

First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 23-0648.01 Richard Sweetman x4333

**HOUSE BILL 23-1134**

**HOUSE SPONSORSHIP**

**Joseph and Kipp,** Garcia, Lindstedt, Ortiz, Sharbini, Velasco, Willford, Bird, Boesenecker, Brown, Dickson, English, Epps, Froelich, Hamrick, Herod, Jodeh, Lindsay, Mabrey, McCormick, Ricks, Sirota, Snyder, Weissman, Woodrow

**SENATE SPONSORSHIP**

**Cutter,** Marchman, Fenberg, Hinrichsen, Kolker, Moreno, Priola, Winter F.

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**House Committees**  
Energy & Environment

**Senate Committees**  
Transportation & Energy

SENATE  
Amended 3rd Reading  
March 7, 2023

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**A BILL FOR AN ACT**

101 **CONCERNING MANDATORY PROVISIONS IN HOME WARRANTY SERVICE**  
102 **CONTRACTS, AND, IN CONNECTION THEREWITH, REQUIRING A**  
103 **HOME WARRANTY SERVICE CONTRACT TO INCLUDE TERMS**  
104 **ALLOWING A HOMEOWNER TO REPLACE ANY OF CERTAIN**  
105 **GAS-FUELED DEVICES WITH A DEVICE THAT OPERATES ON**  
106 **ELECTRICITY.**

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SENATE  
Amended 2nd Reading  
March 6, 2023

**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 requires that, on and after January 1, 2024, every home warranty service contract that provides coverage for the replacement of

HOUSE  
3rd Reading Unamended  
February 14, 2023

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.*

HOUSE  
Amended 2nd Reading  
February 13, 2023

any of certain gas-fueled appliances must include terms:

- Allowing the homeowner to replace the gas-fueled appliance with a similar device of the homeowner's choosing that operates on electricity rather than gas;
- Describing minimum efficiency and performance standards for each gas-fueled appliance and for electric replacements; and
- Allowing the homeowner to receive an equivalent cash value of a gas-fueled appliance in lieu of a replacement appliance.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds and declares that:

4 (a) Reducing greenhouse gas emissions and improving air quality  
5 are integral to preserving Colorado's way of life, the health of Colorado  
6 communities, and the state's natural environment;

7 (b) Clean and energy-efficient electric appliances can make use  
8 of the state's increasing renewable energy resources and reduce the  
9 production and use of fossil fuels;

10 (c) Fossil fuel production and use are two of the largest  
11 contributors to ozone and poor outdoor air quality in Colorado; and

12 (d) Homes without gas appliances have better indoor air quality,  
13 which is particularly important for the health of Colorado's children and  
14 seniors.

15 (2) The general assembly also finds and declares that:

16 (a) Home warranty service contracts, also known as home  
17 warranties, cover repairs and replacements for expensive home appliances  
18 and systems;

19 (b) Home warranties that replace only existing aging appliances  
20 on a like-for-like basis can create disincentives for people to purchase

1 cleaner and more energy-efficient appliances; and

2 (c) In keeping with the state's goals concerning greenhouse gas  
3 reduction and air quality improvement, companies that offer home  
4 warranties to Coloradans should help consumers purchase cleaner and  
5 more energy-efficient replacement appliances.

6 (3) Therefore, the general assembly finds and declares that it is in  
7 the state's best interest to require home warranties to include terms that  
8 allow homeowners to replace gas appliances with electric replacements.

9 **SECTION 2.** In Colorado Revised Statutes, **amend** 12-10-901 as  
10 follows:

11 **12-10-901. Definitions.** As used in this part 9, unless the context  
12 otherwise requires:

13 (1) "GAS-FUELED APPLIANCE" MEANS A FURNACE, HVAC SYSTEM,  
14 BOILER, WATER HEATER, OVEN, STOVE, OR DRYER THAT DIRECTLY  
15 COMBUSTS A GASEOUS OR LIQUID FUEL TO PROVIDE SERVICES WITHIN A  
16 HOME.

17 (2) "HEAT PUMP" MEANS AN ELECTRICAL DEVICE THAT USES A  
18 REFRIGERATION CYCLE TO:

19 (a) HEAT THE INTERNAL SPACE OF A STRUCTURE BY TRANSFERRING  
20 THERMAL ENERGY FROM OUTSIDE OF THE STRUCTURE TO INSIDE THE  
21 STRUCTURE; OR

22 (b) COOL THE INTERNAL SPACE OF A STRUCTURE BY TRANSFERRING  
23 THERMAL ENERGY FROM THE INSIDE OF THE STRUCTURE TO THE OUTSIDE  
24 OF THE STRUCTURE.

25 ~~(1)~~ (3) "Home warranty service company" ~~referred to in this part~~  
26 ~~9 as the~~ OR "company" means any person ~~who~~ THAT undertakes a  
27 contractual obligation on a new or preowned home through a home

1 warranty service contract.

2 ~~(2)~~ (4) (a) "Home warranty service contract" means any contract  
3 or agreement whereby a person undertakes for a predetermined fee, with  
4 respect to a specified period of time, to maintain, repair, or replace any or  
5 all of the following elements of a specified new or preowned home:

6 (I) Structural components, such as the roof, foundation, basement,  
7 walls, ceilings, or floors;

8 (II) Utility systems, such as electrical, air conditioning, plumbing,  
9 HVAC, and heating systems, including furnaces; and

10 (III) Appliances, such as stoves, washers, dryers, and dishwashers.

11 (b) "Home warranty service contract" does not include:

12 (I) Any contract or agreement whereby a public utility undertakes  
13 for a predetermined fee, with respect to a specified period of time, to  
14 repair or replace any or all of the elements of a specified new or  
15 preowned home as specified in subsection ~~(2)(a)(II) or (2)(a)(III)~~  
16 (4)(a)(II) OR (4)(a)(III) of this section; or

17 (II) A builder's warranty provided in connection with the sale of  
18 a new home.

19 (5) "HVAC SYSTEM" MEANS A HEATING, VENTILATION, AND AIR  
20 CONDITIONING SYSTEM.

21 ~~(3)~~ (6) "Person" includes an individual, company, corporation,  
22 association, agent, and every other legal entity.

23 ~~(4)~~ (7) "Preowned" means ~~a single-family residence, residential~~  
24 ~~unit in a multiple-dwelling structure, or mobile home on a foundation~~  
25 ANY OF THE FOLLOWING that is occupied as a residence and not owned by  
26 the builder-developer or first occupant:

27 (a) A SINGLE-FAMILY RESIDENCE;

- 1 (b) A RESIDENTIAL UNIT IN A MULTIPLE-DWELLING STRUCTURE; OR
- 2 (c) A MOBILE HOME ON A FOUNDATION.

3 **SECTION 3.** In Colorado Revised Statutes, 12-10-903, **add** (2)  
4 as follows:

5 **12-10-903. Contract requirements.** (2) (a) A HOME WARRANTY  
6 SERVICE CONTRACT ISSUED OR RENEWED IN THIS STATE ON OR AFTER JULY  
7 1, 2024, THAT PROVIDES COVERAGE FOR THE REPLACEMENT OF A  
8 GAS-FUELED APPLIANCE MUST INCLUDE TERMS:

9 (I) ALLOWING THE HOMEOWNER THE OPTION TO REPLACE THE  
10 GAS-FUELED APPLIANCE WITH A SIMILAR DEVICE OF THE HOMEOWNER'S  
11 CHOOSING THAT OPERATES ON ELECTRICITY RATHER THAN GAS. A HOME  
12 WARRANTY SERVICE CONTRACT MAY REQUIRE A HOMEOWNER TO PAY ANY  
13 ADDITIONAL COST TO REPLACE A GAS-FUELED APPLIANCE WITH AN  
14 APPLIANCE THAT HAS A \_\_\_ COST THAT EXCEEDS THE COST OF REPLACING  
15 THE GAS-FUELED APPLIANCE WITH ANOTHER GAS-FUELED APPLIANCE  
16 UNDER THE TERMS OF THE HOME WARRANTY SERVICE CONTRACT; EXCEPT  
17 THAT ANY ADDITIONAL COST TO THE HOMEOWNER FOR THE REPLACEMENT  
18 ELECTRIC APPLIANCE, EXCLUDING ANY INSTALLATION OR OTHER  
19 ASSOCIATED COSTS, MUST NOT EXCEED THE RETAIL COST OF THE  
20 REPLACEMENT ELECTRIC APPLIANCE MINUS THE RETAIL COST OF A  
21 REPLACEMENT GAS-FUELED APPLIANCE.

22 (II) PROVIDING THAT THE HOME WARRANTY SERVICE COMPANY IS  
23 REQUIRED TO PROVIDE A REPLACEMENT APPLIANCE THAT SATISFIES THE  
24 EFFICIENCY REQUIREMENTS SET FORTH IN ARTICLE 7.5 OF TITLE 6 AND ANY  
25 OTHER STATE LAW.

26 (b) (I) IN THE CASE OF REPLACEMENT OF A GAS-FUELED FURNACE,  
27 HVAC SYSTEM, BOILER, OR WATER HEATER, A HOME WARRANTY SERVICE

1 CONTRACT MUST INCLUDE TERMS THAT ALLOW THE HOMEOWNER TO  
2 REPLACE THE FURNACE, HVAC SYSTEM, BOILER, OR WATER HEATER WITH  
3 A HEAT PUMP-BASED SYSTEM.

4 (II) IN THE CASE OF REPLACEMENT OF A GAS-FUELED STOVE, A  
5 HOME WARRANTY SERVICE CONTRACT MUST INCLUDE TERMS THAT ALLOW  
6 THE HOMEOWNER TO REPLACE THE GAS-FUELED STOVE WITH EITHER AN  
7 ELECTRIC STOVE OR AN INDUCTION STOVE, AT THE HOMEOWNER'S  
8 DISCRETION.

9 **SECTION 4. Act subject to petition - effective date -**  
10 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
11 the expiration of the ninety-day period after final adjournment of the  
12 general assembly; except that, if a referendum petition is filed pursuant  
13 to section 1 (3) of article V of the state constitution against this act or an  
14 item, section, or part of this act within such period, then the act, item,  
15 section, or part will not take effect unless approved by the people at the  
16 general election to be held in November 2024 and, in such case, will take  
17 effect on the date of the official declaration of the vote thereon by the  
18 governor.

19 (2) This act applies to home warranty service contracts executed  
20 or renewed on or after July 1, 2024.