

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0675.01 Nicole Myers x4326

SENATE BILL 22-051

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SENATE SPONSORSHIP

Hansen,

HOUSE SPONSORSHIP

(None),

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Senate Committees  
Transportation & Energy

House Committees

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A BILL FOR AN ACT

101 CONCERNING POLICIES TO REDUCE EMISSIONS FROM THE BUILT  
102 ENVIRONMENT.

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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 specifies that air-source and ground-source heat pump systems are household furnishings exempt from the levy and collection of property tax. The bill exempts air-source and ground-source heat pump systems from the definition of "fixtures" for property tax purposes.

Beginning July 1, 2024, the bill exempts from state sales and use tax all sales, storage, and use of eligible decarbonizing building materials.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

"Eligible decarbonizing building materials" are defined as building materials that have a maximum acceptable global warming potential as determined by the office of the state architect.

In addition, beginning January 1, 2023, the bill exempts from state sales and use tax all sales, storage, and use of air-source and ground-source heat pump systems that are used in commercial or residential buildings.

The bill specifies that a statutory town, city, or county may exempt the same items only by express inclusion of the exemption in its initial sales tax ordinance or resolution or by amendment thereto.

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

**SECTION 1.** In Colorado Revised Statutes, 39-1-102, **amend** (4); and **add** (1.8) and (5.1) as follows:

**39-1-102. Definitions.** As used in articles 1 to 13 of this title 39, unless the context otherwise requires:

(1.8) (a) "AIR-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM THAT:

(I) IS CERTIFIED PURSUANT TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY'S ENERGY STAR PROGRAM;

(II) MEETS THE COLD-CLIMATE AIR SOURCE HEAT PUMP SPECIFICATION VERSION 2.0 PUBLISHED BY NORTHEAST ENERGY EFFICIENCY PARTNERSHIPS EFFECTIVE JANUARY 1, 2017, OR ANY VERSION THEREAFTER;

(III) HAS A VARIABLE SPEED COMPRESSOR; AND

(IV) IS PART OF AN AIR-CONDITIONING, HEATING, AND REFRIGERATION INSTITUTE MATCHED SYSTEM.

(b) "AIR-SOURCE HEAT PUMP SYSTEM" INCLUDES A DUAL FUEL SYSTEM THAT:

(I) IS USED AS THE PRIMARY SOURCE OF A BUILDING'S HEAT AND SUPPLIES AT LEAST NINETY PERCENT OF TOTAL ANNUAL HEATING FOR THE

1 BUILDING;

2 (II) IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO ALL  
3 CONDITIONED AREAS OF THE BUILDING; AND

4 (III) HAS A FURNACE WITH AN ANNUAL FUEL UTILIZATION  
5 EFFICIENCY RATING OF NINETY PERCENT OR HIGHER.

6 (c) "AIR-SOURCE HEAT PUMP SYSTEM" ALSO INCLUDES  
7 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
8 OF AN AIR SOURCE HEAT PUMP.

9 (4) (a) "Fixtures" means those articles which, although once  
10 movable chattels, have become an accessory to and a part of real property  
11 by having been physically incorporated therein or annexed or affixed  
12 thereto. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(b) OF THIS  
13 SECTION, "fixtures" includes systems for the heating, air conditioning,  
14 ventilation, sanitation, lighting, and plumbing of such building. "Fixtures"  
15 does not include machinery, equipment, or other articles related to a  
16 commercial or industrial operation which are affixed to the real property  
17 for proper utilization of such articles. In addition, for property tax  
18 purposes only, "fixtures" does not include security devices and systems  
19 affixed to any residential improvements, including but not limited to  
20 security doors, security bars, and alarm systems.

21 (b) "FIXTURES" DOES NOT INCLUDE AIR-SOURCE HEAT PUMP  
22 SYSTEMS OR GROUND-SOURCE HEAT PUMP SYSTEMS.

23 (5.1)(a) "GROUND-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM  
24 THAT:

25 (I) IS CERTIFIED TO THE INTERNATIONAL ORGANIZATION FOR  
26 STANDARDIZATION'S LATEST STANDARDS;

27 (II) IS INSTALLED BY A LICENSED CONTRACTOR, PLUMBER, OR

1 EMPLOYEE OF A GAS UTILITY IN ACCORDANCE WITH THE NATIONAL  
2 ELECTRIC CODE AND THE MANUFACTURER'S SPECIFICATIONS;

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

5 (IV) HAS BLOWERS THAT ARE MULTI-SPEED OR VARIABLE SPEED,  
6 HIGH-EFFICIENCY MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS  
7 LISTED IN THE NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION  
8 MG1-1993 PUBLICATION; AND

9 (V) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER  
10 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM  
11 REQUIREMENTS.

12 (b) "GROUND-SOURCE HEAT PUMP SYSTEM" INCLUDES A DUAL  
13 FUEL SYSTEM THAT:

14 (I) IS USED AS THE PRIMARY SOURCE OF A BUILDING'S HEAT AND  
15 SUPPLIES AT LEAST NINETY PERCENT OF TOTAL ANNUAL HEATING FOR THE  
16 BUILDING;

17 (II) IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO ALL  
18 CONDITIONED AREAS OF THE BUILDING; AND

19 (III) HAS A FURNACE WITH AN ANNUAL FUEL UTILIZATION  
20 EFFICIENCY RATING OF NINETY PERCENT OR HIGHER.

21 (c) "GROUND-SOURCE HEAT PUMP SYSTEM" INCLUDES  
22 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
23 OF A GROUND-SOURCE HEAT PUMP.

24 **SECTION 2.** In Colorado Revised Statutes, 39-3-102, **amend** (1)  
25 as follows:

26 **39-3-102. Household furnishings - exemption.** (1) Household  
27 furnishings, including free-standing household appliances, wall-to-wall

1 carpeting, an independently owned residential solar electric generation  
2 facility, ~~and~~ security devices and systems, AND AIR-SOURCE AND  
3 GROUND-SOURCE HEAT PUMP SYSTEMS that are not used for the production  
4 of income at any time ~~shall be~~ ARE exempt from the levy and collection  
5 of property tax. If any household furnishings are used for the production  
6 of income for any period of time during the taxable year, such household  
7 furnishings ~~shall be~~ ARE taxable for the entire taxable year. An  
8 independently owned residential solar electric generation facility shall not  
9 be considered to be used for the production of income unless the facility  
10 produces income for the owner of the residential real property on which  
11 the facility is located. For property tax purposes only, rebates, offsets,  
12 credits, and reimbursements specified in section 40-2-124 C.R.S., ~~shall~~  
13 DO not constitute the production of income. For purposes of this  
14 subsection (1), for property tax purposes only, security devices and  
15 systems ~~shall include~~, but ~~shall not be~~ ARE NOT limited to, security doors,  
16 security bars, and alarm systems.

17 **SECTION 3.** In Colorado Revised Statutes, **add** 39-26-730 and  
18 39-26-731 as follows:

19 **39-26-730. Eligible decarbonizing building materials - tax**  
20 **preference performance statement - legislative declaration -**  
21 **definition - repeal.** (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND  
22 DECLARES THAT:

23 (I) THE GENERAL ASSEMBLY HAS COMMITTED TO REDUCE  
24 GREENHOUSE GASES THROUGH NUMEROUS POLICY AND REGULATORY  
25 MEASURES TO MEET THE GOALS ESTABLISHED IN 2019;

26 (II) GREAT QUANTITIES OF EMISSIONS ARE RELEASED DURING THE  
27 MANUFACTURE AND TRANSPORT OF BUILDING MATERIALS USED IN

1 CONSTRUCTION PROJECTS;

2 (III) THERE IS GREAT POTENTIAL FOR BUSINESSES AND  
3 INDIVIDUALS IN THE STATE TO REDUCE GREENHOUSE GAS EMISSIONS IN  
4 CONSTRUCTION PROJECTS BY PURCHASING AND USING ELIGIBLE  
5 DECARBONIZING BUILDING MATERIALS, WHICH ARE BUILDING MATERIALS  
6 WITH A MAXIMUM ACCEPTABLE GLOBAL WARMING POTENTIAL AS  
7 DETERMINED BY THE OFFICE OF THE STATE ARCHITECT;

8 (IV) PROVIDING A SALES AND USE TAX EXEMPTION FOR ELIGIBLE  
9 DECARBONIZING BUILDING MATERIALS WILL ENCOURAGE BUSINESSES AND  
10 INDIVIDUALS TO PURCHASE AND USE THOSE BUILDING MATERIALS RATHER  
11 THAN INDUSTRY STANDARD MATERIALS; AND

12 (V) THE PURCHASE AND USE OF ELIGIBLE DECARBONIZING  
13 BUILDING MATERIALS WILL HELP IMPROVE ENVIRONMENTAL OUTCOMES  
14 AND ACCELERATE NECESSARY GREENHOUSE GAS REDUCTIONS TO PROTECT  
15 PUBLIC HEALTH AND THE ENVIRONMENT AND CONSERVE A LIVABLE  
16 CLIMATE BY INCORPORATING EMISSIONS INFORMATION FROM  
17 THROUGHOUT THE SUPPLY CHAIN AND PRODUCT LIFE CYCLE INTO  
18 BUILDING MATERIAL PURCHASING AND USE DECISIONS.

19 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
20 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
21 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
22 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND  
23 DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE CREATED IN  
24 SUBSECTION (3) OF THIS SECTION ARE TO:

25 (I) INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,  
26 SPECIFICALLY THE PURCHASE AND USE OF ELIGIBLE DECARBONIZING  
27 BUILDING MATERIALS; AND

1 (II) CONTRIBUTE TO THE STATE'S EFFORT TO ACHIEVE ITS CLIMATE  
2 GOALS.

3 (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
4 MEASURE THE EFFECTIVENESS OF THE EXEMPTION IN ACHIEVING THE  
5 PURPOSES SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE  
6 QUANTITY OF ELIGIBLE DECARBONIZING BUILDING MATERIALS SOLD AND  
7 USED IN THE STATE. THE COLORADO ENERGY OFFICE AND OFFICE OF THE  
8 STATE ARCHITECT SHALL PROVIDE THE STATE AUDITOR WITH ANY  
9 AVAILABLE INFORMATION THAT WOULD ASSIST THE STATE AUDITOR'S  
10 MEASUREMENT.

11 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
12 REQUIRES, "ELIGIBLE DECARBONIZING BUILDING MATERIALS" MEANS  
13 BUILDING MATERIALS THAT HAVE A MAXIMUM ACCEPTABLE GLOBAL  
14 WARMING POTENTIAL AS DETERMINED BY THE OFFICE OF THE STATE  
15 ARCHITECT PURSUANT TO SECTION 24-92-117. "ELIGIBLE DECARBONIZING  
16 BUILDING MATERIALS" INCLUDES:

- 17 (a) ASPHALT AND ASPHALT MIXTURES;
- 18 (b) CEMENT AND CONCRETE MIXTURES;
- 19 (c) GLASS;
- 20 (d) POST-TENSION STEEL;
- 21 (e) REINFORCING STEEL;
- 22 (f) STRUCTURAL STEEL; AND
- 23 (g) WOOD STRUCTURAL ELEMENTS.

24 (3) ON AND AFTER JULY 1, 2024, ALL SALES, STORAGE, AND USE OF  
25 ELIGIBLE DECARBONIZING BUILDING MATERIALS ARE EXEMPT FROM  
26 TAXATION UNDER PARTS 1 AND 2 OF THIS ARTICLE 26.

27 (4) BY JANUARY 1, 2024, THE OFFICE OF THE STATE ARCHITECT

1 SHALL SUBMIT ITS POLICY REGARDING THE MAXIMUM ACCEPTABLE  
2 GLOBAL WARMING POTENTIAL FOR BUILDING MATERIALS ESTABLISHED  
3 PURSUANT TO SECTION 24-92-117 TO THE DEPARTMENT OF REVENUE FOR  
4 THE DEPARTMENT'S USE IN ITS SALES AND USE TAX POLICIES. IF THE OFFICE  
5 OF THE STATE ARCHITECT ADJUSTS THE MAXIMUM ACCEPTABLE GLOBAL  
6 WARMING POTENTIAL FOR ANY CATEGORY OF BUILDING MATERIALS  
7 PURSUANT TO SECTION 24-92-117 (3)(c), THE OFFICE SHALL PROVIDE ITS  
8 UPDATED POLICY TO THE DEPARTMENT AS SOON AS PRACTICABLE.

9 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2034.

10 **39-26-731. Air-source and ground-source heat pump systems**  
11 **- tax preference performance statement - legislative declaration -**

12 **definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND  
13 DECLARES THAT:

14 (I) THE GENERAL ASSEMBLY HAS COMMITTED TO REDUCE  
15 GREENHOUSE GASES THROUGH NUMEROUS POLICY AND REGULATORY  
16 MEASURES TO MEET THE GOALS ESTABLISHED IN 2019;

17 (II) GREAT QUANTITIES OF EMISSIONS ARE RELEASED IN THE  
18 TRADITIONAL PROCESS OF HEATING AND COOLING PRIVATE SECTOR  
19 COMMERCIAL AND RESIDENTIAL BUILDINGS;

20 (III) THERE IS GREAT POTENTIAL FOR BUSINESSES AND  
21 INDIVIDUALS IN THE STATE TO REDUCE GREENHOUSE GAS EMISSIONS  
22 GENERATED IN THE HEATING AND COOLING OF COMMERCIAL AND  
23 RESIDENTIAL BUILDINGS BY INSTALLING AIR-SOURCE AND  
24 GROUND-SOURCE HEAT PUMP SYSTEMS, WHICH REDUCE NET GREENHOUSE  
25 GAS EMISSIONS;

26 (IV) PROVIDING A SALES AND USE TAX EXEMPTION FOR  
27 AIR-SOURCE AND GROUND-SOURCE HEAT PUMP SYSTEMS WILL ENCOURAGE



1 BUSINESSSES AND INDIVIDUALS TO PURCHASE AND USE THOSE HEAT PUMP  
2 SYSTEMS RATHER THAN TRADITIONAL HEATING AND COOLING METHODS;  
3 AND

4 (V) THE PURCHASE AND USE OF AIR-SOURCE AND GROUND-SOURCE  
5 HEAT PUMP SYSTEMS WILL BENEFIT PUBLIC HEALTH IN THE HEATING AND  
6 COOLING OF HOMES AND BUSINESSES, TAKE ADVANTAGE OF EXCESS  
7 RENEWABLE ENERGY POWER GENERATION DURING PEAK TIMES, AND  
8 REDUCE READILY AVAILABLE EXCESS HEAT.

9 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH  
10 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE  
11 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY  
12 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND  
13 DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE CREATED IN  
14 SUBSECTION (3) OF THIS SECTION ARE TO:

15 (I) INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,  
16 SPECIFICALLY THE PURCHASE AND USE OF AIR-SOURCE AND  
17 GROUND-SOURCE HEAT PUMP SYSTEMS; AND

18 (II) CONTRIBUTE TO THE STATE'S EFFORT TO ACHIEVE ITS CLIMATE  
19 GOALS.

20 (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
21 MEASURE THE EFFECTIVENESS OF THE EXEMPTION IN ACHIEVING THE  
22 PURPOSES SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE  
23 NUMBER OF AIR-SOURCE AND GROUND-SOURCE HEAT PUMP SYSTEMS SOLD  
24 AND USED IN THE STATE. THE COLORADO ENERGY OFFICE SHALL PROVIDE  
25 THE STATE AUDITOR WITH ANY AVAILABLE INFORMATION THAT WOULD  
26 ASSIST THE STATE AUDITOR'S MEASUREMENT.

27 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE

1 REQUIRES:

2 (a) (I) "AIR-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM THAT:

3 (A) IS CERTIFIED PURSUANT TO THE FEDERAL ENVIRONMENTAL  
4 PROTECTION AGENCY'S ENERGY STAR PROGRAM;

5 (B) MEETS THE COLD-CLIMATE AIR SOURCE HEAT PUMP  
6 SPECIFICATION VERSION 2.0 PUBLISHED BY NORTHEAST ENERGY  
7 EFFICIENCY PARTNERSHIPS EFFECTIVE JANUARY 1, 2017, OR ANY VERSION  
8 THEREAFTER;

9 (C) HAS A VARIABLE SPEED COMPRESSOR; AND

10 (D) IS PART OF AN AIR-CONDITIONING, HEATING, AND  
11 REFRIGERATION INSTITUTE MATCHED SYSTEM.

12 (II) "AIR-SOURCE HEAT PUMP SYSTEM" INCLUDES A DUAL FUEL  
13 SYSTEM THAT:

14 (A) IS USED AS THE PRIMARY SOURCE OF A BUILDING'S HEAT AND  
15 SUPPLIES AT LEAST NINETY PERCENT OF TOTAL ANNUAL HEATING FOR THE  
16 BUILDING;

17 (B) IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO ALL  
18 CONDITIONED AREAS OF THE BUILDING; AND

19 (C) HAS A FURNACE WITH AN ANNUAL FUEL UTILIZATION  
20 EFFICIENCY RATING OF NINETY PERCENT OR HIGHER.

21 (III) "AIR-SOURCE HEAT PUMP SYSTEM" ALSO INCLUDES  
22 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
23 OF AN AIR-SOURCE HEAT PUMP.

24 (b) (I) "GROUND-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM  
25 THAT:

26 (A) IS CERTIFIED TO THE INTERNATIONAL ORGANIZATION FOR  
27 STANDARDIZATION'S LATEST STANDARDS;

1 (B) IS INSTALLED BY A LICENSED CONTRACTOR, PLUMBER, OR  
2 EMPLOYEE OF A GAS UTILITY IN ACCORDANCE WITH THE NATIONAL  
3 ELECTRIC CODE AND MANUFACTURER'S SPECIFICATIONS;

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

6 (D) HAS BLOWERS THAT ARE MULTI-SPEED OR VARIABLE SPEED,  
7 HIGH-EFFICIENCY MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS  
8 LISTED IN THE NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION  
9 MG1-1993 PUBLICATION; AND

10 (E) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER  
11 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM  
12 REQUIREMENTS.

13 (II) "GROUND-SOURCE HEAT PUMP SYSTEM" INCLUDES A DUAL  
14 FUEL SYSTEM THAT:

15 (A) IS USED AS THE PRIMARY SOURCE OF A BUILDING'S HEAT AND  
16 SUPPLIES AT LEAST NINETY PERCENT OF TOTAL ANNUAL HEATING FOR THE  
17 BUILDING;

18 (B) IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO ALL  
19 CONDITIONED AREAS OF THE BUILDING; AND

20 (C) HAS A FURNACE WITH AN ANNUAL FUEL UTILIZATION  
21 EFFICIENCY RATING OF NINETY PERCENT OR HIGHER.

22 (III) "GROUND-SOURCE HEAT PUMP SYSTEM" ALSO INCLUDES  
23 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION  
24 OF A GROUND-SOURCE HEAT PUMP.

25 (3) ON AND AFTER JANUARY 1, 2023, ALL SALES, STORAGE, AND  
26 USE OF AIR-SOURCE HEAT PUMP SYSTEMS AND GROUND-SOURCE HEAT  
27 PUMP SYSTEMS THAT ARE USED IN COMMERCIAL AND RESIDENTIAL

1 BUILDINGS ARE EXEMPT FROM TAXATION UNDER PARTS 1 AND 2 OF THIS  
2 ARTICLE 26.

3 (4) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2033.

4 **SECTION 4.** In Colorado Revised Statutes, 29-2-105, **add**  
5 (1)(d)(I)(Q) and (1)(d)(I)(R) as follows:

6 **29-2-105. Contents of sales tax ordinances and proposals.**

7 (1) The sales tax ordinance or proposal of any incorporated town, city,  
8 or county adopted pursuant to this article 2 shall be imposed on the sale  
9 of tangible personal property at retail or the furnishing of services, as  
10 provided in subsection (1)(d) of this section. Any countywide or  
11 incorporated town or city sales tax ordinance or proposal shall include the  
12 following provisions:

13 (d) (I) A provision that the sale of tangible personal property and  
14 services taxable pursuant to this article 2 shall be the same as the sale of  
15 tangible personal property and services taxable pursuant to section  
16 39-26-104, except as otherwise provided in this subsection (1)(d). The  
17 sale of tangible personal property and services taxable pursuant to this  
18 article 2 shall be subject to the same sales tax exemptions as those  
19 specified in part 7 of article 26 of title 39; except that the sale of the  
20 following may be exempted from a town, city, or county sales tax only by  
21 the express inclusion of the exemption either at the time of adoption of  
22 the initial sales tax ordinance or resolution or by amendment thereto:

23 (Q) THE EXEMPTION FOR SALES OF ELIGIBLE DECARBONIZING  
24 BUILDING MATERIALS SET FORTH IN SECTION 39-26-730; AND

25 (R) THE EXEMPTION FOR SALES OF AIR-SOURCE HEAT PUMP  
26 SYSTEMS AND GROUND-SOURCE HEAT PUMP SYSTEMS SET FORTH IN  
27 SECTION 39-26-731.

1           **SECTION 5.** In Colorado Revised Statutes, 29-2-109, **amend** (1)  
2 introductory portion as follows:

3           **29-2-109. Contents of use tax ordinances and proposals -**  
4 **repeal.** (1) The use tax ordinance, resolution, or proposal of any town,  
5 city, or county adopted pursuant to this article 2 shall be imposed only for  
6 the privilege of using or consuming in the town, city, or county any  
7 construction and building materials purchased at retail or for the privilege  
8 of storing, using, or consuming in the town, city, or county any motor and  
9 other vehicles, purchased at retail on which registration is required, or  
10 both. For the purposes of this subsection (1), the term "construction and  
11 building materials" shall not include parts or materials utilized in the  
12 fabrication, construction, assembly, or installation of passenger tramways,  
13 as defined in section 12-150-103 (5), by any ski area operator, as defined  
14 in section 33-44-103 (7), or any person fabricating, constructing,  
15 assembling, or installing a passenger tramway for a ski area operator. The  
16 ordinance, resolution, or proposal may recite that the use tax shall not  
17 apply to the storage and use of wood from salvaged trees killed or  
18 infested in Colorado by mountain pine beetles or spruce beetles as  
19 exempted from the state use tax pursuant to section 39-26-723. The  
20 ordinance, resolution, or proposal may recite that the use tax shall not  
21 apply to the storage and use of components used in the production of  
22 energy, including but not limited to alternating current electricity, from  
23 a renewable energy source, as exempted from the state use tax pursuant  
24 to section 39-26-724. THE ORDINANCE, RESOLUTION, OR PROPOSAL MAY  
25 RECITE THAT THE USE TAX SHALL NOT APPLY TO THE STORAGE AND USE OF  
26 ELIGIBLE DECARBONIZING BUILDING MATERIALS, AS EXEMPTED FROM THE  
27 STATE USE TAX PURSUANT TO SECTION 39-26-730. The ordinance,

1 resolution, or proposal shall recite that the use tax shall not apply:

2           **SECTION 6. Act subject to petition - effective date.** This act  
3 takes effect at 12:01 a.m. on the day following the expiration of the  
4 ninety-day period after final adjournment of the general assembly; except  
5 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
6 of the state constitution against this act or an item, section, or part of this  
7 act within such period, then the act, item, section, or part will not take  
8 effect unless approved by the people at the general election to be held in  
9 November 2022 and, in such case, will take effect on the date of the  
10 official declaration of the vote thereon by the governor.