38.5-403. Energy code training - energy code adoption -**
15 **grant writing assistance.** (3) (a) Within three days after June 2, 2022,
16 the state treasurer shall transfer three million dollars from the general
17 fund to the energy fund created in section 24-38.5-102.4. The Colorado
18 energy office shall expend the money transferred by the general assembly
19 pursuant to this subsection (3)(a) for the purposes of:

20 (I) Issuing grants, not to exceed a total of ~~two million~~ ONE
21 MILLION EIGHT HUNDRED SEVENTY-FIVE THOUSAND dollars, to local
22 governments to support their adoption and enforcement of the 2021
23 international energy conservation code, an electric ready and solar ready
24 code, and a low energy and carbon code and to cover the direct and
25 indirect costs associated with issuing these grants; and

26 (c) Within three days after June 2, 2022, the state treasurer shall
27 transfer ~~one hundred and fifty thousand~~ TWO HUNDRED SEVENTY-FIVE

1 THOUSAND dollars from the general fund to the energy fund created in
2 section 24-38.5-102.4. The Colorado energy office shall expend the
3 money transferred by the general assembly pursuant to this subsection
4 (3)(c) for the costs associated with administering the energy code board
5 established in section 24-38.5-401 (2).

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

8 **24-38.5-405. High-efficiency electric heating and appliances**
9 **grant program - creation - report - legislative declaration - repeal.**

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

12 (a) The purchase and installation of high-efficiency electric
13 equipment for DRYING CLOTHES, space heating, water heating, or cooking
14 in multiple residential or commercial buildings located in close proximity,
15 OR FOR OTHER ELECTRIC EQUIPMENT AS DETERMINED BY THE COLORADO
16 ENERGY OFFICE;

17 **SECTION 11.** In Colorado Revised Statutes, 24-38.5-506,
18 **amend (2)(b) as follows:**

19 **24-38.5-506. Community access to electric bicycles cash fund**
20 **- creation - gifts, grants, or donations - transfer. (2)(b) For state fiscal**

21 years 2023-24 and 2024-25, the office and, subject to annual
22 appropriation, the department of revenue may expend money in the fund

23 for the administration and implementation of the electric bicycle tax
24 credit created in section 39-22-555. The office shall keep an accounting

25 of all money expended from the fund pursuant to this subsection (2)(b)
26 for purposes of calculating the repayment of the administrative costs

27 required by section 39-29-108(2)(c)(H) SECTION 24-38.5-120 (3).

1 (c) THE "INFLATION REDUCTION ACT OF 2022", THE STATE, AND
2 UTILITIES ARE OPENING UP OPPORTUNITIES TO MAKE THIS TECHNOLOGY
3 LESS EXPENSIVE THAN COOLING-ONLY SYSTEMS; AND

4 (d) COLORADO SHOULD BE PREPARED TO TAKE ADVANTAGE OF
5 NEW OPPORTUNITIES TO THE MAXIMUM EXTENT TO CREATE A MORE
6 AFFORDABLE AND ENVIRONMENTALLY FRIENDLY HOUSING MARKET AND
7 HEATING, VENTILATION, AND AIR CONDITIONING INDUSTRY.

8 (2) THE GENERAL ASSEMBLY, THEREFORE, DETERMINES AND
9 DECLARES THAT IT IS IN THE PUBLIC INTEREST FOR THE HEALTH AND
10 ENVIRONMENT OF THE STATE TO REQUIRE THAT THE COLORADO ENERGY
11 OFFICE CONDUCT A STUDY OF THE TECHNICAL VIABILITY, ECONOMIC
12 CONDITIONS, AND WORKFORCE READINESS OF STANDARDS FOR
13 CONFIGURING NEW RESIDENTIAL AIR CONDITIONERS AS HEAT PUMPS.

14 **25-7-1602. Definitions.** AS USED IN THIS PART 16, UNLESS THE
15 CONTEXT OTHERWISE REQUIRES:

16 (1) "AIR CONDITIONER" MEANS AN ELECTRICALLY POWERED
17 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO COOL AN
18 INTERIOR HABITABLE SPACE.

19 (2) "APPLICABLE AIR CONDITIONER" MEANS AN AIR CONDITIONER
20 THAT IS:

21 (a) NEW;

22 (b) POWERED BY A SINGLE-PHASE CURRENT;

23 (c) DESIGNED AND INTENDED FOR RESIDENTIAL USE;

24 (d) DESIGNED AND INTENDED FOR PERMANENT INSTALLATION; AND

25 (e) NOT DESIGNED OR INTENDED TO BE WINDOW MOUNTED.

26 (3) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED
27 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER

1 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.

2 (4) "HVAC" MEANS A HEATING, VENTILATION, AND AIR
3 CONDITIONING SYSTEM.

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

6 (6) "RESIDENTIAL" MEANS ONE- AND TWO-FAMILY DWELLINGS
7 AND TOWNHOUSES, AS DEFINED IN THE MOST RECENT EDITION OF THE
8 INTERNATIONAL RESIDENTIAL CODE.

9 **25-7-1603. Colorado energy office - study - accelerated**
10 **adoption of heat pump technology.** (1) ON OR BEFORE AUGUST 1, 2024,
11 THE OFFICE SHALL COMMENCE A STUDY WITH TARGETED STAKEHOLDER
12 INPUT TO EXPLORE HOW TO ACCELERATE ADOPTION OF HEAT PUMP
13 TECHNOLOGY IN COLORADO THROUGH A TECHNICAL STANDARD FOR
14 APPLICABLE AIR CONDITIONERS.

15 (2) IN CONDUCTING THE STUDY, THE OFFICE SHALL:

16 (a) FOCUS ON A STATEWIDE POINT-OF-SALE STANDARD ON NEW
17 AND REPLACEMENT AIR CONDITIONERS;

18 (b) CONSIDER EQUIPMENT PERFORMANCE IN DIFFERENT CLIMATE
19 ZONES AND CONDITIONS;

20 (c) CONSULT WITH STAKEHOLDERS FROM MANUFACTURERS,
21 DISTRIBUTORS, CONTRACTORS, HEAT PUMP EXPERTS, GREEN BUILDERS,
22 ENVIRONMENTAL JUSTICE GROUPS, AND UTILITIES SERVING RETAIL
23 CUSTOMERS;

24 (d) USE DATA AND FINDINGS FROM RECENT PUBLIC UTILITY
25 PROCEEDINGS TO ACCELERATE DATA COLLECTION FOR THE STUDY;

26 (e) DETERMINE THE REQUIREMENTS FOR SUCCESSFUL
27 IMPLEMENTATION OF A STATEWIDE POINT-OF-SALE STANDARD; AND

1 (f) MAKE RECOMMENDATIONS ON HOW THE STATE CAN ADDRESS
2 ANY ASSOCIATED NEEDS OR GAPS BEFORE A STATEWIDE POINT-OF-SALE
3 STANDARD TAKES EFFECT.

4 (3) IN CONDUCTING THE STUDY, THE OFFICE SHALL ASSESS AND
5 DETERMINE:

6 (a) UP-FRONT COST GAPS AND ONGOING COSTS AND COST SAVINGS
7 FOR RESIDENTIAL HOMES FROM IMPLEMENTATION OF A STATEWIDE
8 POINT-OF-SALE STANDARD;

9 (b) WHETHER AND WHERE FEDERAL, STATE, LOCAL, AND UTILITY
10 INCENTIVES CAN COVER ANY IDENTIFIED COST GAPS, AND MAKE
11 RECOMMENDATIONS FOR WHAT, IF ANY, NEW INCENTIVES MAY BE NEEDED
12 FOR INCOME-QUALIFIED HOUSEHOLDS;

13 (c) ANY TECHNICAL LIMITATIONS, AND POTENTIAL REMEDIES FOR
14 THOSE LIMITATIONS, FOR A STATEWIDE POINT-OF-SALE STANDARD;

15 (d) SYSTEM CONFIGURATION OPTIONS FOR COLD-TEMPERATURE
16 PERFORMANCE;

17 (e) NECESSARY CUSTOMER INFORMATION REGARDING
18 COLD-TEMPERATURE PERFORMANCE;

19 (f) WHAT, IF ANY, EXCEPTIONS OR EXEMPTIONS MAY BE
20 NECESSARY FOR A STATEWIDE POINT-OF-SALE STANDARD AND HOW SUCH
21 EXCEPTIONS OR EXEMPTIONS COULD BE ADMINISTERED;

22 (g) POTENTIAL IMPROVEMENTS TO THE STATE INCOME TAX CREDIT
23 CREATED IN SECTION 39-22-554;

24 (h) SUPPLY CHAIN STATUS;

25 (i) CONTRACTOR TRAINING NEEDS; AND

26 (j) QUALITY ASSURANCE MEASURES.

27 (4) THE OFFICE SHALL DELIVER THE STUDY RESULTS TO THE

1 CHAIRS OF THE TRANSPORTATION AND ENERGY COMMITTEE OF THE
2 SENATE AND THE ENERGY AND ENVIRONMENT COMMITTEE OF THE HOUSE
3 OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES, ACCORDING TO
4 THE FOLLOWING SCHEDULE:

5 (a) ON OR BEFORE JANUARY 1, 2025, THE OFFICE SHALL DELIVER
6 A PROGRESS REPORT;

7 (b) ON OR BEFORE MARCH 1, 2025, THE OFFICE SHALL DELIVER
8 INTERIM RESULTS AND LEGISLATIVE RECOMMENDATIONS; AND

9 (c) ON OR BEFORE JUNE 1, 2025, THE OFFICE SHALL DELIVER THE
10 FINAL STUDY AND FINAL LEGISLATIVE RECOMMENDATIONS.

11 **25-7-1604. Repeal of part.** THIS PART 16 IS REPEALED, EFFECTIVE
12 JULY 1, 2030.

13 **SECTION 14.** In Colorado Revised Statutes, 32-9-119.8, **amend**
14 (3) as follows:

15 **32-9-119.8. Provision of retail and commercial goods and**
16 **services at district transfer facilities - residential and other uses at**
17 **district transfer facilities permitted - definitions.** (3) Any person
18 obtaining the use of any portion of a transfer facility for the provision of
19 retail or commercial goods or services or for the provision of residential
20 uses or other uses shall ~~be required to~~ compensate the district by payment
21 of rent ~~at fair market value~~, or, at the discretion of the district, by the
22 provision of services or capital improvements to facilities used in transit
23 services, alone or in combination with rental payments. ~~such that the total~~
24 ~~benefit to the district is not less than the fair market rental value of the~~
25 ~~property used by the person.~~

26 **SECTION 15.** In Colorado Revised Statutes, 39-22-551, **amend**
27 (2)(e) introductory portion, (2)(i), (2)(j), (3)(a)(II), and (3)(c) as follows:

1 **39-22-551. Industrial clean energy tax credit - tax preference**
2 **performance statement - definitions - report - repeal. (2) Definitions.**

3 As used in this section, unless the context otherwise requires:

4 (e) "Greenhouse gas emissions reduction improvements" means
5 improvements that help to measurably reduce greenhouse gas emissions.

6 "Greenhouse gas emissions reduction improvements" ~~also means~~ MAY
7 INCLUDE one or more of the following equipment purchases,
8 improvements, and retrofits:

9 (i) "Industrial study" means an energy and emissions audit, a
10 feasibility study, A PRE-FRONT-END or front-end engineering design study
11 that meets or exceeds the standards established by the office, OR ANY
12 OTHER INDUSTRIAL STUDIES AS OUTLINED IN PROGRAM STANDARDS
13 ADOPTED BY THE OFFICE.

14 (j) "Owner" means a person OR DEVELOPER OF A PROJECT TO BE
15 IMPLEMENTED AT A QUALIFIED INDUSTRIAL FACILITY subject to tax under
16 this article 22 who applies for and claims the credit allowed by this
17 section.

18 (3) **Availability of credit and amount.** (a) For income tax years
19 commencing on or after January 1, 2024, but prior to January 1, 2033,
20 there shall be allowed a credit with respect to the income taxes imposed
21 pursuant to this article 22 to the owner of a qualified industrial facility in
22 an amount equal to:

23 (II) The applicable percentage of the capital costs paid by the
24 owner, not including the cost for design, and approved by the office for
25 certified greenhouse gas emissions reduction improvements that are
26 placed in service during the tax year in which the credit is claimed; except
27 that the credit must be claimed in an amount that is not less than

1 seventy-five thousand dollars and does not exceed ~~five~~ EIGHT million
2 dollars.

3 (c) An owner that claims the credit allowed by this section cannot,
4 ~~claim the credit allowed by section 39-30-104 with respect to the~~
5 ~~greenhouse gas emissions reduction improvements or receive grant~~
6 ~~money under the industrial and manufacturing operations clean air grant~~
7 ~~program created in section 24-38.5-116 (3)(a)~~ FOR THE SAME
8 GREENHOUSE GAS EMISSION REDUCTION IMPROVEMENTS:

9 (I) CLAIM THE CREDIT ALLOWED BY SECTION 39-30-104; OR

10 (II) RECEIVE GRANT MONEY UNDER THE INDUSTRIAL AND
11 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CREATED IN
12 SECTION 24-38.5-116 (3)(a).

13 **SECTION 16.** In Colorado Revised Statutes, 39-22-552, **amend**
14 (1)(a), (2)(e), (2)(f) introductory portion, (2)(f)(VIII), and (2)(f)(IX); and
15 add (2)(f)(X), (2)(f.5), (2)(h), (2)(i), and (2)(j) as follows:

16 **39-22-552. Tax credit for expenditures made in connection**
17 **with a geothermal energy project - tax preference performance**
18 **statement - definitions - repeal.** (1) (a) In accordance with section
19 39-21-304(1), which requires each bill that creates a new tax expenditure
20 to include a tax preference performance statement as part of a statutory
21 legislative declaration, the general assembly finds and declares that the
22 purpose of the tax credit provided in this section is to induce certain
23 designated behavior by taxpayers and to provide a reduction in income
24 tax liability for certain businesses or individuals by providing a financial
25 incentive for the development of THERMAL ENERGY NETWORKS, electricity
26 generation from geothermal sources.

27 (2) **Definitions.** As used in this section, unless the context

1 otherwise requires:

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3 (e) "~~Eligible taxpayer~~" means ~~a person engaged in a trade or~~
4 ~~business that is subject to tax pursuant to this article 22, or a person or~~
5 ~~political subdivision of this state that is exempt from tax pursuant to~~
6 ~~section 39-22-112 (1), that makes a qualified expenditure~~ ANY OF THE

7 FOLLOWING PEOPLE OR ENTITIES THAT MAKE A QUALIFIED EXPENDITURE:

8 (I) A PERSON ENGAGED IN A TRADE OR BUSINESS THAT IS SUBJECT
9 TO TAX PURSUANT TO THIS ARTICLE 22;

10 (II) A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS
11 EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1); OR

12 (III) A TRIBAL GOVERNMENT.

13 (f) "~~Geothermal energy~~ ELECTRICITY project" or "project" means
14 a project in the state that is intended to evaluate and develop a geothermal
15 resource for the purpose of electricity production, that meets the standards
16 developed pursuant to subsection (5) of this section, and that involves any
17 of the following:

18 (VIII) Coproduction of geothermal ~~energy~~; or ENERGY INCLUDING
19 FOR INDUSTRIAL USES OR THERMAL ENERGY NETWORKS;

20 (IX) Power generation equipment; OR

21 (X) STUDIES TO IDENTIFY AND EXPLORE RESOURCES THAT MAY BE
22 SUITABLE FOR GEOTHERMAL ELECTRICITY GENERATION AND MAY INCLUDE
23 HYDROGEN GENERATION OR UTILIZATION OF DIRECT AIR CAPTURE
24 TECHNOLOGY.

25 (f.5) "GEOTHERMAL ENERGY PROJECT" MEANS A GEOTHERMAL
26 ELECTRICITY PROJECT, THERMAL ENERGY NETWORK, OR A THERMAL
27 ENERGY NETWORK STUDY.

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(h) "THERMAL ENERGY NETWORK" HAS THE SAME MEANING AS SET FORTH IN SECTION 39-22-554 (2)(n).

(i) "THERMAL ENERGY NETWORK STUDY" MEANS AN ENERGY AND EMISSIONS SCOPING STUDY, A FEASIBILITY STUDY, AN INVESTMENT GRADE ENERGY AUDIT, A DETAILED ENGINEERING DESIGN, OR A COMBINATION OF THESE OPTIONS THAT MEETS OR EXCEEDS THE STANDARDS ESTABLISHED BY THE OFFICE.

(j) "TRIBAL GOVERNMENT" MEANS A FEDERALLY RECOGNIZED INDIAN TRIBE, INCLUDING ITS BUSINESS OPERATIONS AND WHOLLY-OWNED ENTITIES, WITH RESERVATION LANDS WITHIN THE STATE OF COLORADO OR OPERATING WITHIN THE STATE.

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SECTION 17. In Colorado Revised Statutes, 39-22-553, **amend** (2)(c) and (3); and **add** (2)(d) and (3.5) as follows:

39-22-553. Geothermal electricity generation production tax credit - tax preference performance statement - definitions - repeal.

(2) **Definitions.** As used in this section, unless the context otherwise requires:

(c) "Qualified entity" means ~~a person engaged in a trade or business that is subject to tax pursuant to this article 22 or a person or political subdivision of this state that is exempt from tax pursuant to section 39-22-112 (1), either of which produces electricity derived from geothermal energy for sale or for the person's or political subdivision's own use~~ ANY OF THE FOLLOWING PEOPLE OR ENTITIES THAT PRODUCE ELECTRICITY DERIVED FROM GEOTHERMAL ENERGY FOR SALE OR USE:

(I) A PERSON ENGAGED IN A TRADE OR BUSINESS THAT IS SUBJECT

1 TO TAX PURSUANT TO THIS ARTICLE 22;

2 (II) A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS
3 EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1); OR

4 (III) A TRIBAL GOVERNMENT.

5 (d) "TRIBAL GOVERNMENT" MEANS A FEDERALLY RECOGNIZED
6 INDIAN TRIBE, INCLUDING ITS BUSINESS OPERATIONS AND WHOLLY-OWNED
7 ENTITIES, WITH RESERVATION LANDS WITHIN THE STATE OF COLORADO OR
8 OPERATING WITHIN THE STATE.

9 (3) For income tax years commencing on or after January 1, 2024,
10 but before January 1, 2033, a qualified entity is allowed a credit against
11 the income taxes imposed by this article 22 in an amount equal to three
12 one-thousandths of a dollar per kilowatt hour of geothermal electricity
13 that is produced by the qualified entity in the state in the tax year. In order
14 to claim the credit, the qualified entity shall apply for and receive a tax
15 credit certificate from the office pursuant to subsection (4) of this section.
16 ~~except that the office may not issue a tax credit certificate to a qualified~~
17 ~~entity totaling more than one million dollars per income tax year.~~

18 (3.5) THE OFFICE SHALL ANNUALLY REVIEW AND EVALUATE THE
19 EFFECTIVENESS OF THE TAX CREDIT AND MAY MODIFY THE AMOUNTS SET
20 FORTH IN SUBSECTION (3) OF THIS SECTION. THE OFFICE SHALL MAINTAIN
21 THE CURRENT APPLICABLE TAX CREDIT ON ITS WEBSITE AND SHALL
22 PROVIDE THE APPLICABLE TAX CREDIT IN WRITING TO THE DEPARTMENT
23 NO LATER THAN DECEMBER 31, 2024, AND EACH DECEMBER 31
24 THEREAFTER THROUGH DECEMBER 31, 2031.

25 **SECTION 18.** In Colorado Revised Statutes, 39-22-554, **amend**
26 (2)(a)(I)(C), (2)(g)(I)(C), (2)(g)(I)(D), (2)(p)(I)(C), (2)(p)(I)(D),
27 (2)(q)(I)(C), (2)(q)(I)(D), (3)(c)(I) introductory portion, (3)(d)(II),

1 (3)(e), (5)(a)(II), (5)(a)(V), and (5)(d)(II)(A); **repeal** (2)(a)(I)(B),
2 (2)(a)(III), (2)(g)(III), (2)(g)(IV), (2)(p)(III), (2)(q)(III), and (5)(a)(III);
3 **and add** (2)(a)(I)(D), (2)(a)(I)(E), (2)(c.5), (2)(d.5), (2)(g)(I)(E), (2)(i.5),
4 (2)(p)(I)(E), (2)(q)(I)(E), and (5)(a)(III.5) as follows:

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

9 (a) (I) "Air-source heat pump system" means a system that:

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

11 (C) Is listed in the Air-conditioning, Heating, and Refrigeration
12 Institute directory of certified product performance as a matched system;

13 (D) ~~CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND~~
14 ~~FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS; AND~~

15 (E) ~~IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S~~
16 ~~SPECIFICATIONS.~~

17 (III) ~~"Air-source heat pump system" includes mechanical and~~
18 ~~electrical equipment central to the operation of an air-source heat pump,~~
19 ~~including an upgraded electrical panel if necessary.~~

20 (c.5) "COLD-CLIMATE HEAT PUMP" MEANS A TYPE OF AIR-SOURCE
21 HEAT PUMP SYSTEM THAT:

22 (I) ~~MEETS THE QUALIFICATION CRITERIA OF THE FEDERAL~~
23 ~~ENVIRONMENTAL PROTECTION AGENCY'S ENERGY STAR PROGRAM'S~~
24 ~~COLD-CLIMATE HEAT PUMP DESIGNATION OR MEETS THE HIGHEST TIER OF~~
25 ~~THE CONSORTIUM FOR ENERGY EFFICIENCY'S NORTHERN AIR-SOURCE~~
26 ~~HEAT PUMP SPECIFICATIONS, NOT INCLUDING AN ADVANCED TIER;~~

27 (II) ~~IS INSTALLED WITH CONTROLS THAT SET A CROSSOVER~~

1 TEMPERATURE SPECIFIED BY GUIDELINES ESTABLISHED BY THE OFFICE
2 PURSUANT TO SUBSECTION (7) OF THIS SECTION;

3 (III) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND
4 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

5 (IV) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
6 SPECIFICATIONS; AND

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

10 (d.5) "CROSSOVER TEMPERATURE" MEANS THE POINT THAT A
11 HEAT-PUMP-BASED HVAC SYSTEM SWITCHES EITHER PARTIALLY OR
12 FULLY FROM THE HEAT PUMP TO A SUPPLEMENTARY HEATING SOURCE.

13 (g) (I) "Ground-source heat pump system" means a system that:

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

17 (D) Complies with all state and local drinking water guidelines
18 and regulations and public water system requirements; AND

19 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
20 SPECIFICATIONS.

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

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

26 (i.5) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED
27 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER

1 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.

2 (p) (I) "Variable refrigerant flow heat pump system" means a
3 system that:

4 (C) Has blowers that are ~~variable speed~~, high-efficiency motors
5 that meet or exceed efficiency levels listed in the National Electrical
6 Manufacturers Association ~~MGI-1993~~ MG 1-1993 publication; and

7 (D) Complies with all state and local drinking water guidelines
8 and regulations and public water system and wastewater system
9 requirements; AND

10 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
11 SPECIFICATIONS.

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

15 (q) (I) "Water-source heat pump system" means a system that:

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

19 (D) Complies with all state and local drinking water guidelines
20 and regulations and public water system and wastewater system
21 requirements; AND

22 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
23 SPECIFICATIONS.

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

26 (3) (c) Subject to the modifications set forth in subsection (3)(d)
27 of this section and the annual review required pursuant to subsection

1 (3)(e) of this section and except as otherwise provided in subsection (3)(f)
2 of this section, the amount of the credit allowed pursuant to this section
3 is calculated as follows:

4 (I) For the installation of an air-source heat pump system or FOR
5 a variable refrigerant flow heat PUMP system:

6 (d) Notwithstanding the amounts set forth in subsection (3)(c) of
7 this section, the amount of the credit allowed by this section may be
8 modified as follows:

9 (II) For a nonresidential building, the amount of the credit is the
10 amount of the credit permitted pursuant to subsection (3)(c) of this
11 section multiplied by the number of increments of four tons of heating
12 capacity; ~~up to a maximum of one hundred tons;~~ and

13 (e) The office shall annually review and evaluate the effectiveness
14 of the tax credits and may, FOR THE SUBSEQUENT TAX YEAR:

15 (I) Modify the amounts set forth in subsection (3)(c) of this
16 section; AND

17 (II) ESTABLISH, MODIFY, OR REMOVE LIMITS ON THE CREDITS
18 CALCULATED PURSUANT TO SUBSECTION (3)(d) OF THIS SECTION.

19 (5) (a) The office shall create, and update at least annually, a list
20 containing the names and contact information of eligible taxpayers. To
21 become an eligible taxpayer, and be included on the list described in this
22 subsection (5), a taxpayer shall demonstrate to the office that the taxpayer
23 and any of its employees who will be installing heat pump technology or
24 thermal energy networks:

25 (II) Are knowledgeable of AND AGREE TO FOLLOW the relevant
26 system requirements set forth in subsections (2)(a), (2)(c.5), (2)(g), (2)(h),
27 (2)(i), (2)(m), (2)(n), (2)(p), and (2)(q) of this section;

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

4 (III.5) HAVE RECEIVED TRAINING PURSUANT TO THE GUIDELINES
5 ISSUED BY THE OFFICE PURSUANT TO SUBSECTION (7) OF THIS SECTION;

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

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

16 == ==

17 **SECTION 19.** In Colorado Revised Statutes, 39-22-557, **amend**
18 (2)(d) and (3)(c)(I) as follows:

19 **39-22-557. Clean hydrogen tax credit - qualified uses - tax**
20 **preference performance statement - definitions - legislative**
21 **declaration - repeal.** (2) As used in this section, unless the context
22 otherwise requires:

23 (d) "Lifecycle greenhouse gas emissions rate" means lifecycle
24 greenhouse gas emissions, as defined in 26 U.S.C. sec. 45V (c)(1)(A), as
25 amended, measured in accordance with any applicable federal internal
26 revenue service regulations or guidance, subject to the rules adopted by
27 the public utilities commission pursuant to ~~section 40-2-138 (3)(a)(I)~~

1 SECTION 40-2-138 (3)(a)(II).

2 (3) (c) (I) For income tax years commencing on and after January
3 1, 2024, but before January 1, 2026, and not before the public utilities
4 commission adopts rules pursuant to ~~section 40-2-138 (3)(a)(I)~~, SECTION
5 40-2-138 (3)(a)(II), the office shall not issue a tax credit certificate to a
6 taxpayer indicating eligibility for a tax credit for an amount exceeding
7 one million dollars in a tax year.

8 **SECTION 20.** In Colorado Revised Statutes, 39-29-108, repeal
9 (2)(e)(II), (2)(e)(III)(A), and (2)(e)(III)(C) as follows:

10 **39-29-108. Allocation of severance tax revenues - definitions**
11 **- repeal.** (2) (e) (II) The state treasurer shall credit a portion of the
12 discrete increased amount of severance tax for oil and gas production in
13 the amount attributable to administrative costs to the respective cash
14 funds so that all administrative costs are repaid to the respective cash
15 funds on or before July 1, 2025.

16 (III) As used in this subsection (2)(e), unless the context otherwise
17 requires:

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

25 (C) "Respective cash funds" means the industrial and
26 manufacturing operations clean air grant program cash fund created in
27 section 24-38.5-116 (6), the geothermal energy grant fund created in

1 section 24-38.5-118 (7), the community access to electric bicycles cash
2 fund created in section 24-38.5-506, or the electrifying school buses grant
3 program cash fund created in section 25-7-1405.

4 **SECTION 21.** In Colorado Revised Statutes, 24-38.5-115,
5 **amend** (2)(a) and (5)(f) as follows:

6 **24-38.5-115. Sustainable rebuilding program - fund - creation**
7 **- policies - report - definitions.** (2) (a) The office shall, in consultation
8 with the department of local affairs, establish the sustainable rebuilding
9 program as a loan and grant program in accordance with the requirements
10 of this section and the policies established by the office pursuant to
11 subsection (4) of this section. The program may provide loans and grants
12 from the fund to eligible homeowners and eligible businesses seeking
13 assistance to rebuild ~~high-efficiency~~ homes and buildings after a disaster
14 emergency declared by the governor pursuant to section 24-33.5-704 (4),
15 WITH THE PROGRAM GIVING PRIORITY TO ELIGIBLE HOMEOWNERS AND
16 ELIGIBLE BUSINESSES SEEKING ASSISTANCE TO REBUILD HIGH-EFFICIENCY
17 HOMES AND BUILDINGS.

18 (5) Loans and grants received from the program may be used:

19 (f) For other similar uses as determined by the office, INCLUDING
20 PROVIDING LOANS OR GRANTS PURSUANT TO SECTION 24-32-134 (5).

21 **SECTION 22.** In Colorado Revised Statutes, 40-3.2-108, amend
22 (10) introductory portion as follows:

23 **40-3.2-108. Clean heat targets - legislative declaration -**
24 **definitions - plans - rules - reports.** (10) No later than ~~December 1,~~
25 2024, DECEMBER 1, 2025, the commission, in consultation with the
26 division, shall determine mass-based greenhouse gas emission reduction
27 targets for clean heat plans for 2035. In establishing these targets, the

1 commission shall:

2 **SECTION 23.** In Colorado Revised Statutes, **add** 40-3.2-110 as
3 follows:

4 **40-3.2-110. Requirements related to heat pumps - definitions.**

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

9 (2) ON OR BEFORE AUGUST 1, 2027, AN INVESTOR-OWNED UTILITY
10 THAT PROVIDES ELECTRIC OR THERMAL ENERGY SHALL, WITHIN A
11 GENERAL RATE CASE REQUEST, SUBMIT TO THE COMMISSION A PROPOSAL
12 FOR A VOLUNTARY RATE OR RATES FOR ENERGY SUPPLIED TO RESIDENTIAL
13 CUSTOMERS WHO UTILIZE A HEAT PUMP AS THEIR PRIMARY HEATING
14 SOURCE, WHICH VOLUNTARY RATE OR RATES:

15 (a) MAY BE NEW RATES, NEW OR EXISTING RIDERS, OR
16 INCORPORATED INTO AN EXISTING TIME-OF-USE RATE;

17 (b) IF COST-JUSTIFIED, ARE DESIGNED TO LOWER THE AVERAGE
18 MONTHLY ENERGY BILL OF RESIDENTIAL CUSTOMERS WHO UTILIZE A HEAT
19 PUMP AS THEIR PRIMARY HEATING SOURCE; AND

20 (c) AVOID CROSS-SUBSIDIES FROM OTHER CUSTOMERS.

21 **SECTION 24.** In Session Laws of Colorado 2023, section 4 of
22 chapter 219, amend (1) as follows:

23 Section 4. Appropriation. (1) For the 2023-24 state fiscal year,
24 \$370,140 is appropriated to the department of higher education. This
25 appropriation is from the oil and gas conservation and environmental
26 response fund created in section 34-60-122 (5)(a), C.R.S., and is based on
27 an assumption that the department will require an additional 3.0 FTE. To

1 implement this act, the department may use this appropriation for the
2 board of governors of the Colorado state university system for the biochar
3 in oil and gas well plugging working advisory group. ANY MONEY
4 APPROPRIATED IN THIS SECTION THAT IS NOT EXPENDED PRIOR TO JULY 1,
5 2024, IS FURTHER APPROPRIATED TO THE DEPARTMENT OF HIGHER
6 EDUCATION FOR THE 2024-25 STATE FISCAL YEAR FOR THE SAME PURPOSE.

7 **SECTION 25. Appropriation - adjustments to 2024 long bill.**

8 (1) To implement this act, cash funds appropriations from various
9 sources of cash funds made in the annual general appropriation act for the
10 2024-25 state fiscal year to the department of revenue are decreased as
11 follows:

12 **Executive Director's Office, Administration and Support**

13 <u>Personal services</u>	<u>\$424,001</u>
14 <u>Operating expenses</u>	<u>\$64,770</u>

15 **Taxation Business Group, Administration**

16 <u>Tax administration IT system (GenTax) support</u>	<u>\$765,934</u>
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17 **Taxation Business Group, Taxation Services**

18 <u>Personal services</u>	<u>\$470,940</u>
19 <u>Operating expenses</u>	<u>\$36,925</u>
20 <u>Document management</u>	<u>\$7,590</u>

21 (2) To implement this act, cash funds appropriations from the
22 decarbonization tax credits administration cash fund created in section
23 24-38.5-120 (2), C.R.S., made in the annual general appropriation act for
24 the 2024-25 state fiscal year to the department of revenue are increased
25 as follows:

26 **Executive Director's Office, Administration and Support**

27 <u>Personal services</u>	<u>\$424,001</u>
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1	<u>Operating expenses</u>	<u>\$64,770</u>
2	<u>Taxation Business Group, Administration</u>	
3	<u>Tax administration IT system (GenTax) support</u>	<u>\$765,934</u>
4	<u>Taxation Business Group, Taxation Services</u>	
5	<u>Personal services</u>	<u>\$470,940</u>
6	<u>Operating expenses</u>	<u>\$36,925</u>
7	<u>Document management</u>	<u>\$7,590</u>

8 **SECTION 26. Appropriation.** For the 2024-25 state fiscal year,
9 \$1,058,596 is appropriated to the office of the governor for use by the
10 Colorado energy office. This appropriation consists of \$100,000 from the
11 general fund and \$958,596 from the decarbonization tax credits
12 administration cash fund created in section 24-38.5-120 (2), C.R.S., and
13 is based on an assumption that the office will require an additional 3.1
14 FTE. To implement this act, the office may use this appropriation for
15 program administration.

16 **SECTION 27. Safety clause.** The general assembly finds,
17 determines, and declares that this act is necessary for the immediate
18 preservation of the public peace, health, or safety or for appropriations for
19 the support and maintenance of the departments of the state and state
20 institutions.