

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 25-0872.01 Pierce Lively x2059

SENATE BILL 25-182

SENATE SPONSORSHIP

Ball,

HOUSE SPONSORSHIP

Brown,

Senate Committees
Transportation & Energy

House Committees

A BILL FOR AN ACT

101 CONCERNING ENCOURAGING THE REDUCTION OF EMBODIED CARBON.

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>.)

Embodied carbon is the carbon associated with greenhouse gas emissions arising from the production, construction, use, and end-of-life of products or systems used in the construction of buildings, roads, and other infrastructure. An embodied carbon improvement is a real property installation or modification that is completed in a manner that generates relatively less embodied carbon.

Section 1 of the bill adds embodied carbon improvements to the list of new energy improvements that are eligible for property-assessed

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.

clean energy financing provided by the Colorado new energy improvement district.

Section 2 modifies the industrial clean energy tax credit so that embodied carbon improvements are greenhouse gas emissions reduction improvements.

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

SECTION 1. In Colorado Revised Statutes, 32-20-103, **amend** the introductory portion and (7); and **add** (4.5) as follows:

32-20-103. Definitions. As used in this ~~article~~ ARTICLE 20, unless the context otherwise requires:

(4.5) "EMBODIED CARBON IMPROVEMENT" MEANS ONE OR MORE INSTALLATIONS OR MODIFICATIONS TO REAL PROPERTY THAT CUMULATIVELY RESULT IN THE REDUCTION OF THE GLOBAL WARMING POTENTIAL AS ESTABLISHED IN POLICIES CREATED BY THE COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

(7) "New energy improvement" means one or more on-site energy efficiency improvements, EMBODIED CARBON IMPROVEMENTS, renewable energy improvements, resiliency improvements, or water efficiency improvements made to eligible real property that will reduce the energy consumption of or add energy produced from renewable energy sources with regard to any portion of the eligible real property.

SECTION 2. In Colorado Revised Statutes, 39-22-551, **amend** (2)(e)(XVIII); and **add** (2)(e)(XVIII.5) as follows:

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

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

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

1 "Greenhouse gas emissions reduction improvements" may include one or
2 more of the following equipment purchases, improvements, and retrofits:

3 (XVIII) Material substitutions within industrial processes to
4 reduce industrial process greenhouse gas emissions by a minimum of
5 fifteen percent when compared to existing production practices; ~~and~~

6 (XVIII.5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
7 JANUARY 1, 2025, EMBODIED CARBON IMPROVEMENTS, WHICH ARE
8 INSTALLATIONS OR MODIFICATIONS TO REAL PROPERTY THAT
9 CUMULATIVELY RESULT IN THE REDUCTION OF THE GLOBAL WARMING
10 POTENTIAL OF THE INSTALLATION OR MODIFICATION, AS ESTABLISHED IN
11 POLICIES CREATED BY THE COLORADO ENERGY OFFICE, CREATED IN
12 SECTION 24-38.5-101. TO QUALIFY AS AN EMBODIED CARBON
13 IMPROVEMENT, AN IMPROVEMENT MUST HAVE A GLOBAL WARMING
14 POTENTIAL AT LEAST FIFTEEN PERCENT LESS THAN IF THE SAME
15 IMPROVEMENT WERE CONSTRUCTED ACCORDING TO A BASELINE
16 ESTABLISHED BY DEPARTMENT POLICY.

17 **SECTION 3. Act subject to petition - effective date.** This act
18 takes effect at 12:01 a.m. on the day following the expiration of the
19 ninety-day period after final adjournment of the general assembly; except
20 that, if a referendum petition is filed pursuant to section 1 (3) of article V
21 of the state constitution against this act or an item, section, or part of this
22 act within such period, then the act, item, section, or part will not take
23 effect unless approved by the people at the general election to be held in
24 November 2026 and, in such case, will take effect on the date of the
25 official declaration of the vote thereon by the governor.