

Advanced Energy United **supports** House Bill 1272, Tax Incentives for Decarbonization. United is a national association of over one hundred companies representing the full range of advanced energy technologies and services, including renewables, transmission, geothermal, energy storage, energy efficiency, energy demand management, electric vehicle manufacturers, fleet operators, and charging infrastructure developers. Collectively, the advanced energy industry employed more than 66,000 workers statewide in 2022.

Colorado has a strong record of support for advanced energy, which bolsters our commitment to rapidly reducing greenhouse gas emissions and gives our state a competitive edge economically. House Bill 1272 builds on this track record of leadership by providing targeted support for a subset of technologies that have a role to play in reducing immediate costs for Colorado consumers while also supporting a clean, resilient, and affordable grid over the long term. These technologies are particularly critical as the prices of oil and natural gas have soared in recent months.

We support the clean transportation credits included in this bill, especially for medium- and heavy-duty vehicles. Electrifying medium- and heavy-duty vehicles will bring significant economic and public health benefits to the state in the form of reduced pollution, where these vehicles contribute an outsized share. Electric vehicles also offer considerable operational, maintenance, and fuel savings over their lifetimes, making them a compelling choice for businesses and individual consumers alike. We also strongly support the inclusion of sales and specific ownership tax reform, including the elimination of such taxes. Given the higher upfront purchase price, such taxes disincentivize adoption and would negate the purpose of the incentive program.

We also support the credits for heat pumps included in HB 1272. Heat pumps are an extremely efficient technology for space heating and cooling as well as water heating. While, due to their efficiency, they offer lifetime savings on operational costs, they can be more expensive upfront to install, making them hardest to access for those who most need to save money on energy costs. Thus, incentives that can lower the upfront costs, such as these credits, are critical.

Lastly, we support the credits for geothermal energy. Geothermal is an exciting technology that offers significant potential as a clean baseload resource and

developing it further in Colorado will support our continued progress toward a 100% clean grid.

Thank you.



April 6, 2023

House Energy & Environment Committee
Colorado General Assembly
200 E Colfax Avenue
Denver, CO 80203

Re: Airlines for America® Comments on HB23-1272, Tax Policy That Advances Decarbonization

Dear Senator Fenberg, Representative Weissman, and Representative Joseph,

Airlines for America® (A4A), the principal trade and service organization of the U.S. airline industry,¹ supports HB23-1272, Tax Policy That Advances Decarbonization. A4A and its members of the U.S. airline industry have a strong climate change record and have committed to working across the aviation industry and with government leaders in a positive partnership to achieve net-zero carbon emissions by 2050, which parallels the Biden administration's goal to achieve net-zero greenhouse gas (GHG) emissions in the aviation sector by 2050.

Airlines, governments and other aviation stakeholders have recognized that achieving net-zero aviation emissions by 2050 will require a very rapid transition from conventional (fossil) jet fuel (CJF) to sustainable aviation fuel (SAF). In September 2021, the Biden administration announced the SAF Grand Challenge, making SAF the focus of its roadmap for the aviation sector to achieve "net-zero" greenhouse gas (GHG) emissions by 2050 setting a goal of 3 billion gallons of SAF production and use by 2030 and 35 billion gallons by 2050. This parallels the commitments of A4A and its members airlines to work in partnership with the government to achieve net-zero carbon emissions by 2050 and make 3 billion gallons of cost-competitive SAF available to U.S. aircraft operators in 2030.

Achieving this rapid transition to SAF requires industry and government to work in partnership, at both the federal and state level, to expand SAF production capacity across the country. A4A and our members strongly supported tax incentives – in particular the SAF-BTC – needed to catalyze SAF production. The Biden administration also strongly advocated for the enactment of these incentives, and we are thankful for the critical support the administration provided to ensure enactment of the SAF-BTC and Clean Fuels Production Credit (CFPC) – as well as other tax incentives like the Clean Hydrogen Credit – that will provide support vital to successfully engendering exponential growth in domestic SAF production through 2030.

¹ A4A's members are: Alaska Airlines, Inc.; American Airlines Group Inc.; Atlas Air, Inc.; Delta Air Lines, Inc.; Federal Express Corporation; Hawaiian Airlines, Inc.; JetBlue Airways Corp.; Southwest Airlines Co.; United Airlines Holdings, Inc.; and United Parcel Service Co. Air Canada, Inc. is an associate member.

Comments on Tax Policy That Advances Decarbonization

April 6, 2023

Page 2

A4A greatly appreciates that the State of Colorado is considering legislation to provide tax incentive support for the construction or reconstruction of new SAF production facilities in the state. Section 10 of HB23-1272, Tax Policy That Advances Decarbonization, is just the type of government support that is needed to help expand production capacity in Colorado. If enacted, this refundable income tax credit will complement the policy mechanisms being put in place at the federal level under the *Inflation Reduction Act*, the SAF Grand Challenge and other existing programs through the Department of Energy, the Department of Agriculture, the Department of Transportation, and the Environmental Protection Agency.

Thank you for your consideration of our feedback. Please do not hesitate to contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S Williams'.

Sean Williams
Vice-President, State and Local Government Affairs
swilliams@airlines.org



April 6, 2023
Hon. Cathy Kipp
Chair, House Energy and Environment Committee
Colorado General Assembly
200 E Colfax Ave
Denver, CO 80203

RE: Support HB23-1272 – Tax Policy That Advances Decarbonization

Chair Kipp and members of the House Energy and Environment Committee:

On behalf of the Alliance for Automotive Innovation¹, I am writing to express support for HB23-1272 along with a handful of improvements automakers have identified that would improve the bill.

As you know, Colorado recently released a draft plan that targets 80 percent of new car sales by 2032 to be electric vehicles. The 2023 Colorado EV plan also set goals along the way to 2032, which include 25 percent EV sales by 2025 and 70 new EV sales by 2030. These are aggressive targets, and we were pleased to see this bill introduced to reinforce the state’s commitment to meeting those goals, along with other critical EV infrastructure legislation advancing in the General Assembly this session.

Industry Commitment to EVs

Over 90 models of plug-in hybrid (PHEV), fully electric (BEV), and fuel cell electric vehicles (FCEV) are available now to consumers — and more are on the way. Automakers are providing our customers with record-breaking choice in energy-efficient models, while also providing even safer, more environmentally friendly, affordable vehicles. The auto industry has shown its commitment to EVs, but supportive state policies, like consumer incentives, are critical to increasing EV adoption.

Auto Innovators had identified a handful of areas for improvement in HB23-1272 that would help ensure the innovative motor vehicles income tax credit is fully realized.

¹ From the manufacturers producing most vehicles sold in the U.S. to autonomous vehicle innovators to equipment suppliers, battery producers and semiconductor makers – Alliance for Automotive Innovation represents the full auto industry, a sector supporting 10 million American jobs and five percent of the economy.

1050 K Street, NW
Suite 650
Washington, DC 20001

AutosInnovate.org

Clarifying Eligibility

Throughout Section 2 of the bill, the phrase “made and delivered” is used in reference to applying the tax credit to a qualifying Category 1 vehicle. For example, on page 14:

“EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a)(XI) OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE **MADE AND DELIVERED** ON OR AFTER JULY 1, 2023, BUT BEFORE JANUARY 1, 2025, FIVE THOUSAND DOLLARS FOR A PURCHASE OR A LEASE.

Auto Innovators is concerned that “made and delivered” could be interpreted to mean the vehicle must be manufactured - i.e., made - in the fiscal year in which the credit is being applied to qualify. If this were the case, a vehicle “made” in the fall of 2022 would not be eligible for the credit if purchased after July 1, 2023. Respectfully, we suggest revising “made and delivered” where it appears to read “with respect to a Category 1 vehicle sold or leased...” This change would avoid inadvertently disqualifying vehicles that would otherwise be eligible for the innovative motor vehicles income tax credit.

MSRP Cap

As written, the bill allows for an extra \$2,500 credit for a qualifying vehicle with an MSRP below \$30,000. Ensuring access to EVs for underserved communities is a noble effort and one shared by automakers. However, we have concerns that the \$30,000 cap is set so low that nearly every EV, if not all EVs, would not meet this threshold. As possible alternatives, the bill could either 1) raise the cap to \$35,000, 2) index the cap to inflation, or 3) tie the cap to consumers earning a percentage of the federal poverty line.

Assignability Incentives and Fees

Finally, this bill makes it easy for consumers by allowing an extra \$600 credit when assigned to a dealer at the point of sale. That provision expires at the beginning of 2026. Auto Innovators humbly ask for the credit to be extended throughout the length of the program to encourage this simple and effective step that would allow consumers to take advantage of the credit throughout the lifetime of the program. On a related note, the bill allows dealers to charge consumers a \$250 administrative fee if the credit is assigned to the dealer at purchase. This seems to contradict the assignability bonuses and provides an additional reward to auto dealers that will already benefit from increased sales under this legislation.

Auto Innovators appreciates the committee’s consideration of these suggestions. Please don’t hesitate to contact me should you have any questions or requests for additional information.

Sincerely,



Nick Steingart
Director, State Affairs