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SENATE BILL 26-021

BY SENATOR(S) Mullica and Simpson, Hinrichsen, Exum, Benavidez, Catlin, Daugherty, Jodeh, Kipp, Lindstedt, Marchman, Roberts, Snyder, Wallace, Coleman;
also REPRESENTATIVE(S) Barron and Paschal, Stewart R., Lindsay, Jackson, Bacon, Boesenecker, Duran, Lieder, McCormick, Nguyen, Phillips, Smith, Story, McCluskie.

CONCERNING AUTHORIZING THE CLEAN FLEET ENTERPRISE TO ENCOURAGE
THE REPLACEMENT OF HIGH-EMITTING TRUCKS WITH LOW-EMITTING
TRUCKS IN MOTOR VEHICLE FLEETS.

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

SECTION 1. In Colorado Revised Statutes, **amend** 25-7.5-102 as follows:

25-7.5-102. Definitions.

As used in this article 7.5, unless the context otherwise requires:

(1) "AGING HEAVY-DUTY DIESEL TRUCK" MEANS A HEAVY-DUTY DIESEL TRUCK WITH A MODEL YEAR NO LATER THAN 2009 THAT IS

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

REGISTERED, OPERABLE, AND CAPABLE OF INDEPENDENT ROADWAY OPERATION AT THE TIME OF APPLICATION.

~~(1)~~ (2) "Battery electric motor vehicle" means a motor vehicle that is powered exclusively by a rechargeable battery pack that can be recharged by being plugged into an external source of electricity and that has no secondary source of propulsion.

~~(2)~~ (3) "Board" means the governing board of the enterprise.

~~(3)~~ (4) "Car share ride" means a prearranged ride for which the rider agrees, at the time the rider requests the ride through a digital network, to be transported with another rider who has separately requested a prearranged ride regardless of whether or not another rider is actually transported with the rider.

~~(4)~~ (5) "Commission" means the air quality control commission created in section 25-7-104.

~~(5)~~ (6) "Compressed natural gas motor vehicle" means a vehicle that is powered by an engine fueled by compressed natural gas.

(7) "DECOMMISSION" MEANS RENDERING INOPERABLE BOTH THE ENGINE AND THE CHASSIS OF AN AGING HEAVY-DUTY DIESEL TRUCK BY CUTTING A THREE-INCH HOLE THROUGH THE WALL OF THE ENGINE BLOCK AND CUTTING THE CHASSIS RAILS IN HALF OR BY SIMILARLY EFFECTIVE MEANS.

~~(6)~~ (8) "Department" means the department of public health and environment created in section 24-1-119 (1).

~~(7)~~ (9) "Disproportionately impacted community" has the meaning set forth in section 24-4-109 (2)(b)(II).

~~(8)~~ (10) "Electric motor vehicle" means a battery electric motor vehicle, a hydrogen fuel cell motor vehicle, or a plug-in hybrid electric motor vehicle.

~~(9)~~ (11) "Enterprise" means the clean fleet enterprise created in section 25-7.5-103 (1)(a)(I).

~~(10)~~ (12) "Fund" means the clean fleet enterprise fund created in section 25-7.5-103 (5).

(13) "HEAVY-DUTY DIESEL TRUCK" MEANS A HEAVY-DUTY MOTOR VEHICLE THAT:

(a) IS POWERED BY A DIESEL-FUELED INTERNAL COMBUSTION ENGINE;

(b) USES COMPRESSION IGNITION TO START THE DIESEL-FUELED INTERNAL COMBUSTION ENGINE;

(c) IS BASED IN THE STATE; AND

(d) IS PART OF A MOTOR VEHICLE FLEET WITH IN-STATE ANNUAL MILES DRIVEN OF AT LEAST SEVENTY-FIVE PERCENT OF THE MOTOR VEHICLE FLEET'S TOTAL ANNUAL MILES DRIVEN.

~~(11)~~ (14) "Heavy-duty motor vehicle" means a motor vehicle that has a gross vehicle weight rating, as defined in section 42-2-402 (6), of greater than twenty-six thousand pounds.

~~(12)~~ (15) "Hydrogen fuel cell motor vehicle" means a motor vehicle that is powered by electricity produced from a fuel cell that uses hydrogen gas as fuel.

~~(13)~~ (16) "Inflation" means the average annual percentage change in the United States department of labor, bureau of labor statistics, consumer price index for Denver-Aurora-Lakewood for all items and all urban consumers, or its applicable predecessor or successor index, for the five years ending on the last December 31 before a state fiscal year for which an inflation adjustment to be made to the clean fleet per ride fee imposed by section 25-7.5-103 (7) or the clean fleet retail delivery fee imposed by section 25-7.5-103 (8) begins.

~~(14)~~ (17) "Medium-duty motor vehicle" means a motor vehicle that has a gross vehicle weight rating, as defined in section 42-2-402 (6), of more than ten thousand pounds and not more than twenty-six thousand pounds.

~~(15)~~ (18) "Motor vehicle" has the meaning set forth in section 42-1-102 (58). The term does not include a personal delivery device.

~~(16)~~ (19) "Motor vehicle fleet" means a group of motor vehicles that is owned or operated:

(a) By a governmental entity for a public purpose including but not limited to public school transportation or law enforcement; or

(b) By a business entity for a business if:

(I) The group of motor vehicles is composed primarily of heavy-duty motor vehicles, medium-duty motor vehicles, or refrigerated trailer units; or

(II) The group of motor vehicles is owned or operated by a company that rents motor vehicles in the fleet to transportation network company drivers for use in providing transportation network company services or is owned and operated directly, or indirectly through independent contractors who own or lease individual motor vehicles in the group, by a transportation network company or by a retailer for the purpose of making retail deliveries.

(20) "NEW HEAVY-DUTY TRUCK" MEANS A HEAVY-DUTY MOTOR VEHICLE THAT:

(a) IS A MODEL YEAR OF 2018 OR LATER;

(b) IS BASED IN THE STATE; AND

(c) IS PART OF A MOTOR VEHICLE FLEET WITH IN-STATE ANNUAL MILES DRIVEN OF AT LEAST SEVENTY-FIVE PERCENT OF THE MOTOR VEHICLE FLEET'S TOTAL ANNUAL MILES DRIVEN.

~~(17)~~ (21) "Personal delivery device" means an autonomously operated robot that is:

(a) Designed and manufactured for the purpose of transporting tangible personal property primarily on sidewalks, crosswalks, and other public rights-of-way that are typically used by pedestrians;

(b) Weighs no more than five hundred fifty pounds, excluding any tangible personal property being transported; and

(c) Operates at speeds of less than ten miles per hour when on sidewalks, crosswalks, and other public rights-of-way that are typically used by pedestrians.

~~(18)~~ (22) "Plug-in hybrid electric motor vehicle" means a motor vehicle that is powered by both a rechargeable battery pack that can be recharged by being plugged into an external source of electricity and a secondary source of propulsion such as an internal combustion engine.

~~(19)~~ (23) "Prearranged ride" has the same meaning as set forth in section 40-10.1-602 (2).

~~(20)~~ (24) "Recovered methane" means any of the following if the air pollution control division determines them to provide a net reduction in greenhouse gas emissions:

(a) Biomethane;

(b) Methane derived from:

(I) Municipal solid waste;

(II) Biomass pyrolysis or enzymatic biomass; or

(III) Wastewater treatment; and

(c) Coal mine methane, as defined in section 40-2-124 (1)(a)(II).

~~(21)~~ (25) "Retail delivery" has the same meaning as set forth in section 43-4-218 (2)(e).

~~(22)~~ (26) "Retailer" has the same meaning as set forth in section 39-26-102 (8).

~~(24)~~ (27) "Rider" has the same meaning as set forth in section 40-10.1-602 (5).

~~(25)~~ (28) "Tangible personal property" has the same meaning as set forth in section 39-26-102 (15).

~~(26)~~ (29) "Transportation network company" has the same meaning as set forth in section 40-10.1-602 (3).

~~(27)~~ (30) "Transportation network company driver" has the same meaning as set forth in section 40-10.1-602 (4).

~~(28)~~ (31) "Transportation network company services" has the same meaning as set forth in section 40-10.1-602 (6).

~~(29)~~ (32) "Zero emissions motor vehicle" means a battery electric motor vehicle or a hydrogen fuel cell motor vehicle.

SECTION 2. In Colorado Revised Statutes, 25-7.5-103, **amend** (3) introductory portion, (6)(i), (9)(a), (9)(b)(I), (9)(b)(XI), and (11)(a)(IV); and **add** (9)(b)(XIII) and (9)(b)(XIV) as follows:

25-7.5-103. Clean fleet enterprise - creation - board - powers and duties - fees - fund - repeal.

(3) The business purpose of the enterprise is to incentivize and support the use of electric motor vehicles, including motor vehicles that originally were powered exclusively by internal combustion engines but have been converted into electric motor vehicles, and, to the extent temporarily necessitated by the limitations of current electric motor vehicle technology for certain fleet uses, compressed natural gas motor vehicles that are fueled by recovered methane, AND REFRIGERATED TRANSPORT UNITS POWERED BY ZERO EMISSION TECHNOLOGY, by businesses and governmental entities that own or operate fleets of motor vehicles, including fleets composed of personal motor vehicles owned or leased by individual contractors who provide prearranged rides for transportation network companies or deliver goods for a third-party delivery service. To allow the enterprise to accomplish this purpose and fully exercise its powers and duties through the board, the enterprise may:

(6) In addition to any other powers and duties specified in this section, the board has the following general powers and duties:

(i) To have and exercise all rights and powers necessary or incidental to or implied from the specific powers and duties granted by this section WITHOUT REGARD TO THE "PROCUREMENT CODE", ARTICLES 101 THROUGH 112 OF TITLE 24.

(9) (a) In furtherance of its business purpose, and subject to the requirements set forth in this subsection (9), the enterprise is authorized to incentivize, support, and accelerate the adoption of electric motor vehicles in motor vehicle fleets AND THE REPLACEMENT OF AGING HEAVY-DUTY DIESEL TRUCKS WITH NEW HEAVY-DUTY TRUCKS.

(b) The enterprise may provide funding or financing through grant programs, rebate programs, revolving loan funds, or such other strategies as the board finds effective:

(I) To help public and private owners and operators of motor vehicle fleets finance electric motor vehicle acquisitions to reduce the up-front costs of acquiring electric motor vehicles ~~through December 31, 2026,~~ AND to help public and private owners and operators of motor vehicle fleets finance acquisitions of compressed natural gas motor vehicles that are trucks if at least ninety percent of the fuel for the trucks will be recovered methane; ~~and, on and after January 1, 2027, for so long as the enterprise determines that electric motor vehicles are not yet practically available or do not meet the operational requirements such as cargo-carrying capacity and driving range for specific categories of trucks, to help public and private owners and operators of motor vehicle fleets finance acquisitions of compressed natural gas motor vehicles that are trucks if at least ninety percent of the fuel for the trucks will be recovered methane;~~

(XI) To help transportation network companies provide incentives for transportation network company drivers to provide prearranged rides in electric motor vehicles; ~~and~~

(XIII) TO HELP PUBLIC AND PRIVATE OWNERS AND OPERATORS OF MOTOR VEHICLE FLEETS FINANCE THE REPLACEMENT OF AGING HEAVY-DUTY DIESEL TRUCKS WITH NEW HEAVY-DUTY TRUCKS TO REDUCE THE UP-FRONT COSTS OF ACQUIRING NEW HEAVY-DUTY TRUCKS THROUGH DECEMBER 31, 2031, SUBJECT TO THE FOLLOWING:

(A) THE PURCHASER OF A NEW HEAVY-DUTY TRUCK MUST

SURRENDER AN AGING HEAVY-DUTY DIESEL TRUCK TO THE SELLER OF THE NEW HEAVY-DUTY TRUCK AT THE TIME OF THE TRANSACTION;

(B) THE SELLER OF THE NEW HEAVY-DUTY TRUCK MUST DECOMMISSION THE AGING HEAVY-DUTY DIESEL TRUCK;

(C) THE SELLER MUST BE AN AUTHORIZED DEALER OF NEW HEAVY-DUTY TRUCKS WHO MUST CERTIFY THAT THE NEW HEAVY-DUTY TRUCK MEETS ALL STATE AND FEDERAL EMISSIONS AND SAFETY STANDARDS FOR ITS MODEL YEAR AND THAT THE DEALER WILL DECOMMISSION THE AGING HEAVY-DUTY DIESEL TRUCK THAT THE PURCHASER IS REQUIRED TO SURRENDER TO THE SELLER;

(D) THE ENTERPRISE SHALL NOT EXPEND MORE THAN TWENTY PERCENT OF THE FUND'S INCOME DURING A STATE FISCAL YEAR TO REPLACE AGING HEAVY-DUTY DIESEL TRUCKS WITH NEW HEAVY-DUTY TRUCKS;

(E) THE ENTERPRISE SHALL PRIORITIZE APPLICATIONS PURSUANT TO THIS SUBSECTION (9)(b)(XIII) FROM BUSINESSES THAT ARE PRIVATELY OWNED, INDEPENDENTLY OWNED, OR HAVE LIMITED ACCESS TO CAPITAL;

(F) THE ENTERPRISE SHALL NOT ACCEPT AN APPLICATION PURSUANT TO THIS SUBSECTION (9)(b)(XIII) FROM AN OWNER OR OPERATOR OF A MOTOR VEHICLE FLEET THAT OWNS, LEASES, OR OPERATES MORE THAN FIFTY HEAVY-DUTY MOTOR VEHICLES OR FROM A BUSINESS ENTITY WITH ANNUAL GROSS REVENUE EXCEEDING ONE HUNDRED MILLION DOLLARS;

(G) THE ENTERPRISE SHALL PRIORITIZE THE REPLACEMENT OF ANY AGING HEAVY-DUTY DIESEL TRUCK THAT HAS A MODEL YEAR OF NO LATER THAN 2006; AND

(H) THIS SUBSECTION (9)(b)(XIII) IS REPEALED EFFECTIVE JULY 1, 2032; AND

(XIV) TO SEEK TO ENSURE THAT ALL PROJECTS FUNDED BY THE COLORADO CLEAN FLEET ENTERPRISE ACHIEVE MEASURABLE RESULTS AND OUTCOMES.

(11) (a) To ensure transparency and accountability, the enterprise shall:

(IV) Prepare an annual report regarding ~~its~~ ALL COLORADO CLEAN FLEET activities and funding, INCLUDING ESTIMATED POLLUTION REDUCTION BENEFITS, and present the report to the transportation commission created in section 43-1-106 (1) and to the transportation and local government and energy and environment committees of the house of representatives and the transportation and energy committee of the senate, or any successor committees. The enterprise shall also post the annual report on its website. Notwithstanding the requirement in section 24-1-136 (11)(a)(I), the requirement to submit the report required in this subsection (11)(a)(IV) to the specified legislative committees continues indefinitely.

SECTION 3. In Colorado Revised Statutes, 40-2-138, **amend** (1)(i)(II) as follows:

40-2-138. Projects for the production of clean hydrogen - proceeding - hydrogen hub projects - rules - reports - definitions.

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

(i) "Qualified use" means the use of clean hydrogen in the state for:

(II) The operation of a heavy-duty motor vehicle, as defined in ~~section 25-7.5-102 (11)~~ SECTION 25-7.5-102 (14); and

SECTION 4. In Colorado Revised Statutes, 43-4-1203, **amend** (8)(b)(IV) as follows:

43-4-1203. Clean transit enterprise - creation - board - powers and duties - rules - fees - fund.

(8) (b) The enterprise may make grants, loans, or rebates to fund:

(IV) The replacement of motor vehicles used by public transit providers that are not electric motor vehicles by electric motor vehicles, or, if electric motor vehicles are not practically available, by compressed natural gas motor vehicles, as defined in ~~section 25-7.5-102 (5)~~ SECTION 25-7.5-102 (6), if at least ninety percent of the fuel for the compressed natural gas motor vehicles will be recovered methane, as defined in ~~section 25-7.5-102 (20)~~ SECTION 25-7.5-102 (24).

SECTION 5. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2026

and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

James Rashad Coleman, Sr.
PRESIDENT OF
THE SENATE

Julie McCluskie
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Esther van Mourik
SECRETARY OF
THE SENATE

Vanessa Reilly
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO