

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

**INTRODUCED**

LLS NO. 25-0779.01 Christopher McMichael x4775

**SENATE BILL 25-137**

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**SENATE SPONSORSHIP**

**Simpson,**

**HOUSE SPONSORSHIP**

**(None),**

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**Senate Committees**  
Transportation & Energy

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING GREENHOUSE GAS CREDIT TRADING PROGRAM**  
102                    **ELIGIBILITY FOR WATER QUALITY GREEN INFRASTRUCTURE**  
103                    **PROJECTS THAT CREATE GREENHOUSE GAS CREDITS.**

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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>.)*

The bill authorizes the owner or operator of a water quality green infrastructure project (project) to sell or trade any greenhouse gas credits (GHG credit) created by the project in the GHG credit trading program (trading program) that is established by the air quality control commission (AQCC) by rule.

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.*

The owner or operator that is conducting a project shall pay an independent third-party auditor to certify the GHG credits created by the project in order to sell or transfer those GHG credits in the trading program.

The division of administration in the department of public health and environment (division) shall monitor the sale and transfer of the GHG credits created from a project in the trading program and permit owners and operators of facilities that are regulated by the AQCC and the division and participating in the trading program to purchase the GHG credits in order to reach certain greenhouse gas compliance targets.

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

2           **SECTION 1.** In Colorado Revised Statutes, 25-7-105, **amend** (1)  
3 introductory portion, (1)(f)(I)(A), (1)(f)(I)(C), (1)(f)(II) introductory  
4 portion, (1)(f)(III) introductory portion, and (1)(f)(III)(B); and **add**  
5 (1)(f)(I)(A.5), (1)(f)(I)(D), and (1)(f)(IV) as follows:

6           **25-7-105. Duties of commission - technical secretary - rules -**  
7 **report - legislative declaration - definitions - repeal.** (1) Except as  
8 provided in sections 25-7-130 and 25-7-131, the commission shall  
9 ~~promulgate~~ **ADOPT** rules that are consistent with the legislative declaration  
10 set forth in section 25-7-102 and necessary for the proper implementation  
11 and administration of this article 7, including:

12           (f) (I) **Definitions.** The definitions in subsection (1)(e)(XI) of this  
13 section apply to this subsection (1)(f). As used in this subsection (1)(f),  
14 unless the context requires otherwise:

15           (A) "GHG credit" means a tradeable compliance instrument in a  
16 physical or electronic format, the use of which is authorized pursuant to  
17 a regulatory program adopted by the commission that represents the  
18 reduction of one metric ton of carbon dioxide equivalent of greenhouse  
19 gas by a regulated source OR BY A WATER QUALITY GREEN  
20 INFRASTRUCTURE PROJECT.

1 (A.5) "INDEPENDENT THIRD-PARTY AUDITOR" MEANS A  
2 THIRD-PARTY ENTITY OR INDIVIDUAL APPROVED BY A RELEVANT  
3 NONGOVERNMENTAL REGISTRY THAT AUDITS AND CERTIFIES TO THE  
4 NONGOVERNMENTAL REGISTRY THE AMOUNT OF GHG CREDITS THAT ARE  
5 GENERATED BY A WATER QUALITY GREEN INFRASTRUCTURE PROJECT.

6 (C) "Trading program" means a commission-adopted regulatory  
7 program that allows for regulated sources to meet their greenhouse gas  
8 compliance obligations under subsection (1)(e) of this section through the  
9 creation, purchase, acquisition, or exchange of, or other commercial-type  
10 transaction involving, a GHG credit with other regulated sources OR A  
11 WATER QUALITY GREEN INFRASTRUCTURE PROJECT.

12 (D) "WATER QUALITY GREEN INFRASTRUCTURE PROJECT" OR  
13 "PROJECT" MEANS A PILOT PROJECT ESTABLISHED PURSUANT TO SECTION  
14 25-8-311 (3)(b) THAT EMPLOYS GREEN INFRASTRUCTURE TO IMPROVE THE  
15 WATER QUALITY OF WATER UTILIZED BY A WATER QUALITY TREATMENT  
16 FACILITY.

17 (II) **Greenhouse gas accounting system.** Except as specified in  
18 subsection (1)(f)(III) of this section, before the commission adopts a rule  
19 or program that provides for the use of a trading program, the commission  
20 shall adopt a rule that directs the division to create a comprehensive and  
21 centralized accounting system to track emissions from, at a minimum, all  
22 regulated sources AND WATER QUALITY GREEN INFRASTRUCTURE  
23 PROJECTS in the state covered by or that may otherwise participate in that  
24 trading program, which system must:

25 (III) The commission may adopt a trading program among  
26 regulated sources AND WATER QUALITY GREEN INFRASTRUCTURE  
27 PROJECTS as necessary to timely implement subsection (1)(e)(IX) of this

1 section if that program:

2 (B) Enables the division to track the emissions of, and emission  
3 reductions, trades, and other transactions by, all regulated sources AND  
4 WATER QUALITY GREEN INFRASTRUCTURE PROJECTS participating in the  
5 trading program;

6 (IV) **Water quality green infrastructure project participation**  
7 **in trading program - rules.** (A) THE OWNER OR OPERATOR OF A WATER  
8 QUALITY GREEN INFRASTRUCTURE PROJECT MAY SELL OR TRADE A GHG  
9 CREDIT CREATED BY THE PROJECT IN THE TRADING PROGRAM ESTABLISHED  
10 BY THE COMMISSION PURSUANT TO THIS SUBSECTION (1)(f).

11 (B) THE OWNER OR OPERATOR OF A WATER QUALITY GREEN  
12 INFRASTRUCTURE PROJECT THAT INTENDS TO SELL OR TRADE A GHG  
13 CREDIT IN THE TRADING PROGRAM SHALL PAY AN INDEPENDENT  
14 THIRD-PARTY AUDITOR TO CERTIFY ANY GHG CREDIT CREATED BY THE  
15 PROJECT.

16 (C) THE COMMISSION SHALL ADOPT ANY RULES NECESSARY TO  
17 AUTHORIZE THE SALE, TRADING, AND PURCHASE OF GHG CREDITS  
18 CREATED BY A WATER QUALITY GREEN INFRASTRUCTURE PROJECT IN THE  
19 TRADING PROGRAM.

20 **SECTION 2. Act subject to petition - effective date.** This act  
21 takes effect at 12:01 a.m. on the day following the expiration of the  
22 ninety-day period after final adjournment of the general assembly; except  
23 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
24 of the state constitution against this act or an item, section, or part of this  
25 act within such period, then the act, item, section, or part will not take  
26 effect unless approved by the people at the general election to be held in

- 1 November 2026 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.