

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

REREVISED

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

LLS NO. 23-0972.01 Megan McCall x4215

HOUSE BILL 23-1272

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A BILL FOR AN ACT

101 **CONCERNING TAX POLICY THAT ADVANCES DECARBONIZATION, AND,**
102 **IN CONNECTION THEREWITH, EXTENDING TAX CREDITS FOR THE**
103 **PURCHASE OR LEASE OF ELECTRIC VEHICLES; CREATING TAX**
104 **CREDITS FOR INDUSTRIAL FACILITIES TO IMPLEMENT**
105 **GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS, FOR**
106 **EXPENDITURES MADE IN CONNECTION WITH GEOTHERMAL**
107 **ENERGY PROJECTS, FOR PRODUCTION OF GEOTHERMAL**
108 **ELECTRICITY GENERATION, FOR THE DEPLOYMENT OF HEAT**
109 **PUMP TECHNOLOGY, FOR RETAIL SALES OF ELECTRIC BICYCLES,**
110 **AND FOR CONSTRUCTION OF SUSTAINABLE AVIATION FUEL**
111 **PRODUCTION FACILITIES; CREATING A TEMPORARY SPECIFIC**
112 **OWNERSHIP TAX RATE REDUCTION ON A PORTION OF THE**
113 **SALE OF ELECTRIC MEDIUM- AND HEAVY-DUTY TRUCKS;**

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.

SENATE
3rd Reading Unamended
May 1, 2023

SENATE
Amended 2nd Reading
April 28, 2023

HOUSE
3rd Reading Unamended
April 24, 2023

HOUSE
Amended 2nd Reading
April 21, 2023

101 **TEMPORARILY DECREASING THE SEVERANCE TAX CREDIT FOR**
102 **OIL AND GAS PRODUCTION, REQUIRING THE REVENUE THAT IS**
103 **ATTRIBUTABLE TO THE DECREASE BE DEPOSITED IN THE**
104 **DECARBONIZATION TAX CREDITS ADMINISTRATION CASH FUND,**
105 **AND CREATING THE CASH FUND; AND MAKING AN**
106 **APPROPRIATION.**

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>.)

Section 2 of the bill extends the innovative motor vehicles income tax credit for the purchase or lease of electric motor vehicles and plug-in hybrid electric motor vehicles that weigh 8,500 pounds or less through tax year 2028 and adjusts the amount of the credit that may be claimed, including with certain allowances for additional credit amounts for vehicles purchased or leased at a location that allows the credit to be assigned and is assigned to a motor vehicle dealer or financing entity and for vehicles that have a manufacturer's suggested retail price below \$30,000.

However, the credit cannot be claimed for vans, sport utility vehicles, and pickup trucks that have a manufacturer's suggested retail price of \$80,000 or more or for any other vehicle that has a manufacturer's suggested retail price of \$55,000 or more. Additionally, if for any one of the state fiscal years 2025-26, 2026-27, or 2027-28, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%, and if the amount of the reduced credit is at or below \$500, then no credit is allowed for such a tax year.

Section 3 extends the income tax credit for the purchase or lease of an innovative truck through tax year 2028 and adjusts the amount of the credit that may be claimed. However, for light-duty trucks, if for any one of the state fiscal years 2025-26, 2026-27, or 2027-28, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%, and if the amount of the reduced

credit is at or below \$500, then no credit is allowed for such a tax year.

Additionally, under current law, the innovative motor vehicles tax credit and the innovative trucks tax credit may be assigned by a purchaser to the entity that finances the purchase or lease of the vehicle. Sections 1 and 2 expand the purchaser's ability to assign the credits to a motor vehicle dealer in addition to a financing entity. For income tax years commencing on or after January 1, 2024, sections 1 and 2 also allow a tax exempt person or political subdivision of the state to claim or assign the tax credit.

Section 4 terminates an existing heat pump tax credit so that it is allowed only for income tax years beginning on and after January 1, 2023, but before January 1, 2024.

Section 5 creates a refundable income tax credit allowable in tax years commencing on or after January 1, 2024, but before January 1, 2033, for the owner of an industrial facility that undertakes a industrial study (study) or puts greenhouse gas emissions reduction improvements (improvements) into service. The credit is administered by the Colorado energy office (office). The amount of credit that can be claimed for an industrial study is 30% of the costs paid for completing the study up to \$1 million.

The amount of credit that can be claimed for improvements is 30% of the capital costs paid by the owner, not including the cost for design; except that for certain improvements that have the potential to significantly reduce greenhouse gas emissions but are not yet commercially available, the office may approve a higher percentage to be claimed of up to 50%. Owners must apply semi-annually for the credit to the office and the office reviews applications and awards a reservation of credits based on a merit-based review. Upon completion of a study or upon putting the improvements into service, the office issues the owner a tax credit certificate to claim the credit in the amount reserved to the owner. The availability of the credit is subject to an aggregate cap each application period. If the aggregate maximum amount is not claimed in a tax year, the aggregate maximum amount in the next income tax year is increased by an amount equal to the excess amount.

Section 6 creates a refundable tax credit for an expenditure an eligible taxpayer makes in connection with a geothermal energy project, which is a project in the state that is intended to evaluate and develop a geothermal resource for the purpose of electricity production. The office is required to approve geothermal energy projects that can receive a qualified expenditure made by an eligible taxpayer. The office sets the amount of credit an eligible taxpayer may receive and reserves the amount of credit for the income tax year in which the eligible taxpayer anticipates making the expenditure. Subject to specified limits on the maximum amount of credits that the office may approve and that an eligible taxpayer may receive, the office issues a tax credit certificate in

the reserved amount of tax credit after an eligible taxpayer submits a cost certification of the qualified expenditure.

Section 7 creates a refundable tax credit for income tax years beginning on or after January 1, 2024, but before January 1, 2033, that is administered by the office and is available to a person subject to income tax or a person or political subdivision of the state exempt from income tax that produces geothermal electricity for sale or for the person or political subdivision's own use. The credit amount is equal to \$0.003 per kilowatt hour of geothermal electricity that is produced in the state in the tax year, up to a maximum amount of \$1 million.

Section 8 creates a new refundable income tax credit for heat pump technology for income tax years commencing on or after January 1, 2024, but before January 1, 2033. The office is responsible for maintaining a list of eligible taxpayers who meet certain industry criteria and who are allowed the credit for the installation of heat pump technology or a thermal energy network if the eligible taxpayer provides a discount from the amount charged for installation, unless the eligible taxpayer installs their own heat pump technology or thermal energy network. The amount of the tax credit is calculated based on the applicable percentage, set annually by the office, of a flat dollar amount which depends on the type of heat pump technology installed and the year the credit is claimed. The calculation of the amount of allowable credit may be modified depending on whether the heat pump technology is installed at a multifamily property, at a nonresidential building, or for a thermal energy network. However, for heat pump technology that is installed in an existing residential building or nonresidential building, if for any one of the state fiscal years 2025-26 through 2032-33, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%, and if the amount of the reduced credit is at or below \$250, then no credit is allowed for such a tax year.

Section 9 creates a refundable income tax credit for income tax years commencing on or after January 1, 2024, but before January 1, 2033, for the sale of new qualifying electric bicycles in the state. The credit is allowed in the amount of \$800 to a qualified retailer who sells a qualifying electric bicycle to a resident of the state and offers a discount equal to the lesser of \$700 or the purchase price. However, if for any one of the state fiscal years 2025-26 through 2032-33, the state is not projected to exceed the state fiscal year spending limit imposed by section 20 of article X of the state constitution by 5% then for any income tax year commencing in the calendar year that begins in that fiscal year, the amount of the credit is reduced by 50%.

Section 10 creates a refundable income tax credit for income tax

years commencing on or after January 1, 2024, but before January 1, 2033, for a percentage of the actual costs incurred to construct, reconstruct, or erect a sustainable aviation fuel production facility in the state. The credit can be claimed by an aviation business, a sustainable aviation fuel producer, or an airport for the income tax year in which the production facility is put in service and is subject to aggregate caps for each income tax year for which the credit can be claimed. Additionally, the credit is subject to recapture if the sustainable aviation fuel production of a facility comprises less than 60% of the total fuel production of the facility in any of the 5 taxable years immediately following the taxable year in which the facility was placed in service.

Section 11 creates a mechanism to allow for advance payment of income tax credits to a motor vehicle dealer or financing entity that has been assigned the innovative motor vehicle tax credit or innovative truck tax credit, or to a qualified retailer for the electric bicycle tax credit.

Section 12 creates a sales and use tax exemption for a fleet vehicle that is a heavy-duty truck or a medium-duty truck. For tax years commencing on or after January 1, 2024, but before January 1, 2028, the exemption amount is equal to 50% of the purchase price of the vehicle, and for tax years commencing on or after January 1, 2028, but before January 1, 2033, the exemption amount is equal to 60% of the purchase price of the vehicle.

Section 13 terminates an existing sales and use tax exemption for heat pump systems and heat pump water heaters used in commercial or residential buildings so that it is allowed only for income tax years beginning on or after January 1, 2023, but before January 1, 2024.

Section 14 creates a sales and use tax exemption for all sales to an eligible taxpayer of heat pump technology and equipment necessary for the proper functioning of a thermal energy network and for the storage and use of the same for income tax years commencing on or after January 1, 2024, but before January 1, 2033.

Section 15 reduces the severance tax credit allowed for oil and gas production. Under current law, the amount of credit allowed is calculated by applying rate of 87.5% of all ad valorem taxes assessed during the taxable year for accrual basis taxpayers or paid during the taxable year by cash basis taxpayers upon oil and gas, oil and gas leaseholds and leasehold interests, and oil and gas royalties and royalty interests. The bill reduces the rate to 75% for 2024 and 2025. For tax years beginning on and after January 1, 2026, the bill modifies the calculation for the oil and gas tax that otherwise would have been implemented in tax year 2025 by making a parallel downward adjustment so that the amount of credit is derived by multiplying 65.625% of the gross income of the well by the mill levy fixed in the prior calendar year.

Section 16 requires that for state fiscal years 2024-25 through 2032-33, the revenue collected that is equal to the amount attributable to

the decreased amount of severance tax credit allowed for oil and gas production is credited to the general fund; except that on July 1, 2025, the revenue must first be credited to the cash funds used for state fiscal years 2023-24 and 2024-25 by the office for the administration of the tax credits created by the bill and the remaining money is credited to the state general fund. Additionally, the stakeholder group that was required to convene pursuant to HB22-1391 is required to additionally consider long-term changes for the severance tax credit for oil and gas production.

Section 17 creates a partial, temporary, and specific ownership tax exemption for new class A or class B personal property that is a fleet vehicle and meets the definition of a category 7 truck for purposes of the innovative truck tax credit.

Section 18 and **section 19** allow for cities and counties to opt out of the sales and use tax exemption created for sales of category 7 fleet vehicles that are heavy-duty trucks or medium-duty electric trucks, sales to an eligible taxpayer of heat pump technology and equipment necessary for a proper functioning of a thermal energy network, and for the storage and use of the same for income tax years commencing on or after January 1, 2024, but before January 1, 2033.

Section 20 gives the office the authority to expend money from the industrial and manufacturing operations clean air grant program cash fund for state fiscal years 2023-24 and 2024-25 to administer and implement the industrial clean energy tax credit that is created in section 5.

Section 21 gives the office the authority to expend money from the geothermal energy grant fund for state fiscal years 2023-24 and 2024-25 to administer and implement the tax credit for expenditure made in connection with a geothermal energy project that is created in section 6 and the geothermal electricity generation production tax credit that is created in section 7.

Section 22 gives the office the authority to expend money from the community access to electric bicycles cash fund for state fiscal years 2023-24 and 2024-25 to administer and implement the electric bicycle tax credit created in section 9 for state fiscal years 2023-24 and 2024-25.

Section 23 gives the office the authority to expend money from the electrifying school buses grant program cash fund for state fiscal years 2023-24 and 2024-25 to administer and implement the changes made to the innovative motor vehicles and innovative trucks tax credits set forth in sections 2 and 3.

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:

1 (a) Energy is at the heart of the state's climate challenges, and
2 clean energy is key to the solution;

3 (b) A large portion of the greenhouse gases that blanket the earth
4 and trap the sun's heat are generated through the combustion of fossil
5 fuels;

6 (c) Reducing greenhouse gas emissions is crucial to avoiding the
7 most serious effects of climate change and preserving Colorado's way of
8 life, the health of communities, and the natural environment in the state
9 and to achieving the state's statutory greenhouse gas reduction targets;

10 (d) Emissions from Colorado's buildings, transportation, and
11 industrial sectors make up the majority of the statewide air and
12 greenhouse gas emissions pollution;

13 (e) Decreasing emissions from these sectors will require public
14 investments to improve energy efficiency and encourage the adoption of
15 clean energy technologies;

16 (f) Many clean energy technologies have lower life cycle costs,
17 but individuals and businesses struggle to pay the higher up-front costs;

18 (g) The "Inflation Reduction Act" passed by the United States
19 Congress in 2022 made important tax incentives available to the people
20 of Colorado, and the general assembly seeks to build on that momentum;

21 (h) Tax credits are designed to incentivize certain behaviors and
22 ultimately reduce a taxpayer's tax liability, and the general assembly seeks
23 to use tax credits and other tax incentives as a tool to accelerate the
24 adoption of clean energy technologies by promoting their development as
25 well as sales and purchase of certain technologies;

26 (i) The incentives are intended to improve the affordability and
27 accessibility of clean energy for consumers and businesses across the

1 state;

2 (j) The incentives are also intended to provide a signal to clean
3 energy technology manufacturers to ensure that Colorado consumers have
4 access to these technologies in the marketplace;

5 (k) The technologies targeted by the tax incentives presented in
6 this legislation are crucial to the clean energy transition and electric
7 generation and to reducing greenhouse gas emissions caused by passenger
8 vehicles, trucks, fossil fuel heating systems, and industrial operations;

9 (l) Passenger vehicles, trucks, and bicycles powered by clean
10 electricity produce less greenhouse gas emissions than those powered by
11 fossil fuels;

12 (m) The federal "Inflation Reduction Act" created consumer zero
13 emission vehicle tax credits that incentivize vehicles meeting the
14 escalating North American assembly and materials sourcing requirements.
15 The federal credits serve two primary purposes, both to reduce the price
16 of zero emission vehicles for consumers and to encourage investment in
17 domestic vehicle manufacturing.

18 (n) During an interim period while domestic manufacturing and
19 materials production for electric vehicles expand to meet the heightening
20 federal tax credit requirements, certain zero emission vehicles may be
21 ineligible for the full federal incentive;

22 (o) By filling a possible gap in electric vehicle eligibility for the
23 federal "Inflation Reduction Act" electric vehicle tax credits, the tax
24 credit incentives in this bill aim to assist Colorado consumers in
25 purchasing electric vehicles during the gap period, thereby aiding in the
26 immediate reduction of Colorado greenhouse gas emissions;

27 (p) Geothermal electricity generation is renewable, clean,

1 available statewide, and reliable regardless of weather conditions;

2 (q) Electric heat pumps and heat pump water heaters are reliable
3 in both hot and cold weather, and their high energy efficiency will keep
4 energy bills low and consistent for homeowners and renters;

5 (r) In order to qualify for these tax incentives, emissions reduction
6 technologies in industrial and manufacturing facilities will be certified to
7 reduce greenhouse gas emissions through the Colorado energy office;

8 (s) Industrial and manufacturing facilities are often located in
9 disproportionately impacted communities, and emissions reduction
10 investments in these facilities should be designed to reduce local air
11 pollution in addition to greenhouse gas pollution;

12 (t) Allowing tax credits for electric vehicles, trucks, and bicycles
13 to be claimed at the point of sale will ensure equity by improving access
14 to these technologies for Coloradans who cannot pay the full price
15 without the credit or the discount provided for a retailer claiming the
16 credit;

17 (u) Improving access to clean energy and energy efficiency
18 technologies is a crucial component in ensuring that the transition to a
19 clean energy economy is equitable for Coloradans of all socio-economic
20 backgrounds; and

21 (v) The tax incentives will accelerate the adoption of clean energy
22 throughout the state, set Colorado on a path to 100% renewable energy by
23 2040, and continue to position Colorado as a leader in the clean energy
24 economy.

25 (2) Therefore, the general assembly finds and declares that it is
26 necessary to retool or create tax incentives designed to promote the sale
27 and purchase or lease of electric vehicles and trucks, electric bicycles, and

1 energy-efficient heat pumps and promote geothermal energy production
2 and the adoption of emissions reductions technology in industrial
3 facilities in order to drastically cut carbon emissions and help mitigate
4 climate change.

5 (3) The general assembly further finds and declares that it is
6 necessary to reexamine the state's current tax expenditures, including
7 credits related to severance taxes for oil and gas production, in
8 consideration of the general assembly's desire to transition from oil and
9 gas to clean energy within the state.

10 **SECTION 2.** In Colorado Revised Statutes, 39-22-516.7, **amend**
11 (1)(k.5), (1)(r)(II) introductory portion, (1)(r.3), (2)(a), (2)(e)(I)
12 introductory portion, (3), (4)(a)(V), (9), and (10); and **add** (1)(g.5),
13 (1)(p.5), (1)(r.1), (1.5), (2)(e)(VIII), (2)(f), (4)(a)(VI), (4)(a)(VII),
14 (4)(a)(VIII), (4)(a)(IX), (4)(a)(X), (4)(a)(XI), (4)(a.3), (4)(a.5), (4)(a.7),
15 (11), and (12) as follows:

16 **39-22-516.7. Tax credit for innovative motor vehicles - tax**
17 **preference performance statement - definitions - repeal.** (1) As used
18 in this section, unless the context otherwise requires:

19 (g.5) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

20 (k.5) "Financing entity" means the entity that finances the
21 purchase or lease of a category 1 ~~or category 1 A~~ vehicle eligible for a
22 credit allowed by this section.

23 (p.5) "MANUFACTURER'S SUGGESTED RETAIL PRICE" HAS THE SAME
24 MEANING AS SET FORTH IN SECTION 42-1-102 (50).

25 (r) (II) "Motor vehicle" means, for tax years commencing on or
26 after January 1, 2017, ~~but prior to January 1, 2022,~~ a self-propelled
27 vehicle with four wheels, including a truck and a hybrid motor vehicle,

1 that is:

2 (r.1) "MOTOR VEHICLE DEALER" HAS THE SAME MEANING AS SET
3 FORTH IN SECTION 44-20-102 (18).

4 (r.3) (I) "Purchaser" means the buyer or the lessee of a category
5 ~~1 or category 1~~ A vehicle, but, FOR INCOME TAX YEARS COMMENCING
6 BEFORE JANUARY 1, 2024, does not include the state or any political
7 subdivision of the state. For tax years commencing on or after January 1,
8 2017, a lessee seeking to claim a credit allowed in this section must enter
9 into a lease with a term of not less than two years.

10 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
11 1, 2024, "PURCHASER" INCLUDES A PERSON OR A POLITICAL SUBDIVISION
12 OF THE STATE THAT IS EXEMPT FROM TAXATION UNDER SECTION
13 39-22-112 (1).

14 (1.5) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
15 REQUIRES EACH BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO
16 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
17 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
18 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED FOR IN
19 THIS SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY
20 TAXPAYERS, SPECIFICALLY THE SALE AND PURCHASE OR LEASE OF
21 ELECTRIC MOTOR VEHICLES, BY PROVIDING A REDUCTION IN INCOME TAX
22 LIABILITY TO THE PURCHASER OR LESSEE OR TO A MOTOR VEHICLE DEALER
23 OR FINANCING ENTITY IN CONNECTION WITH THE SALE AND PURCHASE OR
24 LEASE OF AN ELECTRIC MOTOR VEHICLE.

25 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
26 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
27 SPECIFIED IN SUBSECTION (1.5)(a) OF THIS SECTION BASED ON THE NUMBER

1 AND VALUE OF CREDITS CLAIMED.

2 (2) (a) With respect to the tax years commencing on or after
3 January 1, 2013, but prior to ~~January 1, 2026~~, JANUARY 1, 2029, there is
4 allowed to any person a credit against the tax imposed by this article 22,
5 not to exceed the amount specified in subsection (4) of this section, for
6 the purchase or lease of a motor vehicle defined as category 1.

7 (e) (I) A purchaser may assign the tax credit allowed in this
8 section for the purchase or lease of a category 1 or category 1 A vehicle
9 completed on or after January 1, 2017, BUT PRIOR TO JANUARY 1, 2024,
10 to a financing entity as follows:

11 (VIII) THIS SUBSECTION (2)(e) IS REPEALED, EFFECTIVE
12 DECEMBER 31, 2028.

13 (f) (I) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED IN
14 THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE
15 COMPLETED ON OR AFTER JANUARY 1, 2024, TO A FINANCING ENTITY OR
16 TO A MOTOR VEHICLE DEALER AS FOLLOWS:

17 (A) THE ASSIGNMENT TO THE FINANCING ENTITY OR THE MOTOR
18 VEHICLE DEALER MUST BE COMPLETED AT THE TIME OF PURCHASE OR
19 LEASE BY ENTERING INTO AN ELECTION STATEMENT AS SET FORTH IN
20 SUBSECTION (2)(f)(III) OF THIS SECTION;

21 (B) THE PURCHASER MUST TITLE AND REGISTER THE VEHICLE IN
22 THE STATE AS REQUIRED BY STATE LAW;

23 (C) THE PURCHASER MUST ASSIGN THE TAX CREDIT TO THE
24 FINANCING ENTITY OR THE MOTOR VEHICLE DEALER AND FORFEIT THE
25 RIGHT TO CLAIM THE TAX CREDIT ON THE PURCHASER'S TAX RETURN IN
26 EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION DESCRIBED IN
27 SUBSECTION (2)(f)(I)(D) OF THIS SECTION; AND

1 (D) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
2 SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF
3 THE TAX CREDIT INCLUDING, IF APPLICABLE, THE AMOUNTS ALLOWED
4 PURSUANT TO SUBSECTIONS (4)(a)(XI) AND (4)(a.5) OF THIS SECTION;
5 EXCEPT THAT THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
6 MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED TWO HUNDRED
7 FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE COMPENSATION
8 PAID TO THE PURCHASER IS CONSIDERED A REFUND OF STATE TAXES AND
9 IS NOT INCOME.

10 (II) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER
11 ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY OR TO A MOTOR VEHICLE
12 DEALER PURSUANT TO THIS SUBSECTION (2)(f), THE FINANCING ENTITY OR
13 THE MOTOR VEHICLE DEALER RECEIVES THE FULL AMOUNT OF THE TAX
14 CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID
15 BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED
16 FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

17 (III) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER
18 AND THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER SHALL ENTER
19 INTO AN ELECTION STATEMENT THAT:

20 (A) IDENTIFIES THE VEHICLE IDENTIFICATION NUMBER OF THE
21 CATEGORY 1 VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS SECTION;

22 (B) IDENTIFIES THE MANUFACTURER'S SUGGESTED RETAIL PRICE
23 OF THE CATEGORY 1 VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS
24 SECTION;

25 (C) SPECIFIES THE VALUE OF THE CREDIT ALLOWED; AND

26 (D) AFFIRMS THAT THE REQUIREMENTS SPECIFIED IN SUBSECTION
27 (2)(f)(I) OF THIS SECTION WERE MET.

1 (IV) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER MAY
2 AUTHORIZE AN AGENT OR A DESIGNEE TO SIGN THE ELECTION STATEMENT
3 ON ITS BEHALF.

4 (V) FOR THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE
5 COMPLETED ON OR AFTER JANUARY 1, 2024, THE FINANCING ENTITY OR
6 THE MOTOR VEHICLE DEALER SHALL ELECTRONICALLY SUBMIT A REPORT
7 CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT
8 DESCRIBED IN SUBSECTION (2)(f)(III) OF THIS SECTION TO THE
9 DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND MANNER REQUIRED
10 BY THE DEPARTMENT FOR ALL PURCHASES OR LEASES OF A CATEGORY 1
11 VEHICLE COMPLETED IN THE REPORTING PERIOD.

12 (VI) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
13 SHALL MAINTAIN THE ELECTION STATEMENT DESCRIBED IN SUBSECTION
14 (2)(f)(III) OF THIS SECTION AND PRODUCE IT UPON REQUEST BY THE
15 DEPARTMENT FOR AN AUDIT.

16 (VII) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
17 JANUARY 1, 2025, THE FINANCING ENTITY OR MOTOR VEHICLE DEALER
18 MAY ELECT ADVANCE PAYMENTS OF CREDITS ASSIGNED UNDER THIS
19 SUBSECTION (2)(f) AS SPECIFIED IN SECTION 39-22-629.

20 (3) If a motor vehicle is leased, the lessee, not the lessor, is
21 allowed to claim the credit allowed pursuant to this section. The lessee
22 may elect to assign the tax credit allowed pursuant to this section for the
23 lease of a category 1 ~~or category 1-A~~ vehicle to a financing entity OR TO
24 A MOTOR VEHICLE DEALER as specified in ~~paragraph (c) of subsection (2)~~
25 SUBSECTIONS (2)(e) OR (2)(f), AS APPLICABLE, of this section.

26 (4) The amount of the credit allowed pursuant to this section is
27 calculated as follows:

1 (a) **Category 1.** (V) With respect to ~~the tax years commencing~~
2 THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE SOLD OR LEASED on
3 or after January 1, 2023, but prior to ~~January 1, 2026~~, JULY 1, 2023, two
4 thousand dollars for a purchase or one thousand five hundred dollars for
5 a lease;

6 (VI) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a)(XI)
7 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A
8 CATEGORY 1 VEHICLE SOLD OR LEASED ON OR AFTER JULY 1, 2023, BUT
9 BEFORE JANUARY 1, 2025, FIVE THOUSAND DOLLARS FOR A PURCHASE OR
10 A LEASE;

11 (VII) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a)(XI)
12 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A
13 CATEGORY 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR
14 AFTER JANUARY 1, 2025, BUT BEFORE JANUARY 1, 2026, THREE THOUSAND
15 FIVE HUNDRED DOLLARS;

16 (VIII) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7)
17 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A
18 CATEGORY 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR
19 AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2027, ONE THOUSAND
20 FIVE HUNDRED DOLLARS;

21 (IX) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7) OF
22 THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY
23 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR AFTER
24 JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2028, ONE THOUSAND
25 DOLLARS;

26 (X) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7) OF
27 THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY

1 1 VEHICLE SOLD OR LEASED IN TAX YEARS COMMENCING ON OR AFTER
2 JANUARY 1, 2028, BUT BEFORE JANUARY 1, 2029, FIVE HUNDRED
3 DOLLARS; AND

4 (XI) WITH RESPECT TO A PURCHASE OR LEASE OF A CATEGORY 1
5 VEHICLE SOLD OR LEASED AT A LOCATION WHERE THE CREDIT ALLOWED
6 IN THIS SECTION MAY BE ASSIGNED AND IF THE CREDIT IS ASSIGNED
7 PURSUANT TO SUBSECTION (2)(f) OF THIS SECTION IN A TAX YEAR THAT
8 COMMENCES ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
9 2026, AN ADDITIONAL AMOUNT OF SIX HUNDRED DOLLARS MAY BE
10 CLAIMED BY A FINANCING ENTITY OR MOTOR VEHICLE DEALER WHEN THE
11 PURCHASER ASSIGNS THE CREDIT TO THE FINANCING ENTITY OR MOTOR
12 VEHICLE DEALER.

13 (a.3) **Limitation on credit.** NO CREDIT IS ALLOWED FOR A
14 PURCHASE OR LEASE MADE ON OR AFTER JULY 1, 2023, BUT BEFORE
15 JANUARY 1, 2029, OF A CATEGORY 1 VEHICLE THAT EXCEEDS A
16 MANUFACTURER'S SUGGESTED RETAIL PRICE OF EIGHTY-THOUSAND
17 DOLLARS.

18 (a.5) **Category 1 for vehicles under \$35,000 threshold.** WITH
19 RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE SOLD OR
20 LEASED IN TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT
21 PRIOR TO JANUARY 1, 2029, WITH A MANUFACTURER'S SUGGESTED RETAIL
22 PRICE BELOW THIRTY-FIVE THOUSAND DOLLARS THERE IS ALLOWED AN
23 ADDITIONAL TWO THOUSAND FIVE HUNDRED DOLLARS OF CREDIT IN
24 ADDITION TO THE AMOUNT OF CREDIT ALLOWED PURSUANT TO
25 SUBSECTION (4)(a) OF THIS SECTION.

26 (a.7) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE
27 REVENUE FORECAST THROUGH THE JUNE 2027 REVENUE FORECAST AS

1 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
2 STATE PLANNING AND BUDGETING, PROJECTS THAT STATE REVENUES, AS
3 DEFINED IN SECTION 24-77-103.6 (6)(c), WILL NOT INCREASE BY AT LEAST
4 FOUR PERCENT FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE CREDIT
5 ALLOWED PURSUANT TO SUBSECTION (4)(a)(VIII), (4)(a)(IX), OR (4)(a)(X)
6 OF THIS SECTION FOR ANY TAX YEAR COMMENCING IN THE CALENDAR
7 YEAR THAT BEGINS DURING SAID NEXT FISCAL YEAR IS REDUCED BY FIFTY
8 PERCENT; EXCEPT THAT IF THE AMOUNT OF REDUCED CREDIT IS EQUAL TO
9 OR LESS THAN FIVE HUNDRED DOLLARS, THEN NO CREDIT IS AVAILABLE
10 FOR SUCH A TAX YEAR.

11 (9) Making the purchaser aware of the income tax credit allowed
12 in this section or helping the purchaser assign the income tax credit to a
13 financing entity OR TO A MOTOR VEHICLE DEALER as allowed in this
14 section does not rise to the level of providing the purchaser with
15 unauthorized tax advice.

16 (10) ~~This section is repealed, effective December 31, 2030.~~ A
17 PURCHASER, AS SET FORTH IN SUBSECTION (1)(r.3)(II) OF THIS SECTION,
18 WHO CLAIMS THE CREDIT UNDER THIS SECTION SHALL FILE A RETURN
19 PURSUANT TO SECTION 39-22-601 (7)(b).

20 (11) A PURCHASER WHO CLAIMS A TAX CREDIT UNDER THIS
21 SECTION OR WHO ASSIGNS A TAX CREDIT PURSUANT TO SUBSECTION (2)(f)
22 OF THIS SECTION IS ENTITLED TO ADDITIONALLY RECEIVE ANY REBATE
23 THAT IS PART OF AN ELECTRIC VEHICLE PROGRAM PURSUANT TO SECTIONS
24 40-3-116 AND 40-5-107.

25 (12) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

26 **SECTION 3.** In Colorado Revised Statutes, 39-22-516.8, **amend**
27 (1)(bb.3), (8.3), (8.5), (13.5)(a) introductory portion, and (18); and **add**

1 (1)(bb.1), (1)(q.5), (1.5), (8.7), (13.5)(h), (13.7), and (17.5) as follows:

2 **39-22-516.8. Tax credit for innovative trucks - tax preference**
3 **performance statement - definitions - repeal.** (1) As used in this
4 section, unless the context otherwise requires:

5 (q.5) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

6 (bb.1) "MOTOR VEHICLE DEALER" HAS THE SAME MEANING AS SET
7 FORTH IN SECTION 44-20-102 (18).

8 (bb.3) (I) "Purchaser" means the buyer or the lessee of a category
9 4, category 4 A, category 4 B, category 4 C, category 7, category 7 A, or
10 category 9 vehicle, but, FOR INCOME TAX YEARS COMMENCING BEFORE
11 JANUARY 1, 2024, does not include the state or any political subdivision
12 of the state. For tax years commencing on or after January 1, 2017, a
13 lessee seeking to claim a credit allowed in this section must enter into a
14 lease with a term of not less than two years.

15 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
16 1, 2024, "PURCHASER" INCLUDES A PERSON OR POLITICAL SUBDIVISION OF
17 THE STATE WHO IS EXEMPT FROM TAXATION UNDER SECTION 39-22-112
18 (1).

19 (1.5) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
20 REQUIRES EACH BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO
21 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
22 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
23 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS
24 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,
25 SPECIFICALLY THE SALE AND PURCHASE OR LEASE OF ELECTRIC
26 LIGHT-DUTY, MEDIUM-DUTY, OR HEAVY-DUTY TRUCKS, BY PROVIDING A
27 REDUCTION IN INCOME TAX LIABILITY TO THE PURCHASER OR LESSEE OR

1 TO A FINANCING ENTITY IN CONNECTION WITH THE SALE AND PURCHASE OR
 2 LEASE OF AN ELECTRIC LIGHT-DUTY, MEDIUM-DUTY, OR HEAVY-DUTY
 3 TRUCK.

4 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
 5 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
 6 SPECIFIED IN SUBSECTION (1.5)(a) OF THIS SECTION BASED ON THE NUMBER
 7 AND VALUE OF CREDITS CLAIMED.

8 (8.3) **Category 7 purchase.** (a) Except as provided in subsection
 9 (14) of this section, with respect to the income tax years commencing on
 10 or after January 1, 2017, but before ~~January 1, 2026~~, JANUARY 1, 2024,
 11 there is allowed to any person a credit against the tax imposed by this
 12 article 22 in an amount set forth in subsection (8.3)(b) of this section for
 13 each purchase of a category 7 truck during the tax year.

14 (b)

	Income tax year commencing:			
	1/1/2017 but before 1/1/2020	1/1/2020 but before 1/1/2021	1/1/2021 but before 1/1/2023	1/1/2023 but before 1/1/2026 1/1/2024
Light-duty passenger motor vehicle over 8,500 GVWR	\$5,000	\$4,000	\$2,500	\$2,000
Light-duty electric truck	\$7,000	\$5,500	\$3,500	\$2,800
Medium-duty electric truck	\$10,000	\$8,000	\$5,000	\$4,000

1	Heavy-duty truck	\$20,000	\$16,000	\$10,000	\$8,000
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2 (8.5) **Category 7 lease.** (a) Except as provided in subsection (14)
3 of this section, with respect to the income tax years commencing on or
4 after January 1, 2017, but before ~~January 1, 2026~~, JANUARY 1, 2024 there
5 is allowed to any person a credit against the tax imposed by this article 22
6 in an amount set forth in subsection (8.5)(b) of this section for each lease
7 of a category 7 truck during the tax year.

8 (8.5) (b)

	Income tax year commencing:		
	1/1/2017 but before 1/1/2020	1/1/2020 but before 1/1/2021	1/1/2021 but before 1/1/2026 1/1/2024
14 Light-duty passenger motor 15 vehicle over 8,500 GVWR	\$2,500	\$2,000	\$1,500
16 Light-duty electric truck	\$3,500	\$2,750	\$1,750
17			
18			
19			
20 Medium-duty electric truck	\$5,000	\$4,000	\$2,500
21			
22			
23			
24			
25 Heavy-duty truck	\$10,000	\$8,000	\$5,000

26 (8.7) (a) **Category 7 light-duty passenger motor vehicle over**

1 **8,500 GVWR or light-duty electric truck lease or purchase for tax**
2 **years 2024 through 2028.** EXCEPT AS OTHERWISE PROVIDED IN
3 SUBSECTION (8.7)(d) OF THIS SECTION, WITH RESPECT TO INCOME TAX
4 YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE
5 JANUARY 1, 2029, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7
6 LIGHT-DUTY PASSENGER MOTOR VEHICLE OVER 8,500 GVWR OR A
7 LIGHT-DUTY ELECTRIC TRUCK SOLD OR LEASED DURING THE TAX YEAR,
8 THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED
9 BY THIS ARTICLE 22 IN AN AMOUNT AS FOLLOWS:

10 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
11 1, 2024, BUT BEFORE JANUARY 1, 2025, FIVE THOUSAND DOLLARS;

12 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
13 1, 2025, BUT BEFORE JANUARY 1, 2026, THREE THOUSAND FIVE HUNDRED
14 DOLLARS;

15 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
16 1, 2026, BUT BEFORE JANUARY 1, 2027, ONE THOUSAND FIVE HUNDRED
17 DOLLARS;

18 (IV) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
19 JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2028, ONE THOUSAND
20 DOLLARS; AND

21 (V) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
22 1, 2028, BUT BEFORE JANUARY 1, 2029, FIVE HUNDRED DOLLARS.

23 (b) **Category 7 medium-duty electric truck lease or purchase**
24 **for tax years 2024 through 2032.** WITH RESPECT TO INCOME TAX YEARS
25 COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
26 2033, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7 MEDIUM-DUTY
27 ELECTRIC TRUCK SOLD OR LEASED DURING THE TAX YEAR, THERE IS

1 ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS
2 ARTICLE 22 IN AN AMOUNT AS FOLLOWS:

3 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
4 1, 2024, BUT BEFORE JANUARY 1, 2026, TWELVE THOUSAND DOLLARS;
5 AND

6 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
7 1, 2026, BUT BEFORE JANUARY 1, 2033, FOUR THOUSAND DOLLARS.

8 (c) **Category 7 heavy-duty truck lease or purchase for tax**
9 **years 2024 through 2032.** WITH RESPECT TO INCOME TAX YEARS
10 COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
11 2033, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7 HEAVY-DUTY
12 TRUCK SOLD OR LEASED DURING THE TAX YEAR, THERE IS ALLOWED TO
13 ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 IN
14 AN AMOUNT AS FOLLOWS:

15 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
16 1, 2024, BUT BEFORE JANUARY 1, 2026, TWELVE THOUSAND DOLLARS;
17 AND

18 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
19 1, 2026, BUT BEFORE JANUARY 1, 2033, EIGHT THOUSAND DOLLARS.

20 (d) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE
21 REVENUE FORECAST THROUGH THE JUNE 2027 REVENUE FORECAST AS
22 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
23 STATE PLANNING AND BUDGETING, PROJECTS THAT STATE REVENUES,
24 AS DEFINED IN SECTION 24-77-103.6 (6)(c), WILL NOT INCREASE BY AT
25 LEAST FOUR PERCENT FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE
26 CREDIT ALLOWED PURSUANT TO SUBSECTION (8.7)(a)(III), (8.7)(a)(IV), OR
27 (8.7)(a)(V) OF THIS SECTION FOR ANY TAX YEAR COMMENCING IN THE

1 CALENDAR YEAR THAT BEGINS DURING SAID NEXT FISCAL YEAR IS
2 REDUCED BY FIFTY PERCENT; EXCEPT THAT IF THE AMOUNT OF REDUCED
3 CREDIT IS EQUAL TO OR LESS THAN FIVE HUNDRED DOLLARS, THEN NO
4 CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

5 (13.5) (a) A purchaser may assign the tax credit allowed in this
6 section for the purchase or lease of a category 4, category 4 A, category
7 4 B, category 4 C, category 7, category 7 A, or category 9 vehicle
8 completed on or after January 1, 2017, BUT BEFORE JANUARY 1, 2024, to
9 a financing entity as follows:

10 (h) THIS SUBSECTION (13.5) IS REPEALED, EFFECTIVE DECEMBER
11 31, 2028.

12 (13.7) (a) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED
13 IN THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 7 VEHICLE
14 SOLD OR LEASED ON OR AFTER JANUARY 1, 2024, TO A FINANCING ENTITY
15 OR TO A MOTOR VEHICLE DEALER AS FOLLOWS:

16 (I) THE ASSIGNMENT TO THE FINANCING ENTITY OR THE MOTOR
17 VEHICLE DEALER MUST BE COMPLETED AT THE TIME OF PURCHASE OR
18 LEASE BY ENTERING INTO AN ELECTION STATEMENT AS SET FORTH IN
19 SUBSECTION (13.7)(c) OF THIS SECTION;

20 (II) THE PURCHASER MUST TITLE AND REGISTER THE VEHICLE IN
21 THE STATE OR REGISTER THE VEHICLE UNDER THE INTERNATIONAL
22 REGISTRATION PLAN AND BASE PLATE THE VEHICLE IN THE STATE AS
23 REQUIRED BY STATE LAW;

24 (III) THE PURCHASER MUST ASSIGN THE TAX CREDIT TO THE
25 FINANCING ENTITY OR THE MOTOR VEHICLE DEALER AND FORFEIT THE
26 RIGHT TO CLAIM THE TAX CREDIT ON THE PURCHASER'S TAX RETURN IN
27 EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION; AND

1 (IV) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
2 SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF
3 THE TAX CREDIT; EXCEPT THAT THE FINANCING ENTITY OR THE MOTOR
4 VEHICLE DEALER MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED
5 TWO HUNDRED FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE
6 COMPENSATION PAID TO THE PURCHASER IS CONSIDERED A REFUND OF
7 STATE TAXES AND IS NOT INCOME.

8 (b) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER
9 ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY OR TO A MOTOR VEHICLE
10 DEALER PURSUANT TO THIS SUBSECTION (13.7), THE FINANCING ENTITY OR
11 THE MOTOR VEHICLE DEALER RECEIVES THE FULL AMOUNT OF THE TAX
12 CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID
13 BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED
14 FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

15 (c) TO COMPLETE THE TAX CREDIT ASSIGNMENT, THE PURCHASER
16 AND THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER SHALL ENTER
17 INTO AN ELECTION STATEMENT THAT:

18 (I) IDENTIFIES THE VEHICLE IDENTIFICATION NUMBER OF THE
19 CATEGORY 7 VEHICLE FOR WHICH A CREDIT IS ALLOWED IN THIS SECTION;

20 (II) SPECIFIES THE VALUE OF THE CREDIT ALLOWED; AND

21 (III) AFFIRMS THAT THE REQUIREMENTS SPECIFIED IN SUBSECTION
22 (13.7)(a) OF THIS SECTION WERE MET.

23 (d) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER MAY
24 AUTHORIZE AN AGENT OR A DESIGNEE TO SIGN THE ELECTION STATEMENT
25 ON ITS BEHALF.

26 (e) FOR THE PURCHASE OR LEASE OF A CATEGORY 7 VEHICLE
27 COMPLETED ON OR AFTER JANUARY 1, 2024, THE FINANCING ENTITY OR

1 THE MOTOR VEHICLE DEALER SHALL ELECTRONICALLY SUBMIT A REPORT
2 CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT
3 DESCRIBED IN SUBSECTION (13.7)(c) OF THIS SECTION TO THE
4 DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND MANNER REQUIRED
5 BY THE DEPARTMENT.

6 (f) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER SHALL
7 MAINTAIN THE ELECTION STATEMENT DESCRIBED IN SUBSECTION (13.7)(c)
8 OF THIS SECTION AND PRODUCE IT UPON REQUEST OR AUDIT BY THE
9 DEPARTMENT.

10 (g) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
11 1, 2025, THE FINANCING ENTITY OR MOTOR VEHICLE DEALER MAY ELECT
12 ADVANCE PAYMENTS OF CREDITS ASSIGNED UNDER THIS SUBSECTION
13 (13.7) AS SPECIFIED IN SECTION 39-22-629.

14 (17.5) A PURCHASER, AS SET FORTH IN SUBSECTION (1)(bb.3)(II)
15 OF THIS SECTION, WHO CLAIMS THE CREDIT ALLOWED BY THIS SECTION
16 SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

17 (18) This section is repealed, effective ~~December 31, 2030~~
18 DECEMBER 31, 2037.

19 **SECTION 4.** In Colorado Revised Statutes, 39-22-545, **amend**
20 (3)(a) as follows:

21 **39-22-545. Credit against tax - heat pump systems - heat pump**
22 **water heaters - tax preference performance statement - legislative**
23 **declaration - definitions - repeal.** (3) (a) Subject to the provisions of
24 subsection (4) of this section, for income tax years commencing on or
25 after January 1, 2023, but before ~~January 1, 2025~~, JANUARY 1, 2024, any
26 purchaser that installs a residential or commercial heat pump system into
27 real property in this state or that installs a residential or commercial heat

1 pump water heater into real property in this state is allowed a credit
2 against the tax imposed by this article 22 in an amount equal to ten
3 percent of the purchase price paid by the purchaser for the heat pump
4 system or heat pump water heater.

5 **SECTION 5.** In Colorado Revised Statutes, **add** 39-22-549 as
6 follows:

7 **39-22-549. Industrial clean energy tax credit - tax preference**
8 **performance statement - definitions - report - repeal.** (1) (a) IN
9 ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL
10 THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE
11 PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE
12 DECLARATION, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE
13 PURPOSE OF THE TAX CREDIT PROVIDED FOR IN THIS SECTION IS TO INDUCE
14 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS AND TO PROVIDE A
15 REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN BUSINESSES OR
16 INDIVIDUALS BY ALLOWING AN OWNER OF AN INDUSTRIAL FACILITY TO
17 RECEIVE A CREDIT AGAINST INCOME TAX FOR THE COSTS ASSOCIATED WITH
18 CONDUCTING INDUSTRIAL STUDIES OR FOR IMPLEMENTING A PLAN TO PUT
19 INTO SERVICE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

20 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
21 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
22 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
23 INFORMATION REQUIRED AND REPORTED BY THE OFFICE PURSUANT TO
24 SUBSECTION (10)(b) OF THIS SECTION, AND BASED ON THE NUMBER AND
25 VALUE OF THE CREDITS CLAIMED.

26 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
27 OTHERWISE REQUIRES:

1 (a) "APPLICABLE PERCENTAGE" MEANS THIRTY PERCENT, EXCEPT
2 AS PROVIDED IN SUBSECTION (3)(b)(II) OF THIS SECTION.

3 (b) "CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTION
4 IMPROVEMENTS" MEANS GREENHOUSE GAS EMISSIONS REDUCTION
5 IMPROVEMENTS TO A QUALIFIED INDUSTRIAL FACILITY THAT HAVE BEEN
6 CERTIFIED BY THE OFFICE AS MEETING THE STANDARDS OF THE OFFICE.

7 (c) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE
8 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

9 (d) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

10 (e) "GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS"
11 MEANS IMPROVEMENTS THAT HELP TO MEASURABLY REDUCE GREENHOUSE
12 GAS EMISSIONS. "GREENHOUSE GAS EMISSIONS REDUCTION
13 IMPROVEMENTS" ALSO MEANS ONE OR MORE OF THE FOLLOWING
14 EQUIPMENT PURCHASES, IMPROVEMENTS, AND RETROFITS:

15 (I) REPLACING FOSSIL-FUEL-POWERED OFF-ROADEQUIPMENT SUCH
16 AS FORKLIFTS AND CONSTRUCTION EQUIPMENT WITH ELECTRIC
17 EQUIPMENT;

18 (II) REPLACING FOSSIL-FUEL-FIRED EQUIPMENT FOR SPACE OR
19 WATER HEATING OR INDUSTRIAL PROCESS HEATING WITH HIGH-EFFICIENCY
20 ELECTRIC EQUIPMENT;

21 (III) REPLACING FOSSIL-FUEL-FIRED OR COMPRESSED AIR-DRIVEN
22 INDUSTRIAL PROCESS EQUIPMENT WITH HIGH-EFFICIENCY ELECTRIC
23 EQUIPMENT;

24 (IV) PLACING IN SERVICE ADVANCED REFRIGERATION SYSTEMS
25 THAT REDUCE GREENHOUSE GAS EMISSIONS;

26 (V) PLACING IN SERVICE ELECTRIC CHARGING INFRASTRUCTURE
27 FOR ELECTRIC VEHICLES AT AN INDUSTRIAL FACILITY;

- 1 (VI) PLACING IN SERVICE WASTE HEAT RECOVERY TECHNOLOGY;
- 2 (VII) UPGRADING OR IMPLEMENTING ENERGY MONITORING
- 3 SYSTEMS;
- 4 (VIII) INSTALLING HIGH EFFICIENCY ELECTRIC PUMPS, MOTORS,
- 5 COMPRESSORS, AND LIGHTING;
- 6 (IX) INSTALLING VARIABLE VOLUME OR LOAD EFFICIENCY
- 7 EQUIPMENT;
- 8 (X) INSTALLING CARBON CAPTURE EQUIPMENT WHICH PROVIDES
- 9 SUPPORTING INFORMATION THAT DEMONSTRATES A NET REDUCTION IN
- 10 GREENHOUSE GAS EMISSIONS WHEN ACCOUNTING FOR ENERGY-RELATED
- 11 EMISSIONS RELEASED TO OPERATE THE CARBON CAPTURE EQUIPMENT AND
- 12 PROVIDES A PERMANENT DURABLE CARBON STORAGE PLAN; EXCEPT THAT
- 13 THE CAPTURED CARBON MAY NOT BE USED FOR ENHANCED OIL RECOVERY;
- 14 (XI) INSTALLING EQUIPMENT USED FOR COLLECTION OF
- 15 BIOMETHANE;
- 16 (XII) REPLACING FOSSIL-FUEL-FIRED EQUIPMENT WITH HYDROGEN
- 17 FUELED EQUIPMENT;
- 18 (XIII) INSTALLING HYDROGEN FUELING STATIONS FOR FUEL CELL
- 19 VEHICLES AT INDUSTRIAL FACILITIES;
- 20 (XIV) CONVERTING FOSSIL-FUEL-POWERED PUMPS, COMPRESSORS,
- 21 AND CONTROLLERS TO COMPRESSED AIR-DRIVEN OR ELECTRIC-DRIVEN
- 22 PUMPS, COMPRESSORS, AND CONTROLLERS;
- 23 (XV) INSTALLING ONSITE ENERGY STORAGE;
- 24 (XVI) INSTALLING OR UPGRADING TO UTILITY SERVICE FEED
- 25 EQUIPMENT TO DIRECTLY SUPPORT THE IMPLEMENTATION OF ANY OF THE
- 26 ELECTRIFICATION IMPROVEMENTS SET FORTH IN THIS SUBSECTION (2)(e);
- 27 (XVII) PLACING IN SERVICE CARBON MANAGEMENT SYSTEMS

1 INCLUDING DIRECT AIR CAPTURE AND OTHER FORMS OF CARBON DIOXIDE
2 REMOVAL;

3 (XVIII) MATERIAL SUBSTITUTIONS WITHIN INDUSTRIAL PROCESSES
4 TO REDUCE INDUSTRIAL PROCESS GREENHOUSE GAS EMISSIONS BY A
5 MINIMUM OF FIFTEEN PERCENT WHEN COMPARED TO EXISTING
6 PRODUCTION PRACTICES; AND

7 (XIX) OTHER SIMILAR PURCHASES AND IMPROVEMENTS
8 IDENTIFIED AND SET FORTH IN THE STANDARDS DEVELOPED BY THE OFFICE
9 PURSUANT TO SUBSECTION (4) OF THIS SECTION THAT RESULT IN AT LEAST
10 A TWENTY PERCENT REDUCTION IN GREENHOUSE GAS EMISSIONS WHEN
11 COMPARED TO CURRENT TECHNOLOGY, EQUIPMENT, OR PRODUCTION
12 PROCESSES BEING DEPLOYED BY THE OWNER.

13 (f) "GREENHOUSE GAS EMISSIONS REDUCTION PLAN" OR "PLAN"
14 MEANS PROJECT IMPLEMENTATION PLANS OR SPECIFICATIONS FOR THE
15 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS TO A
16 QUALIFIED INDUSTRIAL FACILITY THAT ARE SUFFICIENTLY DETAILED TO
17 ENABLE THE OFFICE TO EVALUATE WHETHER THE IMPROVEMENTS ARE IN
18 COMPLIANCE WITH THE STANDARDS DEVELOPED UNDER THIS SECTION AND
19 WHETHER THE PLAN WILL MEASURABLY REDUCE GREENHOUSE GAS
20 EMISSIONS AT A QUALIFIED INDUSTRIAL FACILITY. THE PLAN MUST
21 INCLUDE, BUT IS NOT LIMITED TO, A PROPERTY ADDRESS, LEGAL
22 DESCRIPTION, OR OTHER SPECIFIC LOCATION OF THE INDUSTRIAL FACILITY,
23 AND MUST INCLUDE INFORMATION ON THE ESTIMATED COSTS FOR THE
24 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

25 (g) (I) "INDUSTRIAL FACILITY" MEANS ANY REAL PROPERTY IN THE
26 STATE, AND THE MACHINERY OR EQUIPMENT ON THE REAL PROPERTY,
27 WHERE THE PRINCIPAL TRADE OR BUSINESS ACTIVITY IS THE MECHANICAL

1 OR CHEMICAL TRANSFORMATION OF ORGANIC OR INORGANIC SUBSTANCES
2 INTO NEW PRODUCTS, CHARACTERISTICALLY USING POWER-DRIVEN
3 MACHINES AND MATERIALS HANDLING EQUIPMENT.

4 (II) "INDUSTRIAL FACILITY" DOES NOT INCLUDE A LANDFILL, AN
5 ELECTRIC UTILITY SUBJECT TO REGULATION BY THE PUBLIC UTILITIES
6 COMMISSION, OR AN UPSTREAM OR MID-STREAM OIL AND GAS OPERATION.

7 (h) "INDUSTRIAL PROCESS GREENHOUSE GAS EMISSIONS" MEANS
8 GREENHOUSE GAS EMISSIONS THAT OCCUR AS A RESULT OF THE CHEMICAL
9 OR PHYSICAL TRANSFORMATION OF PROCESS INPUT MATERIALS.

10 (i) "INDUSTRIAL STUDY" MEANS AN ENERGY AND EMISSIONS
11 AUDIT, A FEASIBILITY STUDY, OR A FRONT-END ENGINEERING DESIGN
12 STUDY THAT MEETS OR EXCEEDS THE STANDARDS ESTABLISHED BY THE
13 OFFICE.

14 (j) "OWNER" MEANS A PERSON SUBJECT TO TAX UNDER THIS
15 ARTICLE 22 WHO APPLIES FOR AND CLAIMS THE CREDIT ALLOWED BY THIS
16 SECTION.

17 (3) **Availability of credit and amount.** (a) FOR INCOME TAX
18 YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT PRIOR TO
19 JANUARY 1, 2033, THERE SHALL BE ALLOWED A CREDIT WITH RESPECT TO
20 THE INCOME TAXES IMPOSED PURSUANT TO THIS ARTICLE 22 TO THE
21 OWNER OF A QUALIFIED INDUSTRIAL FACILITY IN AN AMOUNT EQUAL TO:

22 (I) THE APPLICABLE PERCENTAGE OF THE COSTS PAID AND
23 APPROVED BY THE OFFICE FOR COMPLETING AN INDUSTRIAL STUDY DURING
24 THE TAX YEAR IN WHICH THE CREDIT IS CLAIMED; EXCEPT THAT THE
25 CREDIT CANNOT BE CLAIMED IN AN AMOUNT EXCEEDING ONE MILLION
26 DOLLARS; OR

27 (II) THE APPLICABLE PERCENTAGE OF THE CAPITAL COSTS PAID BY

1 THE OWNER, NOT INCLUDING THE COST FOR DESIGN, AND APPROVED BY
2 THE OFFICE FOR CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTION
3 IMPROVEMENTS THAT ARE PLACED IN SERVICE DURING THE TAX YEAR IN
4 WHICH THE CREDIT IS CLAIMED; EXCEPT THAT THE CREDIT MUST BE
5 CLAIMED IN AN AMOUNT THAT IS NOT LESS THAN SEVENTY-FIVE
6 THOUSAND DOLLARS AND DOES NOT EXCEED FIVE MILLION DOLLARS.

7 (b) (I) IF THE OFFICE APPROVES THE OWNER'S INDUSTRIAL STUDY
8 OR GREENHOUSE GAS EMISSIONS REDUCTION PLAN AND RESERVES CREDITS
9 UNDER SUBSECTION (6) OF THIS SECTION, THE OFFICE SHALL APPLY THE
10 APPLICABLE PERCENTAGE OF THE COSTS PAID FOR COMPLETING AN
11 INDUSTRIAL STUDY OR THE CAPITAL COSTS PAID FOR GREENHOUSE GAS
12 EMISSIONS REDUCTION IMPROVEMENTS TO CALCULATE THE AMOUNT OF
13 THE CREDIT THAT THE OWNER WILL RECEIVE FOR THE TAX YEAR IN WHICH
14 THE INDUSTRIAL STUDY IS COMPLETED OR THE GREENHOUSE GAS
15 EMISSIONS REDUCTION IMPROVEMENTS ARE PLACED IN SERVICE.

16 (II) THE OFFICE MAY ON A CASE BY CASE BASIS DETERMINE THAT
17 THE APPLICABLE PERCENTAGE MAY BE INCREASED TO AN AMOUNT NOT TO
18 EXCEED FIFTY PERCENT UPON REQUEST BY AN OWNER FOR GREENHOUSE
19 GAS EMISSIONS REDUCTION IMPROVEMENTS THAT HAVE SIGNIFICANT
20 POTENTIAL TO SIGNIFICANTLY ADVANCE REDUCTIONS IN GREENHOUSE GAS
21 EMISSIONS BUT MAY NOT BE IN THE COMMERCIAL STAGE OF
22 DEVELOPMENT. IN EVALUATING SUCH A REQUEST, THE OFFICE MAY USE
23 UNITED STATES DEPARTMENT OF ENERGY TECHNOLOGY READINESS LEVEL
24 CRITERIA, SCIENTIFIC LITERATURE DETAILING POTENTIAL
25 DECARBONIZATION IMPACTS OF PROPOSED TECHNOLOGY, OR SUBSEQUENT
26 LITERATURE ON TECHNOLOGY RESULTS TO DATE TO DETERMINE WHETHER
27 THE REQUESTED INCREASE OF THE APPLICABLE PERCENTAGE SUFFICIENTLY

1 SATISFIES THE OFFICE'S CRITERIA TO JUSTIFY THE INCREASE.

2 (c) AN OWNER THAT CLAIMS THE CREDIT ALLOWED BY THIS
3 SECTION CANNOT CLAIM THE CREDIT ALLOWED BY SECTION 39-30-104
4 WITH RESPECT TO THE GREENHOUSE GAS EMISSIONS REDUCTION
5 IMPROVEMENTS OR RECEIVE GRANT MONEY UNDER THE INDUSTRIAL AND
6 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CREATED IN
7 SECTION 24-38.5-116 (3)(a).

8 (4) **Office to develop standards.** (a) THE OFFICE SHALL DEVELOP
9 STANDARDS FOR THE APPROVAL OF INDUSTRIAL FACILITIES AS QUALIFIED
10 INDUSTRIAL FACILITIES FOR WHICH A TAX CREDIT UNDER THIS SECTION IS
11 ALLOWED TO AN OWNER.

12 (b) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL
13 OF INDUSTRIAL STUDIES, FOR THE APPROVAL OF AN INDUSTRIAL FACILITY
14 OWNER'S GREENHOUSE GAS EMISSIONS REDUCTION PLAN, FOR CERTIFYING
15 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS, INCLUDING
16 VERIFICATION OF REDUCTION IN GREENHOUSE GAS EMISSIONS, AND FOR
17 REVIEWING THE COST CERTIFICATIONS FOR THE COSTS OF THE INDUSTRIAL
18 STUDY AND THE COSTS RELATED TO THE IMPLEMENTATION OF A
19 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS PLAN. THE
20 STANDARDS THAT ARE ADOPTED PURSUANT TO THIS SUBSECTION (4)(b),
21 MUST PROVIDE THAT A PLAN PROPOSE GREENHOUSE GAS EMISSIONS
22 REDUCTION IMPROVEMENTS THAT LEAD TO DIRECT REDUCTIONS THROUGH
23 PROJECT IMPLEMENTATION.

24 (c) ANY STANDARDS DEVELOPED BY THE OFFICE UNDER THIS
25 SUBSECTION (4) MUST BE POSTED ON THE OFFICE'S WEBSITE.

26 (d) THE OFFICE MAY ANNUALLY REVIEW AND UPDATE AS
27 NECESSARY STANDARDS ADOPTED PURSUANT TO THIS SUBSECTION (4).

1 **(5) Application and industrial study or plan submission.**

2 (a) AN OWNER THAT INTENDS TO CLAIM A CREDIT PURSUANT TO
3 SUBSECTION (3)(a)(I) OF THIS SECTION SHALL SUBMIT TO THE OFFICE AN
4 APPLICATION ON A FORM PRESCRIBED BY THE OFFICE AND ANY
5 DOCUMENTATION THAT THE OFFICE REQUIRES TO DEMONSTRATE THE
6 ANTICIPATED COMPLETION OF AN INDUSTRIAL STUDY IN THE CURRENT OR
7 IN A FUTURE TAX YEAR, INCLUDING THE COST OF THE INDUSTRIAL STUDY
8 AND THE AMOUNT OF CREDIT REQUESTED.

9 (b) AN OWNER THAT INTENDS TO CLAIM A TAX CREDIT PURSUANT
10 TO SUBSECTION (3)(a)(II) OF THIS SECTION SHALL SUBMIT TO THE OFFICE
11 AN APPLICATION AND PLAN AS SET FORTH IN THE STANDARDS DEVELOPED
12 BY THE OFFICE. THE OFFICE SHALL PRESCRIBE A FORM FOR THE
13 APPLICATION, WHICH MUST INCLUDE A PLACE FOR OWNERS TO PROVIDE
14 THE FOLLOWING INFORMATION:

15 (I) DETAILED ESTIMATES OF THE CAPITAL COSTS FOR THE
16 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS;

17 (II) ESTIMATES OF EXPECTED ENERGY CONSUMPTION AVOIDED BY
18 THE USE OF THE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS;

19 (III) ESTIMATED TIMING FOR THE GREENHOUSE GAS EMISSIONS
20 REDUCTION IMPROVEMENTS TO BE PLACED INTO SERVICE;

21 (IV) FOR CARBON MANAGEMENT PROJECTS, NET REDUCTIONS IN
22 GREENHOUSE GAS EMISSIONS;

23 (V) ESTIMATED DOLLAR SAVINGS;

24 (VI) ESTIMATED DOLLARS LEVERAGED, INCLUDING ANY PRIVATE
25 INVESTMENT, STATE GRANT FUNDING, AND FEDERAL GRANTS OR TAX
26 CREDITS;

27 (VII) THE TYPE AND AGE OF EQUIPMENT BEING REPLACED, IF

1 APPLICABLE;

2 (VIII) THE TYPE AND ESTIMATED LIFE SPAN OF NEW EQUIPMENT,
3 IF APPLICABLE;

4 (IX) THE AMOUNT OF CREDIT REQUESTED; AND

5 (X) ANY OTHER INFORMATION AS SPECIFIED IN THE STANDARDS
6 SET FORTH BY THE OFFICE.

7 (c) (I) THE OFFICE SHALL ACCEPT APPLICATIONS THROUGH JUNE
8 30, 2024, AND SEMI-ANNUALLY THROUGH EACH DECEMBER 31 AND JUNE
9 30 THEREAFTER, THROUGH JUNE 30, 2032.

10 (II) (A) THE OFFICE SHALL REVIEW APPLICATIONS AND
11 DOCUMENTATION RELATED TO INDUSTRIAL STUDIES TO BE CONDUCTED OR
12 PLANS FOR GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS AT
13 A QUALIFIED INDUSTRIAL FACILITY TO DETERMINE THAT THE APPLICATION,
14 DOCUMENTATION, AND PLAN, IF APPLICABLE, ARE COMPLETE AND IN
15 COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION AND THE
16 STANDARDS ESTABLISHED BY THE OFFICE.

17 (B) IF THE OFFICE DETERMINES THAT THE APPLICATION,
18 DOCUMENTATION, AND PLAN, IF APPLICABLE, ARE COMPLETE AND IN
19 COMPLIANCE, THE OFFICE SHALL ADD THE APPLICATION TO AN
20 EVALUATION POOL FOR THE APPLICATION PERIOD.

21 (C) IF THE OFFICE DETERMINES THAT THE APPLICATION IS
22 INCOMPLETE OR THAT IT DOES NOT COMPLY WITH THE REQUIREMENTS OF
23 THIS SECTION OR THE STANDARDS ESTABLISHED BY THE OFFICE, THE
24 OFFICE SHALL REMOVE THE APPLICATION FROM THE REVIEW PROCESS AND
25 NOTIFY THE OWNER IN WRITING OF ITS DECISION. AN OWNER MAY
26 RESUBMIT A DISAPPROVED APPLICATION, DOCUMENTATION, AND PLAN, IF
27 APPLICABLE, TO BE EVALUATED IN A FUTURE APPLICATION PERIOD.

1 **(6) Merit-based review and reservation of credits.** (a) (I) FOR
2 EACH APPLICATION PERIOD, THE OFFICE SHALL CONDUCT A MERIT-BASED
3 EVALUATION OF THE APPLICATIONS THAT HAVE BEEN PLACED IN THE
4 EVALUATION POOL PURSUANT TO SUBSECTION (5)(c)(II)(B) OF THIS
5 SECTION. THE OFFICE SHALL COMPLETE ITS REVIEW, AND AWARD
6 RESERVATIONS, WITHIN NINETY DAYS AFTER THE END OF THE APPLICATION
7 PERIOD.

8 (II) BASED UPON THE TOTALITY OF THE FACTORS SET FORTH IN
9 SUBSECTION (6)(c) OF THIS SECTION, THE OFFICE MAY ADJUST THE
10 APPLICABLE PERCENTAGE AS PROVIDED IN SUBSECTION (3)(b)(II) OF THIS
11 SECTION AND RESERVE FOR THE BENEFIT OF EACH OWNER ALL, PART, OR
12 NONE OF THE CREDIT AMOUNT REQUESTED BY THE OWNER; EXCEPT THAT
13 THE OFFICE SHALL NOT RESERVE AN AMOUNT IN EXCESS OF THE CREDIT
14 ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION, AND THE AGGREGATE
15 AMOUNT OF CREDITS RESERVED FOR ALL OWNERS MAY NOT EXCEED THE
16 RESERVATION LIMITS SET FORTH IN SUBSECTION (8) OF THIS SECTION.

17 (III) THE OFFICE MAY RESERVE CREDITS FOR THE CURRENT OR ANY
18 FUTURE TAX YEAR BASED UPON THE ANTICIPATED COMPLETION OR IN
19 SERVICE DATE INDICATED IN THE APPLICATION; EXCEPT THAT CREDITS
20 MAY NOT BE RESERVED FOR AN INDUSTRIAL STUDY COMPLETED OR FOR
21 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS PLACED IN
22 SERVICE PRIOR TO THE END OF THE APPLICATION PERIOD. THE OFFICE
23 SHALL NOT RESERVE TAX CREDITS FOR ANY TAX YEAR BEGINNING ON OR
24 AFTER JANUARY 1, 2033.

25 (b) (I) IF THE OFFICE RESERVES CREDITS FOR THE BENEFIT OF AN
26 OWNER UNDER SUBSECTION (6)(a) OF THIS SECTION, THE OFFICE SHALL
27 NOTIFY THE OWNER OF THE RESERVATION AND THE AMOUNT RESERVED.

1 THE RESERVATION OF TAX CREDITS DOES NOT ENTITLE THE OWNER TO AN
2 ISSUANCE OF ANY TAX CREDIT CERTIFICATES UNTIL THE OWNER COMPLIES
3 WITH ALL OF THE REQUIREMENTS SPECIFIED IN THIS SECTION, OR BY THE
4 OFFICE, FOR THE ISSUANCE OF A TAX CREDIT CERTIFICATE.

5 (II) THE OFFICE SHALL NOTIFY ANY OWNER FOR WHICH IT
6 RESERVED NO CREDIT UNDER SUBSECTION (6)(a) OF THIS SECTION OF ITS
7 DECISION IN WRITING.

8 (III) IF THE OFFICE RESERVES LESS THAN THE FULL AMOUNT OF
9 CREDIT REQUESTED BY THE OWNER, THE OWNER MAY SUBMIT A NEW
10 APPLICATION FOR THE REMAINING BALANCE UP TO THE AMOUNT OF CREDIT
11 ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION IN A FUTURE
12 APPLICATION PERIOD.

13 (c) (I) IN CONDUCTING THE MERIT-BASED REVIEW PURSUANT TO
14 SUBSECTION (6)(a) OF THIS SECTION, THE OFFICE SHALL CONSIDER THE
15 FACTORS SET FORTH IN THIS SUBSECTION (6)(c) IN ADDITION TO ANY
16 OTHER FACTORS THE OFFICE MAY ESTABLISH IN ITS GUIDELINES. THE
17 OFFICE MAY WEIGH THE FACTORS EQUALLY OR DIFFERENTLY.

18 (II) THE OFFICE SHALL:

19 (A) CONSIDER ADDITIONAL RESOURCES LEVERAGED BY THE
20 OWNER TO CONDUCT THE INDUSTRIAL STUDY OR IMPLEMENT THE PLAN;
21 AND

22 (B) PRIORITIZE THE LOCATION OF THE INDUSTRIAL FACILITY THAT
23 IS THE SUBJECT OF THE INDUSTRIAL STUDY OR THE PLAN, IN PARTICULAR
24 IF THE LOCATION IS IN A DISPROPORTIONATELY IMPACTED COMMUNITY OR
25 WITHIN A NON-ATTAINMENT AREA.

26 (III) IN ADDITION TO THE FACTORS SET FORTH IN SUBSECTION
27 (6)(c)(II) OF THIS SECTION, FOR AN APPLICATION THAT IS REQUESTING A

1 RESERVATION OF CREDIT FOR THE CREDIT ALLOWED PURSUANT TO
2 SUBSECTION (3)(a)(II) OF THIS SECTION, THE OFFICE SHALL ALSO
3 CONSIDER:

4 (A) THE ANNUAL GREENHOUSE GAS EMISSIONS REDUCTION
5 IMPACT, CONSIDERING BOTH THE TOTAL IMPACT AND THE PER DOLLAR
6 IMPACT FOR THE AMOUNT OF CREDIT REQUESTED TO BE RESERVED;

7 (B) ANY CO-BENEFITS OF A PROJECT THAT WILL IMPLEMENT THE
8 PLAN WITH PRIORITIZATION GIVEN TO PROJECTS THAT LIMIT THE AMOUNT
9 OF POLLUTANTS EMITTED BY EMERGING TECHNOLOGIES, INCLUDING
10 PROJECTS THAT INCLUDE ELECTRIFICATION AND USE OF RENEWABLE
11 ELECTRICITY;

12 (C) THE READINESS OF A GREENHOUSE GAS EMISSIONS REDUCTION
13 IMPROVEMENT THAT WILL BE IMPLEMENTED BY THE PLAN; AND

14 (D) THE INNOVATIVE NATURE OF THE PLAN AND PROPOSED
15 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

16 (7) **Proof of compliance - audit of cost certification - issuance**
17 **of tax credit certificate.** (a) ANY OWNER RECEIVING A RESERVATION OF
18 TAX CREDITS UNDER SUBSECTION (6) OF THIS SECTION FOR CREDITS
19 ALLOWED PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION SHALL
20 COMPLETE THE APPROVED INDUSTRIAL STUDY OR PUT THE APPROVED
21 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS IDENTIFIED IN
22 THE PLAN IN SERVICE DURING THE TAX YEAR FOR WHICH THE
23 RESERVATION IS APPROVED. WHEN THE APPROVED INDUSTRIAL STUDY IS
24 COMPLETE OR THE APPROVED GREENHOUSE GAS EMISSIONS REDUCTION
25 IMPROVEMENTS ARE PLACED IN SERVICE, THE OWNER SHALL NOTIFY THE
26 OFFICE OF THE COMPLETION OF THE INDUSTRIAL STUDY OR PLAN AND
27 SHALL PROVIDE THE OFFICE WITH A COST CERTIFICATION OF THE COSTS

1 FOR THE APPROVED INDUSTRIAL STUDY OR APPROVED GREENHOUSE GAS
2 EMISSIONS REDUCTION IMPROVEMENTS. THE COST CERTIFICATION MUST
3 BE AUDITED BY A LICENSED CERTIFIED PUBLIC ACCOUNTANT THAT IS NOT
4 AFFILIATED WITH THE OWNER. THE OFFICE SHALL REVIEW THE COST
5 CERTIFICATION AND VERIFY THAT IT SATISFIES THE INFORMATION
6 PROVIDED IN THE OWNER'S APPLICATION, INCLUDING, IF APPLICABLE, THE
7 PLAN, WITHIN NINETY DAYS AFTER RECEIPT OF THE COST CERTIFICATION.
8 IF THE OFFICE DETERMINES THAT THE INDUSTRIAL STUDY IS COMPLETE OR
9 THAT THE PLAN IS COMPLETE AND THAT THE GREENHOUSE GAS EMISSIONS
10 REDUCTION IMPROVEMENTS HAVE BEEN PLACED IN SERVICE, AND THE
11 OFFICE APPROVES THE COST CERTIFICATION, THE OFFICE SHALL ISSUE A
12 TAX CREDIT CERTIFICATE IN THE AMOUNT ALLOWED PURSUANT TO
13 SUBSECTION (3) OF THIS SECTION.

14 (b) NOTWITHSTANDING SUBSECTION (7)(a) OF THIS SECTION, THE
15 TOTAL AMOUNT OF THE INITIAL TAX CREDIT CERTIFICATE ISSUED FOR AN
16 INDUSTRIAL STUDY OR CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTION
17 IMPROVEMENT **MUST** NOT EXCEED THE AMOUNT OF THE TAX CREDIT
18 RESERVATION APPROVED PURSUANT TO SUBSECTION (6)(a) OF THIS
19 SECTION.

20 (c) IF THE AMOUNT OF CERTIFIED COSTS INCURRED BY THE OWNER
21 WOULD RESULT IN AN OWNER BEING ISSUED AN AMOUNT THAT EXCEEDS
22 THE AMOUNT OF TAX CREDIT RESERVED FOR THE OWNER UNDER
23 SUBSECTION (6) OF THIS SECTION, THE OWNER MAY APPLY TO THE OFFICE
24 FOR THE ISSUANCE OF AN AMOUNT OF TAX CREDITS THAT EQUALS THE
25 EXCESS. THE OWNER **SHALL** SUBMIT ITS APPLICATION FOR ISSUANCE OF
26 SUCH EXCESS TAX CREDITS ON A FORM PRESCRIBED BY THE OFFICE. THE
27 OFFICE SHALL REVIEW THE APPLICATION FOR AN ADDITIONAL TAX CREDIT

1 AMOUNT IN THE SAME MANNER IT REVIEWS ALL OTHER APPLICATIONS AND
2 IN ACCORDANCE WITH SUBSECTION (6)(a) OF THIS SECTION. SUBJECT TO
3 THE AVAILABILITY OF TAX CREDITS FOR THE APPLICATION PERIOD DURING
4 WHICH THE OWNER APPLIES FOR THE ADDITIONAL CREDIT AWARD
5 PURSUANT TO THIS SUBSECTION (7)(c), THE OFFICE MAY APPROVE THE
6 APPLICATION AND SHALL ISSUE A SEPARATE CERTIFICATE.

7 **(8) Limit on aggregate amount of tax credits available to be**
8 **reserved.** (a) FOR THE APPLICATION PERIOD ENDING JUNE 30, 2024, AND
9 FOR EACH SEMI-ANNUAL APPLICATION PERIOD COMMENCING ON OR AFTER
10 JULY 1, 2024, BUT BEFORE JULY 1, 2028, THE AGGREGATE AMOUNT OF ALL
11 TAX CREDITS THAT MAY BE RESERVED UNDER SUBSECTION (6)(a) OF THIS
12 SECTION AND AWARDED UNDER SUBSECTION (7)(c) OF THIS SECTION MUST
13 NOT EXCEED EIGHT MILLION DOLLARS. FOR APPLICATION PERIODS
14 COMMENCING ON OR AFTER JULY 1, 2028, BUT BEFORE JULY 1, 2032, THE
15 AGGREGATE AMOUNT OF ALL TAX CREDITS THAT MAY BE RESERVED
16 UNDER SUBSECTION (6)(a) OF THIS SECTION MUST NOT EXCEED TWELVE
17 MILLION DOLLARS.

18 (b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a) OF
19 THIS SECTION, THE OFFICE MAY INCREASE THE PERIODIC AGGREGATE
20 AMOUNT OF TAX CREDITS AVAILABLE FOR THE APPLICATION PERIOD
21 ENDING JUNE 30, 2024, AND FOR ANY SEMI-ANNUAL APPLICATION PERIOD
22 COMMENCING ON OR AFTER JULY 1, 2024, BUT BEFORE JULY 1, 2028. IF SO
23 INCREASED, THE OFFICE SHALL DECREASE ACCORDINGLY THE AMOUNT OF
24 TAX CREDITS AVAILABLE FOR THE APPLICATION PERIODS COMMENCING ON
25 OR AFTER JULY 1, 2028, BUT BEFORE JULY 1, 2032.

26 (c) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a) OF
27 THIS SECTION, IF THE AGGREGATE AMOUNT OF ALL TAX CREDITS RESERVED

1 PURSUANT TO SUBSECTION (6)(a) OF THIS SECTION AND AWARDED
2 PURSUANT TO SUBSECTION (7)(c) OF THIS SECTION FOR AN APPLICATION
3 PERIOD IS LESS THAN THE AMOUNT AVAILABLE UNDER SUBSECTIONS (8)(a)
4 AND (8)(b) OF THIS SECTION, THEN THE AGGREGATE AMOUNT OF ALL TAX
5 CREDITS THAT MAY BE RESERVED AND AWARDED IN THE NEXT
6 APPLICATION PERIOD IS INCREASED BY THE UNRESERVED AND UNAWARDED
7 AMOUNT.

8 (9) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
9 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
10 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
11 AN ELECTRONIC REPORT OF EACH OWNER TO WHICH THE OFFICE HAS
12 ISSUED A TAX CREDIT CERTIFICATE, AS ALLOWED IN SUBSECTION (7) OF
13 THIS SECTION, FOR THE PRECEDING TAX YEAR THAT INCLUDES THE
14 FOLLOWING INFORMATION:

15 (a) THE TAXPAYER'S NAME;

16 (b) THE AMOUNT OF THE CREDIT; AND

17 (c) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
18 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
19 IDENTIFICATION NUMBER.

20 (10) **Guidelines.** (a) IN ADDITION TO THE STANDARDS THAT THE
21 OFFICE IS REQUIRED TO ESTABLISH PURSUANT TO SUBSECTION (4) OF THIS
22 SECTION, THE OFFICE MAY ESTABLISH GUIDELINES TO IMPLEMENT THIS
23 SECTION. ALL GUIDELINES ESTABLISHED BY THE OFFICE MUST BE POSTED
24 ON THE OFFICE'S WEBSITE.

25 (b) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY
26 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX
27 CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE SET FORTH IN

1 SUBSECTION (1)(a) OF THIS SECTION AND SHALL PROVIDE THIS
2 INFORMATION AND ANY OTHER INFORMATION REQUESTED, IF AVAILABLE,
3 TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S EVALUATION OF
4 THIS TAX EXPENDITURE REQUIRED BY SECTION 39-21-305. INFORMATION
5 PROVIDED BY THE OFFICE TO THE STATE AUDITOR MAY INCLUDE APPROVED
6 INDUSTRIAL STUDIES OR APPROVED PLANS FOR GREENHOUSE GAS
7 EMISSIONS REDUCTION IMPROVEMENTS.

8 (11) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS
9 SECTION, THE OWNER SHALL FILE THE TAX CREDIT CERTIFICATE WITH THE
10 OWNER'S STATE INCOME TAX RETURN. THE AMOUNT OF THE CREDIT THAT
11 THE OWNER MAY CLAIM UNDER THIS SECTION IS THE AMOUNT STATED ON
12 THE TAX CREDIT CERTIFICATE.

13 (12) (a) AN OWNER SHALL SUBMIT A REPORT TO THE OFFICE BY THE
14 END OF THE FIRST MONTH AFTER THE END OF ANY INCOME TAX YEAR IN
15 WHICH THE OWNER RECEIVED A TAX CREDIT UNDER THIS SECTION AND
16 SHALL ANNUALLY SUBMIT A REPORT FOR THREE YEARS THEREAFTER
17 VERIFYING THE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS
18 ARE, NOTWITHSTANDING CIRCUMSTANCES EVALUATED AND DETERMINED
19 BY THE OFFICE TO BE JUSTIFIED, IN USE AT THE LOCATION IDENTIFIED IN
20 THE OWNER'S APPLICATION FOR A TAX CREDIT CERTIFICATE AND REMAIN
21 OWNED BY THE OWNER.

22 (b) IF AN OWNER WAS ALLOWED A CREDIT UNDER THIS SECTION
23 AND FAILS TO DEMONSTRATE THE GREENHOUSE GAS EMISSIONS
24 REDUCTION IMPROVEMENTS ARE, NOTWITHSTANDING CIRCUMSTANCES
25 EVALUATED AND DETERMINED BY THE OFFICE TO BE JUSTIFIED, IN USE AT
26 THE LOCATION IDENTIFIED IN THE OWNER'S APPLICATION FOR A TAX
27 CREDIT CERTIFICATE OR ARE OWNED BY THE OWNER IN ANY OF THE THREE

1 TAXABLE YEARS IMMEDIATELY FOLLOWING THE TAXABLE YEAR IN WHICH
2 THE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS WERE
3 PLACED IN SERVICE, THE OFFICE SHALL NOTIFY THE DEPARTMENT IN
4 WRITING THAT THE CREDIT ALLOWED IN THIS SECTION MUST BE
5 DISALLOWED FOR THAT OWNER. THE OWNER SHALL ADD THE AMOUNT OF
6 THE DISALLOWED CREDIT TO ITS RETURN AS A RECAPTURED CREDIT FOR
7 THE TAX YEAR IN WHICH THE CREDIT IS DISALLOWED PURSUANT TO THIS
8 SUBSECTION (12).

9 (13) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE
10 INCOME TAX DUE ON THE INCOME OF THE OWNER FOR THE TAXABLE YEAR,
11 THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND MUST BE
12 REFUNDED TO THE OWNER.

13 (14) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

14 SECTION 6. In Colorado Revised Statutes, add 39-22-550 as
15 follows:

16 **39-22-550. Tax credit for expenditures made in connection**
17 **with a geothermal energy project - tax preference performance**
18 **statement - definitions - repeal.** (1) (a) IN ACCORDANCE WITH SECTION
19 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX
20 EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT
21 AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE GENERAL
22 ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT
23 PROVIDED IN THIS SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR
24 BY TAXPAYERS AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY
25 FOR CERTAIN BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL
26 INCENTIVE FOR THE DEVELOPMENT OF ELECTRICITY GENERATION FROM
27 GEOTHERMAL SOURCES.

1 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
2 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
3 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE NUMBER
4 AND VALUE OF THE CREDITS CLAIMED.

5 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
6 OTHERWISE REQUIRES:

7 (a) (I) "APPLICABLE AMOUNT" MEANS, EXCEPT AS PROVIDED IN
8 SUBSECTION (2)(a)(II) OF THIS SECTION, AN AMOUNT OF TAX CREDIT NOT
9 TO EXCEED THIRTY PERCENT OF A QUALIFIED EXPENDITURE BY AN
10 ELIGIBLE TAXPAYER THAT IS ALLOWED PURSUANT TO THIS SECTION AS SET
11 BY THE OFFICE IN ACCORDANCE WITH SUBSECTION (4)(c) OF THIS SECTION.

12 (II) THE OFFICE MAY, ON A CASE-BY-CASE BASIS, DETERMINE THAT
13 THE APPLICABLE AMOUNT MAY BE INCREASED TO AN AMOUNT NOT TO
14 EXCEED FIFTY PERCENT OF A QUALIFIED EXPENDITURE BY AN ELIGIBLE
15 TAXPAYER IF THE OFFICE DETERMINES THAT A GEOTHERMAL ENERGY
16 PROJECT HAS SIGNIFICANT POTENTIAL TO RESULT IN GEOTHERMAL
17 ELECTRICITY PRODUCTION OR TECHNOLOGICAL DEMONSTRATION OF
18 GEOTHERMAL ELECTRICITY PRODUCTION.

19 (b) "APPROVED GEOTHERMAL ENERGY PROJECT" MEANS A
20 GEOTHERMAL ENERGY PROJECT THAT HAS BEEN APPROVED TO RECEIVE
21 QUALIFIED EXPENDITURES BY THE OFFICE PURSUANT TO THE STANDARDS
22 DEVELOPED BY THE OFFICE IN ACCORDANCE WITH SUBSECTION (5) OF THIS
23 SECTION.

24 (c) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE
25 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

26 (d) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

27 (e) "ELIGIBLE TAXPAYER" MEANS A PERSON ENGAGED IN A TRADE

1 OR BUSINESS THAT IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22, OR
2 A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS EXEMPT FROM
3 TAX PURSUANT TO SECTION 39-22-112 (1), THAT MAKES A QUALIFIED
4 EXPENDITURE.

5 (f) "GEOHERMAL ENERGY PROJECT" OR "PROJECT" MEANS A
6 PROJECT IN THE STATE THAT IS INTENDED TO EVALUATE AND DEVELOP A
7 GEOHERMAL RESOURCE FOR THE PURPOSE OF ELECTRICITY PRODUCTION,
8 THAT MEETS THE STANDARDS DEVELOPED PURSUANT TO SUBSECTION (5)
9 OF THIS SECTION, AND THAT INVOLVES ANY OF THE FOLLOWING:

- 10 (I) THE EXPLORATION AND DEVELOPMENT OF WELLS;
- 11 (II) DRILLING EXPLORATION AND CONFIRMATION WELLS;
- 12 (III) THE USE OF ANY HEAT EXTRACTED WITH PRODUCED FLUIDS
13 IN AN OIL AND GAS OPERATION IF THE HEAT IS ONLY UTILIZED TO REDUCE
14 EMISSIONS FROM THE OPERATION IN THE SAME LOCATION AS THE WELL
15 FROM WHICH IT WAS PRODUCED AND WOULD OTHERWISE NOT BE
16 ECONOMICALLY FEASIBLE AS A STAND-ALONE GEOHERMAL ENERGY
17 PROJECT;
- 18 (IV) DRILLING INJECTION WELLS;
- 19 (V) FLOW TESTING;
- 20 (VI) RESERVOIR ENGINEERING;
- 21 (VII) GEOHERMAL ENERGY STORAGE;
- 22 (VIII) COPRODUCTION OF GEOHERMAL ENERGY; OR
- 23 (IX) POWER GENERATION EQUIPMENT.

24 (g) "QUALIFIED EXPENDITURE" MEANS THE TOTAL MONETARY
25 COST APPROVED BY THE OFFICE AND EXPENDED ON OR AFTER JANUARY 1,
26 2024, BUT BEFORE JANUARY 1, 2033, BY AN ELIGIBLE TAXPAYER IN
27 CONNECTION WITH AN APPROVED GEOHERMAL ENERGY PROJECT IN THE

1 TAX YEAR FOR WHICH THE CREDIT ALLOWED IN THIS SECTION IS CLAIMED.

2 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
3 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, AN ELIGIBLE TAXPAYER
4 THAT MAKES A QUALIFIED EXPENDITURE IS ALLOWED A CREDIT AGAINST
5 THE TAX IMPOSED UNDER THIS ARTICLE 22 IN THE APPLICABLE AMOUNT
6 AND SUBJECT TO THE LIMITATIONS SET FORTH IN SUBSECTION (3)(b) OF
7 THIS SECTION.

8 (b) AN ELIGIBLE TAXPAYER IS NOT ALLOWED A TAX CREDIT
9 PURSUANT TO THIS SECTION IN AN AGGREGATE AMOUNT OF MORE THAN
10 FIVE MILLION DOLLARS IN TAX CREDITS FOR ALL INCOME TAX YEARS FOR
11 WHICH THE TAX CREDIT MAY BE CLAIMED PURSUANT TO THIS SECTION PER
12 APPROVED GEOTHERMAL ENERGY PROJECT.

13 (4) (a) AN ELIGIBLE TAXPAYER SHALL SUBMIT AN APPLICATION IN
14 A FORM AND MANNER DETERMINED BY THE OFFICE FOR A TAX CREDIT
15 CERTIFICATE FOR THE CREDIT ALLOWED IN THIS SECTION. THE
16 APPLICATION MUST INCLUDE:

17 (I) INFORMATION SUFFICIENT FOR THE OFFICE TO EVALUATE THE
18 GEOTHERMAL ENERGY PROJECT FOR WHICH THE ELIGIBLE TAXPAYER
19 PROPOSES MAKING AN EXPENDITURE AND TO APPROVE THE PROJECT IF THE
20 PROJECT HAS NOT BEEN PREVIOUSLY APPROVED BY THE OFFICE;

21 (II) INFORMATION RELATED TO THE SPECIFIC COSTS ASSOCIATED
22 WITH THE PROPOSED EXPENDITURE;

23 (III) ESTIMATED TIMING FOR THE PROPOSED EXPENDITURE TO BE
24 MADE BY THE ELIGIBLE TAXPAYER;

25 (IV) THE AMOUNT OF CREDIT REQUESTED; AND

26 (V) ANY OTHER INFORMATION AS SPECIFIED IN THE STANDARDS
27 SET FORTH BY THE OFFICE.

1 (b) (I) THE OFFICE SHALL ACCEPT APPLICATIONS THROUGH JUNE
2 30, 2024, AND SEMI-ANNUALLY THROUGH EACH DECEMBER 31 AND JUNE
3 30 THEREAFTER, THROUGH JUNE 30, 2032.

4 (II) (A) THE OFFICE SHALL REVIEW APPLICATIONS AND
5 DOCUMENTATION PROVIDED PURSUANT TO SUBSECTION (4)(a) OF THIS
6 SECTION TO DETERMINE WHETHER THE APPLICATION AND
7 DOCUMENTATION ARE COMPLETE AND IN COMPLIANCE WITH THE
8 REQUIREMENTS OF THIS SECTION AND THE STANDARDS ESTABLISHED BY
9 THE OFFICE.

10 (B) IF THE OFFICE DETERMINES THAT THE APPLICATION AND
11 DOCUMENTATION ARE COMPLETE AND IN COMPLIANCE WITH THE
12 REQUIREMENTS OF THIS SECTION AND THE STANDARDS ESTABLISHED BY
13 THE OFFICE, THE OFFICE SHALL ADD THE APPLICATION TO THE EVALUATION
14 POOL FOR THE APPLICATION PERIOD.

15 (C) IF THE OFFICE DETERMINES THAT THE APPLICATION OR
16 DOCUMENTATION, OR BOTH, ARE NOT COMPLETE OR DO NOT COMPLY WITH
17 THE REQUIREMENTS OF THIS SECTION OR THE STANDARDS ESTABLISHED BY
18 THE OFFICE, THE OFFICE SHALL REMOVE THE APPLICATION FROM THE
19 REVIEW PROCESS AND NOTIFY THE TAXPAYER IN WRITING OF ITS DECISION.
20 A TAXPAYER MAY RESUBMIT A DISAPPROVED APPLICATION AND
21 DOCUMENTATION TO BE EVALUATED IN A FUTURE APPLICATION PERIOD.

22 (c) (I) (A) FOR EACH APPLICATION PERIOD, THE OFFICE SHALL
23 CONDUCT A MERIT-BASED EVALUATION OF THE APPLICATION IN THE
24 EVALUATION POOL. THE OFFICE SHALL COMPLETE ITS REVIEW AND AWARD
25 RESERVATIONS WITHIN NINETY DAYS AFTER THE END OF THE APPLICATION
26 PERIOD.

27 (B) BASED UPON THE TOTALITY OF THE FACTORS SET FORTH IN

1 SUBSECTION (4)(d) OF THIS SECTION AND BASED ON CONSIDERATIONS
2 REQUIRED FOR GEOTHERMAL ENERGY PROJECTS AS SET FORTH IN
3 SUBSECTION (5) OF THIS SECTION, WHICH THE OFFICE MAY WEIGH
4 EQUALLY OR DIFFERENTLY, THE OFFICE SHALL DETERMINE AN APPLICABLE
5 AMOUNT OF CREDIT THAT MAY BE RESERVED FOR THE BENEFIT OF THE
6 ELIGIBLE TAXPAYER WHICH MAY BE ALL, PART, OR NONE OF THE CREDIT
7 AMOUNT REQUESTED IN THE ELIGIBLE TAXPAYER'S APPLICATION; EXCEPT
8 THAT THE OFFICE SHALL NOT RESERVE AN AMOUNT IN EXCESS OF THE
9 LIMITATIONS SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION, AND THE
10 AGGREGATE AMOUNT OF CREDITS RESERVED FOR ALL OWNERS MUST NOT
11 EXCEED THIRTY-FIVE MILLION DOLLARS FOR ALL TAXPAYERS IN ALL YEARS
12 THE CREDIT IS ALLOWED.

13 (C) THE OFFICE MAY RESERVE CREDITS FOR THE CURRENT OR ANY
14 FUTURE TAX YEAR BASED UPON THE ANTICIPATED TIMING OF THE
15 EXPENDITURE; EXCEPT THAT CREDITS MAY NOT BE RESERVED FOR AN
16 EXPENDITURE THAT IS MADE PRIOR TO THE END OF THE APPLICATION
17 PERIOD. THE OFFICE SHALL NOT RESERVE CREDITS FOR ANY TAX YEAR
18 BEGINNING ON OR AFTER JANUARY 1, 2033.

19 (II) (A) IF THE OFFICE RESERVES CREDITS FOR THE BENEFIT OF AN
20 ELIGIBLE TAXPAYER PURSUANT TO SUBSECTION (4)(c)(I) OF THIS SECTION,
21 THE OFFICE SHALL NOTIFY THE OWNER OF THE RESERVATION AND THE
22 AMOUNT RESERVED.

23 (B) THE OFFICE SHALL NOTIFY ANY TAXPAYER FOR WHICH IT
24 RESERVED NO CREDIT PURSUANT TO SUBSECTION (4)(c)(I) OF THIS SECTION
25 OF ITS DECISION IN WRITING.

26 (C) IF THE OFFICE RESERVES LESS THAN THE FULL AMOUNT OF
27 CREDIT REQUESTED BY THE TAXPAYER, THE TAXPAYER MAY SUBMIT A

1 NEW APPLICATION FOR THE REMAINING BALANCE UP TO THE LIMITATION
2 OF THE CREDIT SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION.

3 (d) IN CONDUCTING THE MERIT-BASED REVIEW PURSUANT TO
4 SUBSECTION (4)(c) OF THIS SECTION, THE OFFICE SHALL CONSIDER THE
5 FOLLOWING FACTORS IN ADDITION TO ANY OTHER FACTORS THAT THE
6 OFFICE MAY ESTABLISH IN ITS STANDARDS:

7 (I) THE WORKFORCE DEVELOPMENT AND GEOTHERMAL SECTOR
8 GROWTH THAT THE EXPENDITURE IN THE PROJECT WILL PROMOTE,
9 INCLUDING SUPPORTING WORKFORCE TRANSITION;

10 (II) WHETHER THE PROJECT THE EXPENDITURE IS MADE IN
11 CONNECTION WITH DEMONSTRATES EFFECTIVE AND UNIQUE TECHNOLOGY
12 AND CIRCUMSTANCES THAT ARE SUPPORTED BY PUBLIC OUTREACH AND
13 EDUCATION;

14 (III) DEMONSTRATION OF COMMUNITY RESILIENCE THROUGH
15 UTILIZATION OF GEOTHERMAL ENERGY IN SUPPORT OF BUILDING HEATING
16 AND COOLING DECARBONIZATION OR ENHANCEMENT OF ELECTRIC GRID
17 RESILIENCY, INCLUDING FOR DISPATCHABILITY AND ENERGY STORAGE,
18 ESPECIALLY FOR RURAL OR ISOLATED COMMUNITIES; AND

19 (IV) WHETHER THE PROJECT THE EXPENDITURE IS MADE IN
20 CONNECTION WITH SERVES A DISPROPORTIONATELY IMPACTED
21 COMMUNITY OR A JUST TRANSITION COMMUNITY OR IS WITHIN A
22 NON-ATTAINMENT AREA.

23 (e) THE RESERVATION OF TAX CREDITS DOES NOT ENTITLE AN
24 ELIGIBLE TAXPAYER TO AN ISSUANCE OF ANY CREDITS UNTIL THE ELIGIBLE
25 TAXPAYER PROVIDES THE OFFICE WITH ANY DOCUMENTATION REQUIRED
26 BY THE OFFICE AND A COST CERTIFICATION OF THE EXPENDITURE MADE IN
27 CONNECTION WITH AN APPROVED GEOTHERMAL ENERGY PROJECT DURING

1 THE TAX YEAR IN WHICH THE RESERVATION IS APPROVED. THE COST
2 CERTIFICATION MUST BE AUDITED BY A LICENSED PUBLIC ACCOUNTANT
3 THAT IS NOT AFFILIATED WITH THE ELIGIBLE TAXPAYER. THE OFFICE SHALL
4 REVIEW THE COST CERTIFICATION TO VERIFY THAT IT SATISFIES THE
5 INFORMATION PROVIDED IN THE ELIGIBLE TAXPAYER'S APPLICATION. IF
6 THE OFFICE DETERMINES THAT THE ELIGIBLE TAXPAYER MADE A
7 QUALIFIED EXPENDITURE, THE OFFICE SHALL ISSUE A TAX CREDIT
8 CERTIFICATE IN THE APPLICABLE AMOUNT.

9 (5) THE OFFICE SHALL DEVELOP STANDARDS FOR THE
10 IMPLEMENTATION OF THE TAX CREDIT ALLOWED PURSUANT TO THIS
11 SECTION. ANY STANDARDS DEVELOPED BY THE OFFICE MUST BE POSTED
12 ON THE OFFICE'S WEBSITE. AT A MINIMUM, THE STANDARDS MUST PROVIDE
13 FOR THE EVALUATION AND APPROVAL OF GEOTHERMAL ENERGY PROJECTS
14 AND REQUIRE THE OFFICE TO CONSIDER WHETHER THE PROJECT:

15 (a) DEMONSTRATES TECHNOLOGY TO FURTHER THE ADOPTION OF
16 CLEAN, FIRM CARBON-FREE ELECTRICITY DERIVED FROM GEOTHERMAL
17 ENERGY IN THE STATE;

18 (b) SUPPORTS REPLICABLE, COST-EFFECTIVE REDUCTION
19 OUTCOMES TO STIMULATE THE GEOTHERMAL SECTOR OR OTHERWISE
20 EXPAND GEOTHERMAL ENERGY CAPACITY IN THE STATE; AND

21 (c) DIRECTLY, OR THROUGH TECHNOLOGICAL DEMONSTRATION
22 EVALUATED AND APPROVED BY THE OFFICE, WILL LEAD TO MEASURABLE
23 GREENHOUSE GAS REDUCTION OUTCOMES FOR THE STATE.

24 (6) (a) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY
25 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX
26 CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE SET FORTH IN
27 SUBSECTION (1)(a) OF THIS SECTION AND SHALL PROVIDE SUCH

1 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, IF
2 AVAILABLE, TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S
3 EVALUATION OF THIS TAX EXPENDITURE REQUIRED BY SECTION 39-21-305.

4 (b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
5 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
6 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
7 AN ELECTRONIC REPORT OF EACH ELIGIBLE TAXPAYER TO WHICH THE
8 OFFICE ISSUED A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR
9 THAT INCLUDES THE FOLLOWING INFORMATION:

10 (I) THE TAXPAYER'S NAME;

11 (II) THE AMOUNT OF THE CREDIT; AND

12 (III) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
13 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
14 IDENTIFICATION NUMBER.

15 (7) AN ELIGIBLE TAXPAYER THAT CLAIMS THE CREDIT ALLOWED BY
16 THIS SECTION MAY NOT CLAIM THE CREDIT ALLOWED BY SECTION
17 39-30-104 FOR THE SAME PROJECT.

18 (8) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION,
19 AN ELIGIBLE TAXPAYER SHALL FILE THE TAX CREDIT CERTIFICATE WITH
20 THE QUALIFIED ENTITY'S STATE INCOME TAX RETURN AND, IF THE
21 ELIGIBLE TAXPAYER IS EXEMPT FROM TAX PURSUANT TO SECTION
22 39-22-112 (1), THE ELIGIBLE TAXPAYER SHALL FILE A RETURN PURSUANT
23 TO SECTION 39-22-601 (7)(b). THE AMOUNT OF THE CREDIT THAT THE
24 ELIGIBLE TAXPAYER MAY CLAIM PURSUANT TO THIS SECTION IS THE
25 AMOUNT STATED ON THE TAX CREDIT CERTIFICATE.

26 (9) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE
27 INCOME TAX DUE ON THE INCOME OF THE ELIGIBLE TAXPAYER FOR THE

1 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
2 MUST BE REFUNDED TO THE ELIGIBLE TAXPAYER.

3 (10) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

4 **SECTION 7.** In Colorado Revised Statutes, **add** 39-22-551 as
5 follows:

6 **39-22-551. Geothermal electricity generation production tax**
7 **credit - tax preference performance statement - definitions - repeal.**

8 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES
9 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX
10 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
11 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
12 DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS
13 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS
14 AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN
15 BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL INCENTIVE FOR
16 PRODUCTION OF GEOTHERMAL ELECTRICITY GENERATION AND RELATED
17 INFRASTRUCTURE.

18 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
19 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
20 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
21 INFORMATION REQUIRED TO BE MAINTAINED BY AND REPORTED TO THE
22 STATE AUDITOR BY THE OFFICE PURSUANT TO SUBSECTION (4)(b)(I) OF
23 THIS SECTION AND BASED ON THE NUMBER AND VALUE OF THE CREDITS
24 CLAIMED.

25 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
26 OTHERWISE REQUIRES:

27 (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE

1 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

2 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

3 (c) "QUALIFIED ENTITY" MEANS A PERSON ENGAGED IN A TRADE OR
4 BUSINESS THAT IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22 OR A
5 PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS EXEMPT FROM
6 TAX PURSUANT TO SECTION 39-22-112 (1), EITHER OF WHICH PRODUCES
7 ELECTRICITY DERIVED FROM GEOTHERMAL ENERGY FOR SALE OR FOR THE
8 PERSON'S OR POLITICAL SUBDIVISION'S OWN USE.

9 (3) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
10 1, 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED ENTITY IS ALLOWED
11 A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN
12 AMOUNT EQUAL TO THREE ONE-THOUSANDTHS OF A DOLLAR PER
13 KILOWATT HOUR OF GEOTHERMAL ELECTRICITY THAT IS PRODUCED BY THE
14 QUALIFIED ENTITY IN THE STATE IN THE TAX YEAR. IN ORDER TO CLAIM
15 THE CREDIT, THE QUALIFIED ENTITY SHALL APPLY FOR AND RECEIVE A TAX
16 CREDIT CERTIFICATE FROM THE OFFICE PURSUANT TO SUBSECTION (4) OF
17 THIS SECTION; EXCEPT THAT THE OFFICE MAY NOT ISSUE A TAX CREDIT
18 CERTIFICATE TO A QUALIFIED ENTITY TOTALING MORE THAN ONE MILLION
19 DOLLARS PER INCOME TAX YEAR.

20 (4) (a) A QUALIFIED ENTITY SHALL SUBMIT AN APPLICATION TO
21 THE OFFICE FOR A TAX CREDIT CERTIFICATE TO CLAIM THE TAX CREDIT
22 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY
23 THE OFFICE. THE APPLICATION MUST INCLUDE SUFFICIENT INFORMATION
24 TO ALLOW THE OFFICE TO DETERMINE THAT THE APPLICANT IS A QUALIFIED
25 ENTITY AND TO CERTIFY THE AMOUNT OF THE TAX CREDIT FOR WHICH THE
26 TAX CREDIT CERTIFICATE IS APPLIED.

27 (b) (I) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY

1 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX
2 CREDIT ALLOWED BY THIS SECTION IN MEETING THE PURPOSE SET FORTH
3 IN SUBSECTION (1)(a) OF THIS SECTION, AND SHALL PROVIDE SUCH
4 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, IF
5 AVAILABLE, TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S
6 EVALUATION OF THIS TAX EXPENDITURE PURSUANT TO SECTION
7 39-21-305.

8 (II) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
9 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
10 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
11 AN ELECTRONIC REPORT OF EACH QUALIFIED ENTITY TO WHICH THE OFFICE
12 ISSUES A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR THAT
13 INCLUDES THE FOLLOWING INFORMATION:

14 (A) THE TAXPAYER'S NAME;

15 (B) THE AMOUNT OF THE CREDIT; AND

16 (C) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
17 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
18 IDENTIFICATION NUMBER.

19 (5) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION,
20 THE QUALIFIED ENTITY SHALL FILE THE TAX CREDIT CERTIFICATE WITH THE
21 QUALIFIED ENTITY'S STATE INCOME TAX RETURN AND, IF THE QUALIFIED
22 ENTITY IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1), THE
23 QUALIFIED ENTITY SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601
24 (7)(b). THE AMOUNT OF THE CREDIT THAT THE QUALIFIED ENTITY MAY
25 CLAIM PURSUANT TO THIS SECTION IS THE AMOUNT STATED ON THE TAX
26 CREDIT CERTIFICATE.

27 (6) A QUALIFIED ENTITY THAT CLAIMS THE CREDIT ALLOWED BY

1 THIS SECTION MAY NOT CLAIM THE CREDIT ALLOWED BY SECTION
2 39-30-104 FOR THE SAME PROJECT.

3 (7) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE
4 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED ENTITY FOR THE
5 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
6 MUST BE REFUNDED TO THE QUALIFIED ENTITY.

7 (8) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

8 **SECTION 8.** In Colorado Revised Statutes, **add** 39-22-552 as
9 follows:

10 **39-22-552. Heat pump technology and thermal energy**
11 **network tax credit - tax preference performance statement -**
12 **definitions - repeal.** (1) (a) IN ACCORDANCE WITH SECTION 39-21-304
13 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE
14 TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
15 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
16 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS
17 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS
18 AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN
19 BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL INCENTIVE FOR
20 THE INSTALLATION OF HEAT PUMP TECHNOLOGY AND THE USE OF HEAT
21 PUMP TECHNOLOGY AND THERMAL ENERGY NETWORKS.

22 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
23 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
24 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE NUMBER
25 AND VALUE OF THE CREDITS CLAIMED.

26 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
27 OTHERWISE REQUIRES:

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

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

4 (B) HAS A VARIABLE SPEED COMPRESSOR; AND

5 (C) IS LISTED IN THE AIR-CONDITIONING, HEATING, AND
6 REFRIGERATION INSTITUTE DIRECTORY OF CERTIFIED PRODUCT
7 PERFORMANCE AS A MATCHED SYSTEM.

8 (II) "AIR-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE [REDACTED] [REDACTED]
9 SUPPLEMENTAL HEAT SO LONG AS:

10 (A) THE AIR-SOURCE HEAT PUMP IS USED AS THE PRIMARY SOURCE
11 OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT LEAST EIGHTY
12 PERCENT OF TOTAL ANNUAL HEATING FOR THE BUILDING; AND

13 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO
14 ALL CONDITIONED AREAS OF THE BUILDING.

15 [REDACTED]

16 (III) "AIR-SOURCE HEAT PUMP SYSTEM" INCLUDES MECHANICAL
17 AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION OF AN
18 AIR-SOURCE HEAT PUMP, INCLUDING AN UPGRADED ELECTRICAL PANEL IF
19 NECESSARY.

20 (b) "APPLICABLE PERCENTAGE" MEANS A PERCENTAGE ANNUALLY
21 ESTABLISHED BY THE OFFICE AS SPECIFIED IN SUBSECTION (4) OF THIS
22 SECTION.

23 (c) (I) "CAMPUS" MEANS A COLLECTION OF TWO OR MORE
24 BUILDINGS THAT ARE OWNED AND OPERATED BY THE SAME PERSON, THAT
25 HAVE A SHARED PURPOSE AND FUNCTION AS A SINGLE PROPERTY, THAT DO
26 NOT LEASE SPACE TO TENANTS, AND THAT DO NOT PROVIDE ENERGY OR
27 HEAT SERVICES FOR A FEE.

1 (II) "CAMPUS" INCLUDES TWO OR MORE OF THE BUILDINGS THAT
2 COMPRISE THE CAPITOL COMPLEX, AS DEFINED IN SECTION 24-82-101
3 (3)(f).

4 (d) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE
5 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

6 (e) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

7 (f) "ELIGIBLE TAXPAYER" MEANS A TAXPAYER THAT MEETS THE
8 REQUIREMENTS FOR AND IS INCLUDED ON THE LIST OF ELIGIBLE
9 TAXPAYERS DESCRIBED IN SUBSECTION (5) OF THIS SECTION.

10 (g) (I) "GROUND-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM
11 THAT:

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

14 (B) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND
15 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

16 (C) HAS BLOWERS THAT ARE VARIABLE SPEED, HIGH-EFFICIENCY
17 MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS LISTED IN THE
18 NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION MG1-1993
19 PUBLICATION; AND

20 (D) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER
21 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM
22 REQUIREMENTS.

23 (II) "GROUND-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE
24 SUPPLEMENTAL HEAT SO LONG AS:

25 (A) THE GROUND-SOURCE HEAT PUMP IS USED AS THE PRIMARY
26 SOURCE OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT LEAST
27 EIGHTY PERCENT OF TOTAL ANNUAL HEATING FOR THE BUILDING; AND

1 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO
2 ALL CONDITIONED AREAS OF THE BUILDING.

3
4 (III) "GROUND-SOURCE HEAT PUMP SYSTEM" INCLUDES
5 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION
6 OF A GROUND-SOURCE HEAT PUMP, INCLUDING AN UPGRADED ELECTRICAL
7 PANEL IF NECESSARY.

8 (IV) "GROUND-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE A
9 HEAT EXCHANGER FOR WATER HEATING.

10 (h) "HEAT PUMP TECHNOLOGY" MEANS AN AIR-SOURCE HEAT PUMP
11 SYSTEM, GROUND-SOURCE HEAT PUMP SYSTEM, WATER-SOURCE HEAT
12 PUMP SYSTEM, VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM, ANY
13 COMBINATION OF THESE SYSTEMS, OR A HEAT PUMP WATER HEATER.

14 (i) (I) "HEAT PUMP WATER HEATER" MEANS AN ELECTRIC WATER
15 HEATER THAT USES HEAT PUMP TECHNOLOGY TO TRANSFER HEAT FROM
16 THE SURROUNDING AIR TO WATER IN A TANK AND THAT IS CERTIFIED
17 PURSUANT TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY'S
18 ENERGY STAR PROGRAM.

19 (II) "HEAT PUMP WATER HEATER" MAY INCLUDE:

20 (A) AN ELECTRIC RESISTANCE HEATING ELEMENT; AND

21 (B) MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE
22 OPERATION OF A HEAT PUMP WATER HEATER, INCLUDING AN UPGRADED
23 ELECTRICAL PANEL IF NECESSARY.

24 (j) "LIST" MEANS THE LIST OF ELIGIBLE TAXPAYERS CREATED BY
25 THE OFFICE AS SPECIFIED IN SUBSECTION (5) OF THIS SECTION.

26 (k) "MULTIFAMILY PROPERTY" MEANS A BUILDING WITH MULTIPLE
27 SEPARATE HOUSING UNITS FOR RESIDENTIAL INHABITANTS INCLUDING A

1 RESIDENTIAL BUILDING THAT IS A DUPLEX, TRIPLEX, OR MULTI-STRUCTURE
2 OF FOUR OR MORE UNITS.

3 (l) "TAXPAYER" MEANS A PERSON SUBJECT TO TAX PURSUANT TO
4 THIS ARTICLE 22 OR A PERSON OR POLITICAL SUBDIVISION OF THIS STATE
5 THAT IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1).

6 (m) (I) "THERMAL ENERGY" MEANS PIPED, NONCOMBUSTIBLE
7 FLUIDS USED FOR ADDING OR REMOVING HEAT FROM BUILDINGS FOR THE
8 PURPOSE OF EFFICIENT BUILDING TEMPERATURE CONTROL AND DOMESTIC
9 HOT WATER, INCLUDING SPACE HEATING AND COOLING AND
10 REFRIGERATION.

11 (II) "THERMAL ENERGY" INCLUDES METHODS OF EXCHANGING THE
12 PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER
13 TREATMENT FACILITIES, OR OTHER SOURCES THAT ACHIEVE DESIRED FLUID
14 TEMPERATURES; EXCEPT THAT ANY SOURCE OF THERMAL ENERGY FOR
15 THIS PURPOSE MUST:

16 (A) NOT CAUSE INCREMENTAL GREENHOUSE GAS EMISSIONS OR
17 RELY ON INCREASED, LONG-TERM COMBUSTION OF FOSSIL FUELS; AND

18 (B) BE EVALUATED BY THE OFFICE TO PROTECT AGAINST
19 INCREASED EMISSIONS OF HARMFUL CO-POLLUTANTS, NEGATIVE IMPACTS
20 TO COMMUNITIES INCLUDING TO DISPROPORTIONATELY IMPACTED
21 COMMUNITIES, AS DEFINED IN SECTION 24-4-109 (2)(b)(II), AND THE RISK
22 OF STRANDED ASSETS, IF THE THERMAL ENERGY IS FROM ANY INDUSTRIAL
23 SOURCE INCLUDING A SYSTEM FOR WHICH THE PRIMARY PURPOSE IS TO
24 GENERATE ELECTRICITY, INCLUDING ANY PROCESS INVOLVING
25 ENGINE-DRIVEN GENERATION.

26 (n) "THERMAL ENERGY NETWORK":

27 (I) MEANS ALL REAL ESTATE, FIXTURES, AND PERSONAL PROPERTY

1 THAT ARE OPERATED, OWNED, USED, OR INTENDED TO BE USED FOR, IN
2 CONNECTION WITH OR TO FACILITATE, A DISTRIBUTION INFRASTRUCTURE
3 PROJECT THAT SUPPLIES THERMAL ENERGY TO TWO OR MORE BUILDINGS
4 THAT ARE NOT A CAMPUS AND THAT ASSISTS IN REDUCING GREENHOUSE
5 GAS EMISSIONS IN THE STATE;

6 (II) CONSISTS OF PIPE LOOPS BETWEEN MULTIPLE BUILDINGS AND
7 ENERGY SOURCES CARRYING PIPED, NONCOMBUSTIBLE FLUIDS AT THE
8 DESIRED THERMAL TEMPERATURE;

9 (III) INCLUDES A NETWORK THAT CAN BE USED FOR HEATING,
10 COOLING, AND OTHER BUILDING SERVICES; AND

11 (IV) MAY ALSO BE KNOWN AS A GEOTHERMAL EXCHANGE
12 DISTRICT, NETWORKED GEOTHERMAL SYSTEM, GEOEXCHANGE SYSTEM,
13 GEOGRID SYSTEM, COMMUNITY GEOTHERMAL HEATING AND COOLING
14 DISTRICT, OR GEOTHERMAL HEATING DISTRICT.

15 (o) "THERMAL ENERGY SYSTEM" INCLUDES A GEOTHERMAL
16 SYSTEM OR OTHER METHOD OF EXCHANGING THE PIPED, NONCOMBUSTIBLE
17 FLUIDS THROUGH THE GROUND, WASTEWATER TREATMENT FACILITIES, OR
18 OTHER SOURCES OF THERMAL ENERGY THAT ACHIEVE DESIRED FLUID
19 TEMPERATURES.

20 (p) (I) "VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM"
21 MEANS A SYSTEM THAT:

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

24 (B) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND
25 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

26 (C) HAS BLOWERS THAT ARE VARIABLE SPEED, HIGH-EFFICIENCY
27 MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS LISTED IN THE

1 NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION MGI-1993
2 PUBLICATION; AND

3 (D) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER
4 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM AND
5 WASTEWATER SYSTEM REQUIREMENTS.

6 (II) "VARIABLE REFRIGERANT FLOW SYSTEM" MAY INCLUDE
7 SUPPLEMENTAL HEAT SO LONG AS:

8 (A) THE VARIABLE REFRIGERANT FLOW SYSTEM IS USED AS THE
9 PRIMARY SOURCE OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT
10 LEAST EIGHTY PERCENT OF THE TOTAL ANNUAL HEATING FOR THE
11 BUILDING; AND

12 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO
13 ALL CONDITIONED AREAS OF THE BUILDING.

14

15 (III) "VARIABLE REFRIGERANT FLOW SYSTEM" INCLUDES
16 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION
17 OF A VARIABLE REFRIGERANT FLOW SYSTEM.

18 (q) (I) "WATER-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM
19 THAT:

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

22 (B) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND
23 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS;

24 (C) HAS BLOWERS THAT ARE VARIABLE SPEED, HIGH-EFFICIENCY
25 MOTORS THAT MEET OR EXCEED EFFICIENCY LEVELS LISTED IN THE
26 NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION MG1-1993
27 PUBLICATION; AND

1 (D) COMPLIES WITH ALL STATE AND LOCAL DRINKING WATER
2 GUIDELINES AND REGULATIONS AND PUBLIC WATER SYSTEM AND
3 WASTEWATER SYSTEM REQUIREMENTS.

4 (II) "WATER-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE
5 SUPPLEMENTAL HEAT SO LONG AS:

6 (A) THE WATER-SOURCE HEAT PUMP IS USED AS THE PRIMARY
7 SOURCE OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT LEAST
8 EIGHTY PERCENT OF THE TOTAL ANNUAL HEATING FOR THE BUILDING; AND

9 (B) THE SYSTEM IS CAPABLE OF DISTRIBUTING PRODUCED HEAT TO
10 ALL CONDITIONED AREAS OF THE BUILDING.

11

12 (III) "WATER-SOURCE HEAT PUMP SYSTEM" INCLUDES
13 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION
14 OF A WATER-SOURCE HEAT PUMP.

15 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
16 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, AN ELIGIBLE TAXPAYER
17 THAT INSTALLS HEAT PUMP TECHNOLOGY IN A BUILDING IN THE STATE, ON
18 A CAMPUS IN THE STATE, OR DEVELOPS, THROUGH PURCHASE AND
19 INSTALLATION OF NECESSARY EQUIPMENT, A THERMAL ENERGY NETWORK
20 IN THE STATE IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED UNDER
21 THIS ARTICLE 22 IN AN AMOUNT SET FORTH IN SUBSECTION (3)(c) OF THIS
22 SECTION IN THE TAX YEAR THAT THE HEAT PUMP TECHNOLOGY OR
23 THERMAL ENERGY NETWORK IS PLACED INTO SERVICE.

24 (b) IN ORDER TO QUALIFY FOR THE TAX CREDIT ALLOWED UNDER
25 THIS SECTION THE ELIGIBLE TAXPAYER SHALL PROVIDE A DISCOUNT FROM
26 THE AMOUNT CHARGED FOR THE INSTALLATION OF HEAT PUMP
27 TECHNOLOGY OR A THERMAL ENERGY NETWORK IN AN AMOUNT EQUAL TO

1 THE AMOUNT OF THE CREDIT SET FORTH IN SUBSECTION (3)(c) OF THIS
2 SECTION MINUS THE APPLICABLE PERCENTAGE OF THE CREDIT, AND SHALL
3 SHOW THE DISCOUNT AS A SEPARATE ITEM ON THE RECEIPT OR INVOICE;
4 EXCEPT THAT THE REQUIREMENT IN THIS SUBSECTION (3)(b) DOES NOT
5 APPLY TO AN ELIGIBLE TAXPAYER WHO INSTALLS THEIR OWN HEAT PUMP
6 TECHNOLOGY OR THERMAL ENERGY NETWORK.

7 (c) SUBJECT TO THE MODIFICATIONS SET FORTH IN SUBSECTION
8 (3)(d) OF THIS SECTION AND THE ANNUAL REVIEW REQUIRED PURSUANT TO
9 SUBSECTION (3)(e) OF THIS SECTION AND EXCEPT AS OTHERWISE PROVIDED
10 IN SUBSECTION (3)(f) OF THIS SECTION, THE AMOUNT OF THE CREDIT
11 ALLOWED PURSUANT TO THIS SECTION IS CALCULATED AS FOLLOWS:

12 (I) FOR THE INSTALLATION OF AN AIR-SOURCE HEAT PUMP SYSTEM
13 OR A VARIABLE REFRIGERANT FLOW HEAT SYSTEM:

14 (A) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024,
15 BUT BEFORE JANUARY 1, 2026, ONE THOUSAND FIVE HUNDRED DOLLARS;

16 (B) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026,
17 BUT BEFORE JANUARY 1, 2029, ONE THOUSAND DOLLARS; AND

18 (C) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2029,
19 BUT BEFORE JANUARY 1, 2033, FIVE HUNDRED DOLLARS;

20 (II) FOR THE INSTALLATION OF A GROUND-SOURCE HEAT PUMP
21 SYSTEM, WATER-SOURCE HEAT PUMP SYSTEM, A COMBINED AIR-SOURCE
22 AND GROUND-SOURCE HEAT PUMP SYSTEM, A COMBINED WATER-SOURCE
23 AND GROUND-SOURCE HEAT PUMP SYSTEM, A COMBINED VARIABLE
24 REFRIGERANT FLOW AND GROUND-SOURCE HEAT PUMP SYSTEM, OR A
25 COMBINED VARIABLE REFRIGERANT FLOW AND WATER-SOURCE HEAT PUMP
26 SYSTEM:

27 (A) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024,

1 BUT BEFORE JANUARY 1, 2026, THREE THOUSAND DOLLARS;

2 (B) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026,
3 BUT BEFORE JANUARY 1, 2029, TWO THOUSAND DOLLARS; AND

4 (C) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2029,
5 BUT BEFORE JANUARY 1, 2033, ONE THOUSAND DOLLARS; AND

6 (III) FOR THE INSTALLATION OF A HEAT PUMP WATER HEATER:

7 (A) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024,
8 BUT BEFORE JANUARY 1, 2026, FIVE HUNDRED DOLLARS; AND

9 (B) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026,
10 BUT BEFORE JANUARY 1, 2033, TWO HUNDRED FIFTY DOLLARS.

11 (d) NOTWITHSTANDING THE AMOUNTS SET FORTH IN SUBSECTION
12 (3)(c) OF THIS SECTION, THE AMOUNT OF THE CREDIT ALLOWED BY THIS
13 SECTION MAY BE MODIFIED AS FOLLOWS:

14 (I) FOR HEAT PUMP TECHNOLOGY INSTALLED AT A MULTIFAMILY
15 PROPERTY, UNLESS THE HEAT PUMP TECHNOLOGY IS INSTALLED FOR AN
16 INDIVIDUAL UNIT BY THE ELIGIBLE TAXPAYER FOR USE BY THE OCCUPANT
17 OF THE INDIVIDUAL UNIT, THE AMOUNT OF THE CREDIT IS THE AMOUNT OF
18 THE CREDIT PERMITTED PURSUANT TO SUBSECTION (3)(c) OF THIS SECTION
19 MULTIPLIED BY THE NUMBER OF UNITS IN THE MULTIFAMILY PROPERTY
20 THAT WILL UTILIZE THE HEAT PUMP TECHNOLOGY;

21 (II) FOR A NONRESIDENTIAL BUILDING, THE AMOUNT OF THE
22 CREDIT IS THE AMOUNT OF THE CREDIT PERMITTED PURSUANT TO
23 SUBSECTION (3)(c) OF THIS SECTION MULTIPLIED BY THE NUMBER OF
24 INCREMENTS OF FOUR TONS OF HEATING CAPACITY UP TO A MAXIMUM OF
25 ONE HUNDRED TONS; AND

26 (III) FOR A THERMAL ENERGY NETWORK OR FOR A CAMPUS, THE
27 AMOUNT OF THE CREDIT IS THE AMOUNT OF THE CREDIT PERMITTED

1 PURSUANT TO SUBSECTION (3)(c) OF THIS SECTION MULTIPLIED BY THE
2 TOTAL NUMBER OF RESIDENTIAL BUILDINGS AND MULTIFAMILY PROPERTY
3 UNITS NETWORKED IN A SINGLE SYSTEM, PLUS THE CREDIT DETERMINED
4 FOR EACH NONRESIDENTIAL BUILDING NETWORKED IN THE SYSTEM
5 PURSUANT TO SUBSECTION (3)(d)(II) OF THIS SECTION.

6 (e) THE OFFICE SHALL ANNUALLY REVIEW AND EVALUATE THE
7 EFFECTIVENESS OF THE TAX CREDITS AND MAY MODIFY THE AMOUNTS SET
8 FORTH IN SUBSECTION (3)(c) OF THIS SECTION.

9 (f) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE
10 REVENUE FORECAST THROUGH THE JUNE 2031 REVENUE FORECAST AS
11 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
12 STATE PLANNING AND BUDGETING, PROJECTS THAT STATE REVENUES, AS
13 DEFINED IN SECTION 24-77-103.6 (6)(c), WILL NOT INCREASE BY AT LEAST
14 FOUR PERCENT FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE CREDIT
15 ALLOWED PURSUANT TO SUBSECTION (3)(c)(I)(B), (3)(c)(I)(C),
16 (3)(c)(II)(B), (3)(c)(II)(C), OR (3)(c)(III)(B) OF THIS SECTION, AS MAY BE
17 MODIFIED BY SUBSECTIONS (3)(d) AND (3)(e) OF THIS SECTION, FOR ANY
18 TAX YEAR COMMENCING IN THE CALENDAR YEAR THAT BEGINS DURING
19 SAID NEXT FISCAL YEAR IS REDUCED BY FIFTY PERCENT IF THE HEAT PUMP
20 TECHNOLOGY IS INSTALLED AT AN EXISTING RESIDENTIAL OR
21 NONRESIDENTIAL BUILDING; EXCEPT THAT IF THE AMOUNT OF THE
22 REDUCED CREDIT IS EQUAL TO OR LESS THAN TWO HUNDRED FIFTY
23 DOLLARS, THEN NO CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

24 (4) AN ELIGIBLE TAXPAYER MAY RETAIN AN APPLICABLE
25 PERCENTAGE OF THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER
26 SUBSECTION (3)(c) OF THIS SECTION TO SUPPORT THE INDUSTRY-WIDE
27 ADOPTION AND DEPLOYMENT OF HEAT PUMP TECHNOLOGIES IN THE STATE.

1 THE OFFICE SHALL ANNUALLY DETERMINE THE APPLICABLE PERCENTAGE,
2 WHICH MUST BE THE SAME FOR EACH ELIGIBLE TAXPAYER, PURSUANT TO
3 GUIDELINES ESTABLISHED BY THE OFFICE. THE OFFICE SHALL MAINTAIN
4 THE CURRENT APPLICABLE PERCENTAGE ON ITS WEBSITE AND SHALL
5 PROVIDE THE APPLICABLE PERCENTAGE IN WRITING TO THE DEPARTMENT
6 NO LATER THAN DECEMBER 31, 2023, AND EACH DECEMBER 31
7 THEREAFTER THROUGH DECEMBER 31, 2031.

8 (5) (a) THE OFFICE SHALL CREATE, AND UPDATE AT LEAST
9 ANNUALLY, A LIST CONTAINING THE NAMES AND CONTACT INFORMATION
10 OF ELIGIBLE TAXPAYERS. TO BECOME AN ELIGIBLE TAXPAYER, AND BE
11 INCLUDED ON THE LIST DESCRIBED IN THIS SUBSECTION (5), A TAXPAYER
12 SHALL DEMONSTRATE TO THE OFFICE THAT THE TAXPAYER AND ANY OF ITS
13 EMPLOYEES WHO WILL BE INSTALLING HEAT PUMP TECHNOLOGY OR
14 THERMAL ENERGY NETWORKS:

15 (I) ARE LICENSED AS REQUIRED BY THE STATE;

16 (II) ARE KNOWLEDGEABLE OF THE RELEVANT SYSTEM
17 REQUIREMENTS SET FORTH IN SUBSECTIONS (2)(a), (2)(g), (2)(h), (2)(i),
18 (2)(m), (2)(n), (2)(p), and (2)(q) OF THIS SECTION;

19 (III) WILL INSTALL HEAT PUMP TECHNOLOGY AND THERMAL
20 ENERGY NETWORKS IN ACCORDANCE WITH THE NATIONAL ELECTRIC CODE
21 AND MANUFACTURER'S SPECIFICATIONS;

22 (IV) WILL, WHERE APPLICABLE, ENSURE THAT ALL PIPING FOR A
23 SPLIT SYSTEM IS INSTALLED BY TECHNICIANS CERTIFIED TO THE NITC R78
24 BRAZING PROCEDURE AND TRAINED IN THE SAFE HANDLING OF
25 FLAMMABLE REFRIGERANTS; AND

26 (V) WILL MEET ANY ADDITIONAL STANDARDS ESTABLISHED BY
27 THE OFFICE IN ITS GUIDELINES, INCLUDING, IF APPLICABLE, THE 2021

1 INTERNATIONAL ENERGY CONSERVATION CODE.

2 (b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
3 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
4 TAX CREDIT ALLOWED IN THIS SECTION, ANNUALLY PROVIDE A SECURE
5 ELECTRONIC COPY OF THE LIST DESCRIBED IN SUBSECTION (5)(a) OF THIS
6 SECTION TO THE DEPARTMENT THAT INCLUDES THE SOCIAL SECURITY
7 NUMBER OR COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
8 IDENTIFICATION NUMBER OF EACH ELIGIBLE TAXPAYER.

9 (c) THE OFFICE SHALL MAINTAIN A CURRENT COPY OF THE LIST ON
10 ITS WEBSITE.

11

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12 (d) (I) EVERY ELIGIBLE TAXPAYER SHALL KEEP AND MAINTAIN FOR
13 A PERIOD OF FOUR YEARS SUCH BOOKS AND RECORDS AS MAY BE
14 NECESSARY TO DETERMINE THAT:

15 (A) IT IS AN ELIGIBLE TAXPAYER;

16 (B) IT AND ANY OF ITS EMPLOYEES WHO WILL BE INSTALLING HEAT
17 PUMP TECHNOLOGY OR THERMAL ENERGY NETWORKS MEET THE
18 REQUIREMENTS DESCRIBED IN SUBSECTION (5)(a) OF THIS SECTION;

19 (C) THE CREDIT IT CLAIMED PURSUANT TO THIS SECTION WAS FOR
20 THE INSTALLATION OF HEAT PUMP TECHNOLOGY OR THERMAL ENERGY
21 NETWORKS IN THIS STATE; AND

22 (D) THE AMOUNT OF THE CREDIT WAS PROPERLY CALCULATED
23 UNDER SUBSECTION (3) OF THIS SECTION.

24 (II) (A) THE OFFICE SHALL ANNUALLY EXAMINE A SAMPLE OF THE
25 ELIGIBLE TAXPAYERS ON THE LIST DESCRIBED IN THIS SUBSECTION (5) TO
26 SUBSTANTIATE THAT THE ELIGIBLE TAXPAYERS ARE MEETING THE OFFICE'S
27 STANDARDS AND PROPERLY CLAIMING THE CREDIT ALLOWED BY THIS

1 SECTION. EVERY ELIGIBLE TAXPAYER SHALL PRODUCE THE BOOKS AND
2 RECORDS DESCRIBED IN SUBSECTION (5)(d)(I) OF THIS SECTION FOR
3 EXAMINATION AT ANY TIME BY THE OFFICE.

4 (B) IF THE OFFICE DETERMINES THAT AN ELIGIBLE TAXPAYER IS NO
5 LONGER MEETING THE STANDARDS, THE OFFICE SHALL NOTIFY THE
6 TAXPAYER IN WRITING THAT THEY ARE NO LONGER ELIGIBLE, REMOVE THE
7 INELIGIBLE TAXPAYER FROM THE LIST, UPDATE THE LIST ON ITS WEBSITE,
8 AND PROMPTLY NOTIFY THE DEPARTMENT IN WRITING OF ITS DECISION.

9 (C) IF THE OFFICE DETERMINES THAT A TAXPAYER WAS NOT
10 ELIGIBLE FOR ALL OR PART OF THE CREDIT CLAIMED, THE OFFICE SHALL
11 NOTIFY THE DEPARTMENT IN WRITING OF ITS DECISION. THE DEPARTMENT
12 SHALL ISSUE THE TAXPAYER A NOTICE OF DEFICIENCY FOR THE UNPAID
13 TAX OWED, TOGETHER WITH APPLICABLE PENALTIES AND INTEREST, AND
14 PROCEED TO COLLECT THE DEFICIENCY IN THE SAME MANNER AS OTHER
15 TAX DEFICIENCIES.

16 (6) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY
17 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX
18 CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE SET FORTH IN
19 SUBSECTION (1)(a) OF THIS SECTION, AND SHALL PROVIDE SUCH
20 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, TO
21 THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S EVALUATION OF
22 THIS TAX EXPENDITURE PURSUANT TO SECTION 39-21-305.

23 (7) THE OFFICE MAY ESTABLISH GUIDELINES TO IMPLEMENT THIS
24 SECTION. ALL GUIDELINES ESTABLISHED BY THE OFFICE MUST BE POSTED
25 ON THE OFFICE'S WEBSITE.

26 (8) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE
27 INCOME TAX DUE ON THE INCOME OF THE ELIGIBLE TAXPAYER FOR THE

1 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
2 MUST BE REFUNDED TO THE ELIGIBLE TAXPAYER OR THE INSTALLER.

3 (9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

4 **SECTION 9.** In Colorado Revised Statutes, **add** 39-22-553 as
5 follows:

6 **39-22-553. Electric bicycle tax credit - tax preference**
7 **performance statement - definitions - repeal.** (1) (a) IN ACCORDANCE
8 WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL THAT CREATES
9 A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE
10 STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE
11 GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THE TAX
12 CREDIT PROVIDED IN THIS SECTION IS TO INDUCE CERTAIN DESIGNATED
13 BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE PURCHASE OF ELECTRIC
14 BICYCLES, AND TO PROVIDE TAX RELIEF TO CERTAIN BUSINESSES,
15 SPECIFICALLY RETAILERS, THAT PROVIDE A DISCOUNT ON THE SALE OF AN
16 ELECTRIC BICYCLE.

17 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
18 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
19 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
20 INFORMATION REQUIRED TO BE MAINTAINED BY AND REPORTED TO THE
21 STATE AUDITOR BY THE OFFICE AND THE DEPARTMENT PURSUANT TO
22 SUBSECTION (5)(b) OF THIS SECTION.

23 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
24 OTHERWISE REQUIRES:

25 (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE
26 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

27 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

1 (c) "ELECTRIC BICYCLE" HAS THE SAME MEANING AS "ELECTRICAL
2 ASSISTED BICYCLE" AS SET FORTH IN SECTION 42-1-102 (28.5). "ELECTRIC
3 BICYCLE" INCLUDES AN ELECTRIC ADAPTIVE BICYCLE.

4 (d) "PURCHASE PRICE" HAS THE SAME THE MEANING AS SET FORTH
5 IN SECTION 39-26-102 (7).

6 (e) "QUALIFIED ELECTRIC BICYCLE" MEANS AN ELECTRIC BICYCLE
7 THAT SATISFIES THE STANDARDS FOR APPROVAL DEVELOPED BY THE
8 COLORADO ENERGY OFFICE PURSUANT TO SUBSECTION (4)(a)(I) OF THIS
9 SECTION.

10 (f) "QUALIFIED PURCHASER" MEANS A PERSON WHO IS A RESIDENT
11 OF THE STATE AND WHO HAS NOT PREVIOUSLY PURCHASED A QUALIFIED
12 ELECTRIC BICYCLE THAT WAS DISCOUNTED BY A QUALIFIED RETAILER
13 CLAIMING A TAX CREDIT ALLOWED BY THIS SECTION FOR THE RETAIL SALE
14 IN THE SAME INCOME TAX YEAR.

15 (g) "QUALIFIED RETAILER" MEANS A RETAILER THAT SELLS
16 QUALIFIED ELECTRIC BICYCLES AND:

17 (I) HOLDS A STATE SALES TAX LICENSE;

18 (II) HAS TIMELY FILED A MONTHLY SALES TAX RETURN SHOWING
19 A TAX LIABILITY FOR AT LEAST TWELVE MONTHS;

20 (III) HAS PAID THE TAXES DUE ON THE MONTHLY SALES TAX
21 RETURN; AND

22 (IV) HAS REGISTERED WITH THE DEPARTMENT PURSUANT TO
23 SUBSECTION (3)(e)(III) OF THIS SECTION.

24 (h) "RETAILER" HAS THE SAME MEANING AS SET FORTH IN SECTION
25 39-26-102 (8).

26 (3) (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6) OF
27 THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER

1 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED RETAILER
2 IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED PURSUANT TO THIS
3 ARTICLE 22 IN AN AMOUNT EQUAL TO FIVE HUNDRED DOLLARS FOR EACH
4 RETAIL SALE OF NEW QUALIFIED ELECTRIC BICYCLES SOLD IN THE STATE
5 DURING THE INCOME TAX YEAR TO A QUALIFIED PURCHASER; EXCEPT THAT
6 FOR THE INCOME TAX YEAR COMMENCING ON JANUARY 1, 2024, THE
7 CREDIT IS ALLOWED ONLY FOR RETAIL SALES MADE ON OR AFTER APRIL 1,
8 2024, BUT ON OR BEFORE DECEMBER 31, 2024.

9 (b) IN ORDER TO QUALIFY FOR THE TAX CREDIT ALLOWED
10 PURSUANT TO THIS SECTION, THE QUALIFIED RETAILER SHALL PROVIDE TO
11 THE QUALIFIED PURCHASER AT THE TIME OF THE RETAIL SALE OF THE NEW
12 QUALIFIED ELECTRIC BICYCLE A DISCOUNT ON THE PURCHASE PRICE OF THE
13 QUALIFIED ELECTRIC BICYCLE EQUAL TO THE LESSER OF FOUR HUNDRED
14 FIFTY DOLLARS OR THE PURCHASE PRICE AND SHALL SHOW THE DISCOUNT
15 AS A SEPARATE ITEM ON THE RECEIPT OR INVOICE PROVIDED TO THE
16 QUALIFIED PURCHASER. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
17 (4)(a)(II) OF THIS SECTION, THE QUALIFIED RETAILER SHALL, AT THE TIME
18 OF THE RETAIL SALE, COLLECT FROM A PURCHASER AN AFFIDAVIT ON
19 FORMS PRESCRIBED BY THE OFFICE AFFIRMING THAT THE PURCHASER IS A
20 QUALIFIED PURCHASER.

21
22 (c) TO DETERMINE WHETHER A QUALIFIED RETAILER SOLD NEW
23 QUALIFIED ELECTRIC BICYCLES IN THE STATE, THE RULES SET FORTH IN
24 SECTION 39-26-104 (3)(a) APPLY.

25 (d) THE QUALIFIED RETAILER MAY RETAIN FROM THE CREDIT
26 ALLOWED IN THIS SECTION AN ADMINISTRATIVE FEE NOT TO EXCEED
27 FIFTY DOLLARS FOR PROVIDING THE DISCOUNT.

1 (e) (I) THE QUALIFIED RETAILER SHALL ELECTRONICALLY SUBMIT
2 A REPORT TO THE DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND
3 MANNER REQUIRED BY THE DEPARTMENT THAT DETAILS THE NUMBER OF
4 NEW QUALIFIED ELECTRIC BICYCLES SOLD BY THE QUALIFIED RETAILER IN
5 THE REPORTING PERIOD FOR WHICH THE QUALIFIED RETAILER PROVIDED A
6 DISCOUNT AS DESCRIBED IN SUBSECTION (3)(b) OF THIS SECTION, AND
7 THAT INCLUDES ANY OTHER INFORMATION THE EXECUTIVE DIRECTOR OF
8 THE DEPARTMENT MAY REQUIRE. THE QUALIFIED RETAILER SHALL SUBMIT
9 WITH THE QUARTERLY REPORT REQUIRED BY THIS SUBSECTION (3)(e)(I)
10 THE AFFIDAVITS FROM QUALIFIED PURCHASERS THAT THE QUALIFIED
11 RETAILER IS REQUIRED TO COLLECT PURSUANT TO SUBSECTION (3)(b) OF
12 THIS SECTION AND THE OFFICE SHALL INSPECT THE AFFIDAVITS TO
13 DETERMINE THAT RETAIL SALES HAVE BEEN MADE TO QUALIFIED
14 PURCHASERS.

15 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
16 1, 2025, THE QUALIFIED RETAILER MAY ELECT ADVANCE PAYMENTS OF THE
17 CREDIT ALLOWED PURSUANT TO THIS SECTION AS SPECIFIED IN SECTION
18 39-22-629.

19 (III) PRIOR TO SELLING A QUALIFIED ELECTRIC BICYCLE FOR WHICH
20 A RETAILER INTENDS TO CLAIM A CREDIT PURSUANT TO THIS SECTION, THE
21 RETAILER SHALL REGISTER AS A QUALIFIED RETAILER BY FILING WITH THE
22 DEPARTMENT A REGISTRATION STATEMENT IN THE FORM AND MANNER
23 PRESCRIBED BY THE DEPARTMENT.

24 (4) (a) (I) THE OFFICE SHALL DEVELOP STANDARDS FOR
25 DETERMINING ALLOWABLE ELECTRIC BICYCLE MANUFACTURERS FOR
26 PURPOSES OF DETERMINING THE TYPE OF ELECTRIC BICYCLE THAT IS A
27 QUALIFIED ELECTRIC BICYCLE ELIGIBLE FOR THE TAX CREDIT ALLOWED

1 PURSUANT TO THIS SECTION. THE OFFICE SHALL CONSIDER THE DESIGN
2 AND MANUFACTURE OF ALLOWABLE ELECTRIC BICYCLES AND
3 CERTIFICATION OF ALLOWABLE ELECTRIC BICYCLES FOR COMPLIANCE WITH
4 CONSENSUS SAFETY STANDARDS, SUCH AS THE ANSI/CAN/UL 2849
5 STANDARD FOR SAFETY FOR ELECTRICAL SYSTEMS FOR ELECTRIC BICYCLES
6 OR SIMILAR, IN ORDER TO DETERMINE THAT AN ELECTRIC BICYCLE IS A
7 QUALIFIED ELECTRIC BICYCLE. THE OFFICE MAY ANNUALLY REVIEW THE
8 STANDARDS. THE STANDARDS MUST BE POSTED ON THE OFFICE'S WEBSITE.

9 (II) IF ON OR BEFORE JUNE 30, 2025, THE OFFICE DETERMINES, IN
10 CONNECTION WITH ITS INSPECTION OF THE AFFIDAVITS REQUIRED
11 PURSUANT TO SUBSECTION (3)(b) OF THIS SECTION, THAT A REGISTRATION
12 PROCESS IS NEEDED AND WOULD BE COST EFFECTIVE IN CURTAILING FRAUD
13 OR ABUSE RELATED TO CLAIMING THE CREDIT ALLOWED UNDER THIS
14 SECTION, THE OFFICE SHALL DEVELOP A PROCESS IN LIEU OF THE
15 AFFIDAVITS FOR PURCHASERS TO REGISTER AS QUALIFIED PURCHASERS,
16 THROUGH THE OFFICE AND PRIOR TO PURCHASING A QUALIFIED ELECTRIC
17 BICYCLE FROM A QUALIFIED RETAILER, BY AFFIRMING THE PURCHASER'S
18 RESIDENCY AND THAT THE PURCHASER HAS NOT PREVIOUSLY PURCHASED
19 A QUALIFIED ELECTRIC BICYCLE THAT WAS DISCOUNTED PURSUANT TO
20 THIS SECTION IN THE SAME INCOME TAX YEAR. THE PROCESS MUST ALLOW
21 FOR A QUALIFIED RETAILER TO ACCESS QUALIFIED PURCHASER
22 INFORMATION IN ORDER TO CONFIRM A PURCHASER IS A QUALIFIED
23 PURCHASER.

24 (b) PURSUANT TO SECTION 39-21-304 (3), AND FOR THE PURPOSE
25 OF PROVIDING DATA THAT ALLOWS THE EFFECTIVENESS OF THE TAX
26 CREDIT ALLOWED PURSUANT TO THIS SECTION TO BE MEASURED, THE
27 DEPARTMENT, ON OR BEFORE JANUARY 1, 2025, AND ON OR BEFORE

1 JANUARY 1 OF EACH YEAR THEREAFTER THROUGH JANUARY 1, 2034,
2 SHALL PROVIDE TO THE STATE AUDITOR INFORMATION THAT DETAILS THE
3 NUMBER OF SALES OF NEW QUALIFIED ELECTRIC BICYCLES FOR WHICH
4 CREDITS ARE CLAIMED AS REPORTED BY TAXPAYERS CLAIMING THE CREDIT
5 FOR CONSIDERATION DURING THE STATE AUDITOR'S EVALUATION OF THIS
6 TAX EXPENDITURE PURSUANT TO SECTION 39-21-305.

7 (5) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE
8 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED RETAILER FOR THE
9 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
10 MUST BE REFUNDED TO THE QUALIFIED RETAILER.

11 (6) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE
12 REVENUE FORECAST THROUGH THE JUNE 2031 REVENUE FORECAST AS
13 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
14 STATE PLANNING AND BUDGETING, PROJECTS THAT STATE REVENUES, AS
15 DEFINED IN SECTION 24-77-103.6 (6)(c), WILL NOT INCREASE BY AT LEAST
16 FOUR PERCENT FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE CREDIT
17 ALLOWED PURSUANT TO THIS SECTION, THE DISCOUNT REQUIRED
18 PURSUANT TO SUBSECTION (3)(b) OF THIS SECTION, AND THE
19 ADMINISTRATIVE FEE ALLOWED PURSUANT TO SUBSECTION (3)(d) OF THIS
20 SECTION FOR ANY TAX YEAR COMMENCING IN THE CALENDAR YEAR THAT
21 BEGINS DURING SAID NEXT FISCAL YEAR, IS REDUCED BY FIFTY PERCENT.

22 (7) THE OFFICE SHALL PROVIDE TECHNICAL ASSISTANCE TO
23 ENSURE THAT QUALIFIED RETAILERS HAVE ACCESS TO LOW-COST
24 FINANCING TO SUPPORT THEM IN CLAIMING THE CREDIT ALLOWED UNDER
25 THIS SECTION.

26 (8) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

27 **SECTION 10.** In Colorado Revised Statutes, **add** 39-22-554 as

1 follows:

2 **39-22-554. Tax credit for sustainable aviation fuel production**
3 **facility - tax preference performance statement - definitions - repeal.**

4 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES
5 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX
6 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
7 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
8 DECLARES THAT THE PURPOSE OF THIS TAX EXPENDITURE IS TO INDUCE
9 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE
10 CONSTRUCTION OF SUSTAINABLE AVIATION FUEL PRODUCTION FACILITIES
11 IN THE STATE, BY PROVIDING TAX RELIEF FOR CERTAIN BUSINESSES AND
12 INDIVIDUALS THAT CONSTRUCT OR OPERATE THESE FACILITIES IN THE
13 STATE.

14 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
15 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
16 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
17 INFORMATION REQUIRED BY AND REPORTED TO THE DEPARTMENT
18 PURSUANT TO SUBSECTION (7) OF THIS SECTION.

19 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
20 REQUIRES:

21 (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE
22 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101.

23 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

24 (c) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT IS AN
25 AVIATION BUSINESS, A SUSTAINABLE AVIATION FUEL PRODUCER, OR AN
26 AIRPORT.

27 (d) "SUSTAINABLE AVIATION FUEL" HAS THE SAME MEANING AS

1 SET FORTH IN SECTION 40B(d) OF THE INTERNAL REVENUE CODE.

2 (e) "SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY" MEANS:

3 (I) A FACILITY WHICH PRODUCES SUSTAINABLE AVIATION FUEL; OR

4 (II) A FACILITY DIRECTLY RELATED TO ENABLING THE PRODUCTION
5 OR DISTRIBUTION OF SUSTAINABLE AVIATION FUEL AS DETERMINED UNDER
6 THE STANDARDS ESTABLISHED BY THE OFFICE.

7 (f) "TAXPAYER" MEANS A PERSON SUBJECT TO TAX PURSUANT TO
8 THIS ARTICLE 22.

9 (3) (a) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
10 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED TAXPAYER IS ALLOWED
11 A CREDIT AGAINST THE INCOME TAX IMPOSED UNDER THIS ARTICLE 22 FOR
12 AN AMOUNT OF THE ACTUAL COST PAID TO CONSTRUCT, RECONSTRUCT, OR
13 ERECT A SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY IN THE
14 STATE EQUAL TO:

15 (I) THIRTY PERCENT FOR A FACILITY FOR WHICH CONSTRUCTION
16 BEGINS ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2027;

17 (II) TWENTY-FOUR PERCENT FOR A FACILITY FOR WHICH
18 CONSTRUCTION BEGINS ON OR AFTER JANUARY 1, 2027, BUT BEFORE
19 JANUARY 1, 2028;

20 (III) EIGHTEEN PERCENT FOR A FACILITY FOR WHICH
21 CONSTRUCTION BEGINS ON OR AFTER JANUARY 1, 2028, BUT BEFORE
22 JANUARY 1, 2029; AND

23 (IV) TWELVE PERCENT FOR A FACILITY FOR WHICH CONSTRUCTION
24 BEGINS ON OR AFTER JANUARY 1, 2029, BUT BEFORE JANUARY 1, 2033.

25 (b) THE CREDIT ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION
26 IS ALLOWED FOR THE TAX YEAR IN WHICH THE SUSTAINABLE AVIATION
27 FUEL PRODUCTION FACILITY IS PLACED IN SERVICE.

1 (4) (a) A QUALIFIED TAXPAYER SHALL SUBMIT AN APPLICATION TO
2 THE OFFICE FOR A TAX CREDIT CERTIFICATE TO CLAIM THE CREDIT
3 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY
4 THE OFFICE. THE APPLICATION MUST INCLUDE INFORMATION TO ALLOW
5 THE OFFICE TO MAKE A DETERMINATION THAT THE APPLICANT IS A
6 QUALIFIED TAXPAYER AND THAT THE AMOUNT FOR WHICH THE TAX CREDIT
7 CERTIFICATE IS APPLIED IS THE ACTUAL COST PAID TO CONSTRUCT,
8 RECONSTRUCT, OR ERECT A SUSTAINABLE AVIATION FUEL PRODUCTION
9 FACILITY IN THE STATE FOR WHICH A CREDIT IS ALLOWED BY THIS SECTION.

10 (b) THE AGGREGATE AMOUNT OF ALL TAX CREDIT CERTIFICATES
11 ISSUED BY THE OFFICE PURSUANT TO THIS SUBSECTION (4) MUST NOT
12 EXCEED ONE MILLION DOLLARS FOR THE 2024 INCOME TAX YEAR, TWO
13 MILLION DOLLARS PER YEAR FOR THE 2025 AND 2026 INCOME TAX YEARS,
14 AND THREE MILLION DOLLARS PER YEAR FOR INCOME TAX YEARS 2027
15 THROUGH 2032.

16 (c) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
17 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
18 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
19 AN ELECTRONIC REPORT OF EACH QUALIFIED TAXPAYER THAT THE OFFICE
20 APPROVED FOR THE INCOME TAX CREDIT ALLOWED IN THIS SECTION FOR
21 THE PRECEDING CALENDAR YEAR THAT INCLUDES THE FOLLOWING
22 INFORMATION:

- 23 (I) THE TAXPAYER'S NAME;
- 24 (II) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
25 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
26 IDENTIFICATION NUMBER; AND
- 27 (III) THE AMOUNT OF THE TAX CREDIT CERTIFICATE.

1 (5) (a) THE OFFICE SHALL DEVELOP STANDARDS FOR THE
2 APPROVAL OF QUALIFIED TAXPAYERS FOR WHICH A TAX CREDIT UNDER
3 THIS SECTION IS ALLOWED.

4 (b) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL
5 OF THE CONSTRUCTION, RECONSTRUCTION, OR ERECTION OF A
6 SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY IN THE STATE AND
7 FOR REVIEWING THE COST CERTIFICATION FOR THE COSTS RELATED TO THE
8 CONSTRUCTION, RECONSTRUCTION, OR ERECTION OF THE SUSTAINABLE
9 AVIATION FUEL PRODUCTION FACILITY. IN THE STANDARDS, THE OFFICE
10 SHALL DETERMINE THE MANNER IN WHICH A TAXPAYER WILL
11 DEMONSTRATE ACTUAL COSTS FOR PURPOSES OF CALCULATING THE
12 AMOUNT OF THE TAX CREDIT SET FORTH IN THE TAX CREDIT CERTIFICATE
13 ISSUED BY THE OFFICE TO THE TAXPAYER; EXCEPT THAT ACTUAL COSTS
14 MUST NOT INCLUDE LEGAL FEES, LAND COST, OR DESIGN COSTS.

15 (c) THE STANDARDS DEVELOPED BY THE OFFICE UNDER THIS
16 SUBSECTION (5) MUST BE POSTED ON THE OFFICE'S WEBSITE.

17 (6) (a) A QUALIFIED TAXPAYER SHALL SUBMIT A REPORT TO THE
18 OFFICE BY THE END OF THE FIRST MONTH AFTER THE END OF ANY INCOME
19 TAX YEAR IN WHICH THE QUALIFIED TAXPAYER RECEIVED A TAX CREDIT
20 UNDER THIS SECTION AND SHALL ANNUALLY SUBMIT A REPORT FOR THREE
21 YEARS THEREAFTER REPORTING SUSTAINABLE AVIATION FUEL
22 PRODUCTION AND TOTAL FUEL PRODUCTION FOR THE FACILITY.

23 (b) IF THE SUSTAINABLE AVIATION FUEL PRODUCTION OF A
24 FACILITY FOR WHICH A QUALIFIED TAXPAYER WAS ALLOWED A CREDIT
25 UNDER THIS SECTION COMPRISES LESS THAN SIXTY PERCENT OF THE TOTAL
26 FUEL PRODUCTION OF THE FACILITY IN ANY OF THE THREE TAXABLE YEARS
27 IMMEDIATELY FOLLOWING THE TAXABLE YEAR IN WHICH THE FACILITY

1 WAS PLACED IN SERVICE, THE OFFICE SHALL NOTIFY THE DEPARTMENT IN
2 WRITING THAT THE CREDIT ALLOWED IN THIS SECTION MUST BE
3 DISALLOWED FOR THAT QUALIFIED TAXPAYER. THE QUALIFIED TAXPAYER
4 SHALL ADD THE AMOUNT OF THE DISALLOWED CREDIT TO ITS RETURN AS
5 A RECAPTURED CREDIT FOR THE TAX YEAR IN WHICH THE CREDIT IS
6 DISALLOWED PURSUANT TO THIS SUBSECTION (6).

7 (7) NOTWITHSTANDING THE REQUIREMENT IN SECTION 24-1-136
8 (11)(a)(I), FOR THE PURPOSE OF PROVIDING DATA THAT ALLOWS THE
9 GENERAL ASSEMBLY AND THE STATE AUDITOR TO MEASURE THE
10 EFFECTIVENESS OF THE CREDIT CREATED IN SUBSECTION (3) OF THIS
11 SECTION PURSUANT TO SECTION 39-21-304 (3), THE OFFICE ON OR BEFORE
12 JANUARY 1, 2026, AND ON OR BEFORE JANUARY 1 OF EACH YEAR
13 THEREAFTER UNTIL JANUARY 1, 2034, SHALL SUBMIT TO THE GENERAL
14 ASSEMBLY AND THE STATE AUDITOR A REPORT DETAILING THE
15 CONSTRUCTION, RECONSTRUCTION, AND ERECTION OF SUSTAINABLE
16 AVIATION FUEL PRODUCTION FACILITIES AS REPORTED BY QUALIFIED
17 TAXPAYERS CLAIMING THE CREDIT IN THIS SECTION. THE TAX CREDIT
18 MEETS ITS PURPOSE IF THE CONSTRUCTION, RECONSTRUCTION, AND
19 ERECTION OF SUSTAINABLE AVIATION FUEL PRODUCTION FACILITIES IN THE
20 STATE INCREASE SIGNIFICANTLY IN TAX YEARS FOR WHICH THE CREDIT IS
21 ALLOWED.

22 (8) IF THE CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE
23 INCOME TAX DUE ON THE INCOME OF THE QUALIFIED TAXPAYER FOR THE
24 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
25 MUST BE REFUNDED TO THE QUALIFIED TAXPAYER.

26 (9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2038.

27 **SECTION 11.** In Colorado Revised Statutes, **add** 39-22-629 as

1 follows:

2 **39-22-629. Advance payments of income tax credits -**
3 **definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
4 OTHERWISE REQUIRES:

5 (a) "APPLICABLE CREDIT" MEANS THE CREDITS ALLOWED IN
6 SECTIONS 39-22-516.7, 39-22-516.8, AND 39-22-553.

7 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

8 (c) "TAXPAYER" MEANS THE PERSON AUTHORIZED TO ELECT
9 ADVANCED PAYMENTS OF AN APPLICABLE CREDIT.

10 (2) A TAXPAYER MAY ELECT TO RECEIVE ADVANCE PAYMENTS FOR
11 APPLICABLE CREDITS AS FOLLOWS:

12 (a) THE TAXPAYER SHALL ANNUALLY REGISTER WITH THE
13 DEPARTMENT FOR ADVANCE PAYMENTS OF ONE OR MORE APPLICABLE
14 CREDITS NO LATER THAN THIRTY DAYS BEFORE THE DUE DATE OF THE
15 FIRST QUARTERLY REPORT FILED BY THE TAXPAYER UNDER SUBSECTION
16 (2)(b) OF THIS SECTION, IN A FORM AND MANNER PRESCRIBED BY THE
17 DEPARTMENT; AND

18 (b) (I) THE TAXPAYER SHALL ELECTRONICALLY FILE QUARTERLY
19 REPORTS IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT NO
20 LATER THAN APRIL 15, JUNE 15, SEPTEMBER 15, AND DECEMBER 15 OF
21 EACH TAX YEAR FOR WHICH THE TAXPAYER REGISTERS FOR ADVANCE
22 PAYMENTS; EXCEPT THAT:

23 (A) FOR A TAXPAYER WITH A TAXABLE YEAR BEGINNING ON ANY
24 DATE OTHER THAN JANUARY 1, THE CORRESPONDING MONTHS SHALL BE
25 SUBSTITUTED FOR THE MONTHS SPECIFIED IN SUBSECTION (2)(b)(I) OF THIS
26 SECTION.

27 (B) FOR A TAXPAYER WITH A TAXABLE YEAR LESS THAN TWELVE

1 MONTHS, THE DUE DATES SHALL BE DETERMINED IN ACCORDANCE WITH
2 RULES PRESCRIBED BY THE DEPARTMENT.

3 (II) THE QUARTERLY REPORT MUST INCLUDE THE CUMULATIVE
4 TOTAL OF APPLICABLE CREDIT THAT THE TAXPAYER IS SEEKING ADVANCE
5 PAYMENT FOR IN THE QUARTER AND ANY INFORMATION REQUIRED TO BE
6 INCLUDED IN THE QUARTERLY REPORT AS SPECIFIED IN THE STATUTE
7 UNDER WHICH THE APPLICABLE CREDIT IS ALLOWED.

8 (3) AFTER RECEIPT OF A COMPLETED QUARTERLY REPORT, THE
9 DEPARTMENT SHALL MAKE AN ADVANCE PAYMENT OF THE APPLICABLE
10 CREDIT TO THE TAXPAYER IN THE FORM OF A REFUND OF THE TAXPAYER'S
11 OVERPAYMENT OF TAX IMPOSED UNDER THIS ARTICLE 22; EXCEPT THAT
12 THE ADVANCE PAYMENT DOES NOT ACCRUE INTEREST PURSUANT TO
13 SECTION 39-21-108 (2) BUT IS SUBJECT TO INTERCEPT FOR THE TAXPAYER'S
14 UNPAID BALANCE OR UNPAID DEBTS, IF ANY, PURSUANT TO SECTION
15 39-21-108 (3).

16 (4) THE TAXPAYER SHALL REDUCE THE AMOUNT OF AN APPLICABLE
17 CREDIT CLAIMED BY THE TAXPAYER FOR ANY TAXABLE YEAR BY THE
18 AGGREGATE AMOUNT OF ADVANCE PAYMENTS THAT THE TAXPAYER
19 CLAIMED FOR THE APPLICABLE CREDIT DURING THE TAXABLE YEAR, AND:

20 (a) IF THE AGGREGATE AMOUNT OF ADVANCE PAYMENTS CLAIMED
21 FOR THE APPLICABLE TAX YEAR EXCEEDS THE AMOUNT OF THE CREDIT
22 ALLOWED TO THE TAXPAYER, THE AMOUNT OF THE EXCESS IS SUBJECT TO
23 RECAPTURE; OR

24 (b) IF THE AGGREGATE AMOUNT OF ADVANCE PAYMENTS FOR THE
25 APPLICABLE TAX YEAR IS LESS THAN THE AMOUNT OF THE CREDIT
26 ALLOWED TO THE TAXPAYER, THE AMOUNT OF THE DIFFERENCE MAY BE
27 CLAIMED BY THE TAXPAYER AS A CREDIT IN THE TAXABLE YEAR IN THE

1 SAME MANNER AS THE APPLICABLE CREDIT.

2 (5) IN THE CASE OF A PARTNERSHIP OR S CORPORATION ELECTING
3 ADVANCE PAYMENTS UNDER THIS SECTION, THE PARTNERSHIP OR S
4 CORPORATION SHALL MAKE THE ELECTION AND THE DEPARTMENT SHALL
5 MAKE THE ADVANCE PAYMENTS TO THE PARTNERSHIP OR S CORPORATION.
6 IN THE EVENT OF AN EXCESS AMOUNT PURSUANT TO SUBSECTION (4)(a) OF
7 THIS SECTION, THE PARTNERSHIP OR S CORPORATION SHALL PAY THE
8 AMOUNT OF THE EXCESS ON BEHALF OF THE PARTNERS OR SHAREHOLDERS.
9 IN THE EVENT OF AN AMOUNT OF DIFFERENCE PURSUANT TO SUBSECTION
10 (4)(b) OF THIS SECTION, THE DEPARTMENT SHALL REFUND THE AMOUNT OF
11 THE DIFFERENCE TO THE PARTNERSHIP OR S CORPORATION.

12

13 **SECTION 12.** In Colorado Revised Statutes, 39-26-732, **amend**
14 (3) and (5) as follows:

15 **39-26-732. Heat pump systems - tax preference performance**
16 **statement - legislative declaration - definitions - repeal.** (3) On and
17 after January 1, 2023, BUT BEFORE JANUARY 1, 2024, subject to the
18 provisions of subsection (4) of this section, all sales, storage, and use of
19 heat pump systems and heat pump water heaters that are used in
20 commercial or residential buildings are exempt from taxation under parts
21 1 and 2 of this article 26.

22 (5) This section is repealed, effective ~~January 1, 2033~~ JANUARY
23 1, 2027.

24

25 **SECTION 13.** In Colorado Revised Statutes, 39-29-105, **amend**
26 (2)(b) and (2)(c) introductory portion; and **add** (2)(d) as follows:

27 **39-29-105. Tax on severance of oil and gas.** (2) (b) (I) With

1 respect to oil and gas, there ~~shall be~~ IS allowed, as a credit against the tax
2 computed in accordance with the provisions of subsection (1)(b) of this
3 section for each taxable year commencing on or after January 1, 2000, but
4 prior to ~~January 1, 2025~~, JANUARY 1, 2024, an amount equal to
5 eighty-seven and one-half percent of all ad valorem taxes assessed during
6 the taxable year in the case of accrual basis taxpayers or paid during the
7 taxable year in the case of cash basis taxpayers upon oil and gas
8 leaseholds and leasehold interests and oil and gas royalties and royalty
9 interests for state, county, municipal, school district, and special district
10 purposes, except such ad valorem taxes assessed or paid for such
11 purposes upon equipment and facilities used in the drilling for, production
12 of, storage of, and pipeline transportation of oil and gas. ~~However,~~

13 (II) WITH RESPECT TO OIL AND GAS THERE IS ALLOWED, AS A
14 CREDIT AGAINST THE TAX COMPUTED IN ACCORDANCE WITH THE
15 PROVISIONS OF SUBSECTION (1)(b) OF THIS SECTION FOR EACH TAXABLE
16 YEAR COMMENCING ON OR AFTER JANUARY 1, 2024, BUT PRIOR TO
17 JANUARY 1, 2026, AN AMOUNT EQUAL TO SEVENTY-FIVE PERCENT OF ALL
18 AD VALOREM TAXES ASSESSED DURING THE TAXABLE YEAR IN THE CASE
19 OF ACCRUAL BASIS TAXPAYERS OR PAID DURING THE TAXABLE YEAR IN
20 THE CASE OF CASH BASIS TAXPAYERS UPON OIL AND GAS LEASEHOLDS AND
21 LEASEHOLD INTERESTS AND OIL AND GAS ROYALTIES AND ROYALTY
22 INTERESTS FOR STATE, COUNTY, MUNICIPAL, SCHOOL DISTRICT, AND
23 SPECIAL DISTRICT PURPOSES, EXCEPT SUCH AD VALOREM TAXES ASSESSED
24 OR PAID FOR SUCH PURPOSES UPON EQUIPMENT AND FACILITIES USED IN
25 THE DRILLING FOR, PRODUCTION OF, STORAGE OF, AND PIPELINE
26 TRANSPORTATION OF OIL AND GAS.

27 (III) NOTWITHSTANDING SUBSECTIONS (2)(b)(I) AND (2)(b)(II) OF

1 THIS SECTION, no credit shall be allowed for ad valorem taxes paid or
2 assessed on oil and gas production that is exempt from the state severance
3 tax pursuant to subsection (1) of this section.

4 (c) For a taxable year beginning on or after ~~January 1, 2025,~~
5 JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2027, for each well that is not
6 exempt from the state severance tax pursuant to subsection (1)(b) of this
7 section, there is allowed a credit against the tax computed in accordance
8 with the provisions of subsection (1)(b) of this section in an amount
9 calculated by the formula $C = 0.7656 \times 0.65625 \times GI \times ML$, where:

10 (d) FOR A TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1,
11 2027, FOR EACH WELL THAT IS NOT EXEMPT FROM THE STATE SEVERANCE
12 TAX PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION, THERE IS
13 ALLOWED A CREDIT AGAINST THE TAX COMPUTED IN ACCORDANCE WITH
14 SUBSECTION (1)(b) OF THIS SECTION IN AN AMOUNT CALCULATED BY THE
15 FORMULA $C = 0.7656 \times GI \times ML$, WHERE:

16 (I) C IS THE AMOUNT OF THE CREDIT;

17 (II) GI IS THE GROSS INCOME ATTRIBUTABLE TO THE WELL FOR THE
18 CURRENT TAXABLE YEAR; AND

19 (III) ML IS THE TOTAL OF ALL MILL LEVIES, FIXED NOT LATER THAN
20 DECEMBER 22 OF THE PRECEDING CALENDAR YEAR PURSUANT TO SECTION
21 39-1-111, BY ALL LOCAL GOVERNMENTS FOR PROPERTY AT THE WELL'S
22 LOCATION.

23 **SECTION 14.** In Colorado Revised Statutes, 39-29-108, **amend**
24 (2)(b), (7)(a)(II), (7)(a)(III), (7)(b), (7)(d), and (7)(e); and **add** (2)(e),
25 (7)(a)(IV), and (7)(f) as follows:

26 **39-29-108. Allocation of severance tax revenues - definitions**
27 **- repeal.** (2) (b) Except as set forth in ~~subsection~~ SUBSECTIONS (2)(d)

1 AND (2)(e) of this section, of the total gross receipts realized from the
2 severance taxes imposed on minerals and mineral fuels under the
3 provisions of this article after June 30, 2017, fifty percent shall be
4 credited to the state severance tax trust fund created by section 39-29-109,
5 and fifty percent shall be credited to the local government severance tax
6 fund created by section 39-29-110.

7 (e) (I) EXCEPT AS PROVIDED IN SUBSECTION (2)(e)(II) OF THIS
8 SECTION, FOR THE STATE FISCAL YEARS 2023-24 THROUGH 2026-27, THE
9 STATE TREASURER SHALL CREDIT THE DISCRETE INCREASED AMOUNT OF
10 SEVERANCE TAX FOR OIL AND GAS PRODUCTION THAT IS ATTRIBUTABLE TO
11 THE REDUCTION OF THE CREDIT AGAINST TAX PURSUANT TO SECTION
12 39-29-105 (2)(b)(II) AND 39-29-105(2)(c) TO THE DECARBONIZATION TAX
13 CREDITS ADMINISTRATION CASH FUND CREATED IN SECTION 24-38.5-119
14 (2).

15 (II) THE STATE TREASURER SHALL CREDIT A PORTION OF THE
16 DISCRETE INCREASED AMOUNT OF SEVERANCE TAX FOR OIL AND GAS
17 PRODUCTION IN THE AMOUNT ATTRIBUTABLE TO ADMINISTRATIVE COSTS
18 TO THE RESPECTIVE CASH FUNDS SO THAT ALL ADMINISTRATIVE COSTS ARE
19 REPAID TO THE RESPECTIVE CASH FUNDS ON OR BEFORE JULY 1, 2025.

20 (III) AS USED IN THIS SUBSECTION (2)(e), UNLESS THE CONTEXT
21 OTHERWISE REQUIRES:

22 (A) "ADMINISTRATIVE COSTS" MEANS THE AMOUNT OF MONEY
23 EXPENDED FROM THE RESPECTIVE CASH FUNDS BY THE COLORADO
24 ENERGY OFFICE AND THE DEPARTMENT OF REVENUE FOR THE
25 ADMINISTRATION AND IMPLEMENTATION OF CERTAIN INCOME TAX CREDITS
26 AND A TEMPORARY SPECIFIC OWNERSHIP TAX RATE REDUCTION FOR
27 ELECTRIC MEDIUM-DUTY AND HEAVY-DUTY TRUCKS THAT ARE PART OF A

1 FLEET AS PROVIDED FOR IN SECTIONS 24-38.5-116 (6)(b)(II), 24-38.5-118
2 (7)(d), 24-38.5-506 (2)(a)(II), AND 25-7-1405 (2)(b).

3 (B) "DISCRETE INCREASED AMOUNT OF SEVERANCE TAX FOR OIL
4 AND GAS PRODUCTION" MEANS THE AMOUNT OF TAX COLLECTED THAT IS
5 ATTRIBUTABLE TO A TWELVE AND ONE-HALF PERCENT REDUCTION IN THE
6 SEVERANCE TAX CREDIT FOR OIL AND GAS PRODUCTION SET FORTH IN
7 SECTION 39-29-105 (2)(b)(II) FOR TAX YEARS BEGINNING ON OR AFTER
8 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2026, AND A TEN AND NINE
9 HUNDRED THIRTY-FIVE THOUSANDTHS PERCENT REDUCTION SET FORTH IN
10 SECTION 39-29-105 (2)(c) FOR TAX YEARS BEGINNING ON OR AFTER
11 JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2027.

12 (C) "RESPECTIVE CASH FUNDS" MEANS THE INDUSTRIAL AND
13 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CASH FUND
14 CREATED IN SECTION 24-38.5-116 (6), THE GEOTHERMAL ENERGY GRANT
15 FUND CREATED IN SECTION 24-38.5-118 (7), THE COMMUNITY ACCESS TO
16 ELECTRIC BICYCLES CASH FUND CREATED IN SECTION 24-38.5-506, OR THE
17 ELECTRIFYING SCHOOL BUSES GRANT PROGRAM CASH FUND CREATED IN
18 SECTION 25-7-1405.

19 (7) (a) The director of the office of state planning and budgeting
20 and the executive directors of the departments of revenue, natural
21 resources, education, and local affairs, or their designees, shall, in
22 consultation with the stakeholder group convened pursuant to subsection
23 (7)(c) of this section, develop an implementation plan with
24 recommendations to:

- 25 (II) Require electronic filing of returns for severance taxes; ~~and~~
- 26 (III) Require additional electronic data collection necessary to
27 ease the administration and enforcement of the state severance tax on oil

1 and gas, including consideration of opportunities for increased data
2 sharing among state and local government agencies; AND

3 (IV) MAKE RECOMMENDATIONS FOR THE LONG-TERM
4 RESTRUCTURING OF THE CREDIT ALLOWED IN SECTION 39-29-105 (2)
5 INCLUDING:

6 (A) LINKING THE SIZE OF THE CREDIT IN A GIVEN TAX YEAR TO OIL
7 AND GAS TAXPAYERS' PROFITABILITY OR REVENUES FOR THAT TAX YEAR;

8 (B) SEPARATING THE CREDIT FOR OIL PRODUCTION AND GAS
9 PRODUCTION;

10 (C) LINKING THE CREDIT IN A GIVEN TAX YEAR TO THE RELATIVE
11 DIFFERENCE BETWEEN OIL AND GAS PRICES FOR THAT TAX YEAR
12 COMPARED TO HISTORIC MONTHLY HENRY HUB NATURAL GAS SPOT PRICES
13 AS REPORTED BY THE UNITED STATES ENERGY INFORMATION
14 ADMINISTRATION AND MONTHLY CUSHING, OKLAHOMA WEST TEXAS
15 INTERMEDIATE SPOT PRICES AS REPORTED BY THE UNITED STATES ENERGY
16 INFORMATION ADMINISTRATION;

17 (D) UPDATING THE DEPARTMENT OF REVENUE'S SEVERANCE TAX
18 FORM AND REPROGRAMMING GENTAX TO MAKE THESE CHANGES
19 POSSIBLE; AND

20 (E) GIVING CONSIDERATION TO THE FACT THAT THE CURRENT
21 CREDIT SIZE RESULTS IN THE STATE EFFECTIVELY SUBSIDIZING LOCAL
22 TAXING JURISDICTIONS WHICH WAS NOT THE ORIGINAL INTENT OF THE
23 CREDIT.

24 (b) The implementation plan required by subsection (7)(a) of this
25 section must include a quantitative fiscal analysis of the ~~change~~ CHANGES
26 described in ~~subsection~~ SUBSECTIONS (7)(a)(I) AND (7)(a)(IV) of this
27 section and the calculation of the credit allowed in section 39-29-105

1 (2)(c) and make recommendations as to how they can be implemented
2 while maintaining revenue neutrality.

3 (d) The persons identified in subsection (7)(a) of this section shall
4 submit the written implementation plan to the joint budget committee no
5 later than ~~January 15, 2024~~ JANUARY 15, 2025. Prior submission of the
6 implementation plan, the stakeholder group shall have an opportunity to
7 review the draft recommendations and individual stakeholders may
8 provide comments in response to the implementation plan to be included
9 with the submission of the implementation plan.

10 (e) ~~This subsection (7) is repealed, effective July 1, 2024.~~ IT IS
11 THE INTENT OF THE GENERAL ASSEMBLY THAT THE RECOMMENDATIONS
12 WITHIN THE IMPLEMENTATION PLAN PURSUANT TO SUBSECTION (7)(a) OF
13 THIS SECTION BE IMPLEMENTED BY TAX YEAR 2026 WITH RESPECT TO
14 CHANGING THE STRUCTURE OF THE CREDIT, PROVIDED THAT REVENUE TO
15 THE STATE, AS DETERMINED BY LEGISLATIVE COUNCIL STAFF, IS NEUTRAL
16 WITH RESPECT TO AMENDMENTS MADE TO 39-29-105 (2)(b) AND (2)(c) AS
17 AMENDED BY HB23-1272. TO THIS END, IT IS THE INTENT OF THE GENERAL
18 ASSEMBLY THAT 39-29-105 (2)(c) BE FURTHER AMENDED OR SUPERSEDED
19 BY THE RECOMMENDATION OR RECOMMENDATIONS DURING THE 2025
20 LEGISLATIVE SESSION.

21 (f) THIS SUBSECTION (7) IS REPEALED, EFFECTIVE JULY 1, 2025.

22 **SECTION 15.** In Colorado Revised Statutes, 42-3-107, **amend**
23 (1)(a)(I); and **add** (1)(a)(IV) as follows:

24 **42-3-107. Taxable value of classes of property - rate of tax -**
25 **when and where payable - department duties - apportionment of tax**
26 **collections - definitions - rules - repeal.** (1) (a) (I) Except as provided
27 in ~~subparagraph (I.5) of this paragraph (a)~~, SUBSECTIONS (1)(a)(I.5) AND

1 (1)(a)(IV) OF THIS SECTION, the taxable value of every item of Class A or
2 Class B personal property greater than sixteen thousand pounds declared
3 empty vehicle weight shall be the actual purchase price of such property.
4 Such price shall not include any applicable federal excise tax, including
5 the excise tax on the first retail sale of a heavy truck, trailer, or tractor for
6 which the seller is liable, transportation or shipping costs, or preparation
7 and delivery costs. The taxable value of every item of Class A or Class B
8 personal property less than or equal to sixteen thousand pounds declared
9 empty vehicle weight shall be seventy-five percent of the manufacturer's
10 suggested retail price.

11 (IV) (A) ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
12 2028, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B
13 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS GREATER THAN
14 SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT AND
15 THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN
16 SECTION 39-22-516.8 (1)(I), IS FIFTY PERCENT OF THE ACTUAL PURCHASE
17 PRICE OF SUCH PROPERTY.

18 (B) ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
19 2028, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B
20 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS LESS THAN OR
21 EQUAL TO SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT
22 AND THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN
23 SECTION 39-22-516.8 (1)(I), IS FIFTY PERCENT OF THE MANUFACTURER'S
24 SUGGESTED RETAIL PRICE OF SUCH PROPERTY.

25 (C) ON OR AFTER JANUARY 1, 2028, BUT BEFORE JANUARY 1,
26 2033, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B
27 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS GREATER THAN

1 SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT AND
2 THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN
3 SECTION 39-22-516.8 (1)(I), IS SIXTY PERCENT OF THE ACTUAL PURCHASE
4 PRICE OF SUCH PROPERTY.

5 (D) ON OR AFTER JANUARY 1, 2028, BUT BEFORE JANUARY 1,
6 2033, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B
7 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS LESS THAN OR
8 EQUAL TO SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT
9 AND THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN
10 SECTION 39-22-516.8 (1)(I), IS SIXTY PERCENT OF THE MANUFACTURER'S
11 SUGGESTED RETAIL PRICE OF SUCH PROPERTY.

12 (E) THIS SUBSECTION (1)(a)(IV) IS REPEALED, EFFECTIVE JANUARY
13 1, 2034.

14 ■ ■ ■

15 **SECTION 16.** In Colorado Revised Statutes, 24-38.5-102, add
16 (3.3) and (5) as follows:

17 **24-38.5-102. Colorado energy office - duties and powers -**
18 **definitions.** (3.3) AS PART OF THE HEARING REQUIRED BY SECTION
19 2-7-203 (2), FOR HEARINGS HELD ON OR AFTER JANUARY 1, 2025, BUT
20 BEFORE JANUARY 1, 2034, THE COLORADO ENERGY OFFICE SHALL REPORT
21 ON THE ESTIMATED IMPACT OF GREENHOUSE GAS EMISSIONS REDUCTIONS
22 ATTRIBUTABLE TO THE TAX CREDITS CREATED IN SECTIONS 39-22-549,
23 39-22-550, 39-22-551, 39-22-552, 39-22-553, AND 39-22-554.

24 (5) (a) AS USED IN THIS SUBSECTION (5), UNLESS THE CONTEXT
25 OTHERWISE REQUIRES:

26 (I) "DECARBONIZATION TAX CREDITS" MEANS THE TAX CREDITS
27 CREATED IN SECTIONS 39-22-549, 39-22-550, 39-22-551, 39-22-552,

1 39-22-553, AND 39-22-554.

2 (II) "STANDARDS" MEAN THE STANDARDS OR GUIDELINES THE
3 OFFICE IS AUTHORIZED TO ADOPT TO IMPLEMENT THE DECARBONIZATION
4 TAX CREDITS.

5 (b) NOTWITHSTANDING 24-1-136 (11)(a)(I), BEGINNING ON AND
6 AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, THE COLORADO
7 ENERGY OFFICE SHALL ANNUALLY REPORT TO THE TRANSPORTATION AND
8 ENERGY COMMITTEE OF THE SENATE, THE ENERGY AND ENVIRONMENT
9 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, AND THE FINANCE
10 COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR
11 ANY SUCCESSOR COMMITTEES, THE FOLLOWING:

12 (I) STANDARDS ADOPTED IN THE PRECEDING YEAR;

13 (II) AMENDMENTS, MODIFICATIONS, CHANGES, OR REPEALS TO
14 PREVIOUSLY ADOPTED STANDARDS IN THE PRECEDING YEAR; AND

15 (III) INFORMATION ON ANY PUBLIC COMMENT SOLICITED OR
16 RECEIVED PURSUANT TO THE ADOPTION OF STANDARDS OR TO THE
17 AMENDMENT, MODIFICATION, CHANGE, OR REPEAL OF PREVIOUSLY
18 ADOPTED STANDARDS.

19 (c) THE COLORADO ENERGY OFFICE MAY INCLUDE THE
20 INFORMATION REQUIRED IN SUBSECTION (5)(b) OF THIS SECTION IN ITS
21 ANNUAL PRESENTATION TO ITS JOINT COMMITTEES OF REFERENCE
22 PURSUANT TO SECTION 2-7-203.

23 (d) IF IN THE PRECEDING YEAR THE COLORADO ENERGY OFFICE
24 DOES NOT ADOPT NEW STANDARDS OR MAKE ANY CHANGES OR
25 MODIFICATIONS TO ADOPTED STANDARDS, THEN IT IS NOT REQUIRED TO
26 REPORT IN THAT YEAR PURSUANT TO SUBSECTION (5)(b) OF THIS SECTION.

27 (e) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE DECEMBER 1,

1 2033.

2 SECTION 17. In Colorado Revised Statutes, 24-38.5-116,
3 amend (6)(b); and add (3)(c) as follows:

4 24-38.5-116. Industrial and manufacturing operations clean
5 air grant program - creation - eligibility - fund created - gifts, grants,
6 or donations - transfer - legislative declaration - definitions -
7 reporting - repeal. (3) Grant program. (c) (I) GRANTS CANNOT BE
8 AWARDED FOR GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS
9 PUT IN SERVICE AT AN INDUSTRIAL FACILITY FOR WHICH AN INDUSTRIAL
10 CLEAN ENERGY TAX CREDIT IS RECEIVED PURSUANT TO SECTION
11 39-22-549.

12 (II) AS USED IN THIS SUBSECTION (3)(c), UNLESS THE CONTEXT
13 OTHERWISE REQUIRES:

14 (A) "GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS"
15 HAS THE SAME MEANING AS SET FORTH IN SECTION 39-22-549 (2)(e).

16 (B) "INDUSTRIAL FACILITY" HAS THE SAME MEANING AS SET FORTH
17 IN SECTION 39-22-549 (2)(g).

18 (6) Fund. (b) (I) EXCEPT AS OTHERWISE PROVIDED IN
19 SUBSECTION (6)(b)(II) OF THIS SECTION, the money in the fund is
20 continuously appropriated to the office for the purposes set forth in this
21 section. The state treasurer shall credit all interest and income derived
22 from the deposit and investment of money in the fund to the fund. Any
23 unexpended and unencumbered money remaining in the fund at the end
24 of a state fiscal year remains in the fund; except that the state treasurer
25 shall transfer any money remaining in the fund at the end of the 2027-28
26 state fiscal year to the general fund.

27 (II) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE

1 AND, SUBJECT TO ANNUAL APPROPRIATION, THE DEPARTMENT OF REVENUE
2 MAY EXPEND MONEY FROM THE FUND FOR THE ADMINISTRATION AND
3 IMPLEMENTATION OF THE INDUSTRIAL CLEAN ENERGY TAX CREDIT
4 CREATED IN SECTION 39-22-549 AND THE TAX CREDIT FOR SUSTAINABLE
5 AVIATION FUEL PRODUCTION FACILITY CREATED IN SECTION 39-22-554.
6 THE OFFICE SHALL KEEP AN ACCOUNTING OF ALL MONEY EXPENDED FROM
7 THE FUND PURSUANT TO THIS SUBSECTION (6)(b)(II) FOR PURPOSES OF
8 CALCULATING THE REPAYMENT OF THE ADMINISTRATIVE COSTS REQUIRED
9 BY SECTION 39-29-108 (2)(e)(II).

10 **SECTION 18.** In Colorado Revised Statutes, 24-38.5-118,
11 **amend** (7)(a)(III); and **add** (7)(d) as follows:

12 **24-38.5-118. Geothermal energy grant program - creation -**
13 **procedures - fund - report - definitions - repeal. (7) Fund. (a) (III)**
14 **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7)(d) OF THIS SECTION,**
15 **money in the fund is continuously appropriated to the office to implement**
16 **this section.**

17 (d) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE
18 AND, SUBJECT TO ANNUAL APPROPRIATION, THE DEPARTMENT OF REVENUE
19 MAY EXPEND MONEY IN THE FUND FOR THE ADMINISTRATION AND
20 IMPLEMENTATION OF THE TAX CREDIT FOR EXPENDITURES MADE IN
21 CONNECTION WITH A GEOTHERMAL ENERGY PROJECT CREATED IN SECTION
22 39-22-550, THE GEOTHERMAL ELECTRICITY GENERATION PRODUCTION TAX
23 CREDIT CREATED IN SECTION 39-22-551, AND THE HEAT PUMP
24 TECHNOLOGY AND THERMAL ENERGY NETWORK TAX CREDIT CREATED IN
25 SECTION 39-22-552. THE OFFICE SHALL KEEP AN ACCOUNTING OF ALL
26 MONEY EXPENDED FROM THE FUND PURSUANT TO THIS SUBSECTION (7)(d)
27 FOR PURPOSES OF CALCULATING THE REPAYMENT OF THE ADMINISTRATIVE

1 COSTS REQUIRED BY SECTION 39-29-108 (2)(e)(II).

2 **SECTION 19.** In Colorado Revised Statutes, 24-38.5-506,
3 **amend** (2)(a) as follows:

4 **24-38.5-506. Community access to electric bicycles cash fund**
5 **- creation - gifts, grants, or donations - transfer - repeal.**

6 (2) (a) (I) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(a)(II) OF
7 THIS SECTION, the money in the fund is continuously appropriated to the
8 office for the purposes set forth in this part 5. The state treasurer shall
9 credit all interest and income derived from the deposit and investment of
10 money in the fund to the fund. Any unexpended and unencumbered
11 money remaining in the fund at the end of a state fiscal year remains in
12 the fund; except that the state treasurer shall transfer any money
13 remaining in the fund at the end of the 2026-27 state fiscal year to the
14 general fund.

15 (II) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE
16 AND, SUBJECT TO ANNUAL APPROPRIATION, THE DEPARTMENT OF REVENUE
17 MAY EXPEND MONEY IN THE FUND FOR THE ADMINISTRATION AND
18 IMPLEMENTATION OF THE ELECTRIC BICYCLE TAX CREDIT CREATED IN
19 SECTION 39-22-553. THE OFFICE SHALL KEEP AN ACCOUNTING OF ALL
20 MONEY EXPENDED FROM THE FUND PURSUANT TO THIS SUBSECTION
21 (2)(a)(II) FOR PURPOSES OF CALCULATING THE REPAYMENT OF THE
22 ADMINISTRATIVE COSTS REQUIRED BY SECTION 39-29-108 (2)(e)(II).

23 **SECTION 20.** In Colorado Revised Statutes, 25-7-1405, **amend**
24 (1)(a) and (2) as follows:

25 **25-7-1405. Electrifying school buses grant program cash fund**
26 **- creation - gifts, grants, and donations - transfer - repeal.** (1) (a) The
27 electrifying school buses grant program cash fund is created in the state

1 treasury, and, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(b) OF
2 THIS SECTION, the department shall administer the fund for the purposes
3 of this part 14. The fund consists of any money that the general assembly
4 may transfer or appropriate to the fund for implementation of the grant
5 program and any federal money or gifts, grants, or donations received
6 pursuant to subsection (1)(b) of this section.

7 (2) (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(b) OF
8 THIS SECTION, the money in the fund is continuously appropriated to the
9 department, and the department may expend money in the fund for the
10 purposes set forth in this part 14. The state treasurer shall credit all
11 interest and income derived from the deposit and investment of money in
12 the fund to the fund. Any unexpended and unencumbered money
13 remaining in the fund at the end of a state fiscal year remains in the fund;
14 except that the state treasurer shall transfer any money remaining in the
15 fund at the end of the 2032-33 state fiscal year to the general fund.

16 (b) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, AND SUBJECT
17 TO ANNUAL APPROPRIATION, THE COLORADO ENERGY OFFICE, CREATED IN
18 SECTION 24-38.5-101, AND THE DEPARTMENT OF REVENUE MAY EXPEND
19 MONEY FROM THE FUND FOR THE ADMINISTRATION AND IMPLEMENTATION
20 OF THE INNOVATIVE MOTOR VEHICLES AND INNOVATIVE TRUCKS TAX
21 CREDITS CREATED IN SECTIONS 39-22-516.7 AND 39-22-516.8 AND FOR
22 THE SPECIFIC OWNERSHIP TAX RATE REDUCTION FOR ELECTRIC
23 MEDIUM-DUTY AND HEAVY-DUTY TRUCKS THAT ARE PART OF A FLEET AS
24 SET FORTH IN SECTION 42-3-107 (1)(a)(IV). THE OFFICE SHALL KEEP AN
25 ACCOUNTING OF ALL MONEY EXPENDED FROM THE FUND PURSUANT TO
26 THIS SUBSECTION (2)(b) FOR PURPOSES OF CALCULATING THE REPAYMENT
27 OF THE ADMINISTRATIVE COSTS REQUIRED BY SECTION 39-29-108

1 (2)(e)(II).

2

3 **SECTION 21.** In Colorado Revised Statutes, **add 24-38.5-119** as
4 follows:

5 **24-38.5-119. Decarbonization tax credits administration cash**
6 **fund - definitions - repeal.** (1) AS USED IN THIS SECTION, UNLESS THE
7 CONTEXT OTHERWISE REQUIRES:

8 (a) "DECARBONIZATION TAX CREDITS" MEANS THE CREDITS
9 CREATED IN SECTIONS 39-22-516.7, 39-22-516.8, 39-22-549, 39-22-550,
10 39-22-551, 39-22-552, 39-22-553, AND 39-22-554.

11 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

12 (c) "FUND" MEANS THE DECARBONIZATION TAX CREDITS
13 ADMINISTRATION CASH FUND CREATED IN SUBSECTION (2) OF THIS
14 SECTION.

15 (d) "OFFICE" MEANS THE COLORADO ENERGY OFFICE.

16 (2) THE DECARBONIZATION TAX CREDITS ADMINISTRATION CASH
17 FUND IS HEREBY CREATED IN THE STATE TREASURY. THE FUND CONSISTS
18 OF MONEY CREDITED TO THE FUND PURSUANT TO SECTION 39-29-108
19 (2)(e)(I) AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
20 APPROPRIATE OR TRANSFER TO THE FUND.

21 (3) SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL
22 ASSEMBLY, FOR STATE FISCAL YEARS 2023-24 THROUGH 2034-35, THE
23 OFFICE AND THE DEPARTMENT MAY EXPEND MONEY FROM THE FUND FOR
24 DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE IMPLEMENTATION
25 AND ADMINISTRATION OF THE DECARBONIZATION TAX CREDITS.

26 (4) THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED
27 AND UNENCUMBERED MONEY IN THE FUND ON JUNE 30, 2024, JUNE 30,

1 2025, AND JUNE 30, 2026, TO THE GENERAL FUND; EXCEPT THAT THE
2 BALANCE OF MONEY REMAINING IN THE FUND NOT INCLUDING EXPENDED
3 AND ENCUMBERED MONEY SHALL NOT BE LESS THAN ONE HUNDRED
4 THOUSAND DOLLARS.

5 (5) NOTWITHSTANDING SUBSECTION (4) OF THIS SECTION, ON JULY
6 1, 2036, THE STATE TREASURER SHALL TRANSFER ALL MONEY IN THE FUND
7 TO THE GENERAL FUND.

8 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2036.

9 **SECTION 22.** In Colorado Revised Statutes, 39-30-104, **add** (7)
10 as follows:

11 **39-30-104. Credit against tax - investment in certain property**
12 **- definitions.** (7) A PERSON THAT CLAIMS A CREDIT PURSUANT TO
13 SECTION 39-22-549 IS NOT ENTITLED TO CLAIM THE CREDIT ALLOWED
14 PURSUANT TO THIS SECTION FOR THE SAME IMPROVEMENTS FOR WHICH A
15 CREDIT WAS ALLOWED BY THAT SECTION. A PERSON THAT CLAIMS A
16 CREDIT PURSUANT TO SECTION 39-22-550 OR 39-22-551 IS NOT ENTITLED
17 TO CLAIM THE CREDIT ALLOWED PURSUANT TO THIS SECTION FOR THE
18 SAME PROJECT FOR WHICH A CREDIT WAS ALLOWED BY THOSE SECTIONS.

19 **SECTION 23.** In Colorado Revised Statutes, 39-21-119.5,
20 **amend** (2)(a)(III), (2)(a)(IV), (4)(j), and (4)(k); and **add** (2)(a)(V) and
21 (4)(l) as follows:

22 **39-21-119.5. Mandatory electronic filing of returns -**
23 **mandatory electronic payment - penalty - waiver - definitions.**

24 (2) Except as provided in subsection (6) of this section, the executive
25 director may, as specified in subsection (3) of this section, require the
26 electronic filing of returns and require the payment of any tax or fee due
27 by electronic funds transfer for the following:

- 1 (a) Any income tax return required for:
- 2 (III) A fiduciary pursuant to section 39-22-601 (3), including
- 3 withholding for nonresident beneficiaries pursuant to section 39-22-601
- 4 (4); and
- 5 (IV) A partnership pursuant to section 39-22-601 (5), including
- 6 composite returns filed on behalf of nonresident partners, agreements
- 7 filed under section 39-22-601 (5)(e), and payments made under section
- 8 39-22-601 (5)(h); AND
- 9 (V) A PERSON OR ORGANIZATION EXEMPT FROM TAX PURSUANT TO
- 10 SECTION 39-22-601 (7).
- 11 (4) Except as provided in subsection (6) of this section, on and
- 12 after August 2, 2019, electronic filing of returns and the payment of any
- 13 tax or fee by electronic funds transfer is required for the following:
- 14 (j) Any nicotine products tax return required to be filed and
- 15 payment required to be paid pursuant to article 28.6 of this title 39; and
- 16 (k) Any clean fleet per ride fee and air pollution mitigation per
- 17 ride fee return required to be filed and payment required pursuant to
- 18 section 40-10.1-607.5; AND
- 19 (l) ANY QUARTERLY REPORT FOR THE ADVANCE PAYMENT OF AN
- 20 INCOME TAX CREDIT REQUIRED TO BE FILED PURSUANT TO SECTION
- 21 39-22-629 (2)(b).

22 **SECTION 24. Appropriation.** (1) For the 2023-24 state fiscal

23 year, \$149,729 is appropriated to the department of revenue. Of this

24 amount, \$129,479 is from the electrifying school buses grant program

25 cash fund created in section 25-7-1405 (1)(a), C.R.S., \$11,250 is from the

26 community access to electric bicycles cash fund created in section

27 24-38.5-506 (1)(a), C.R.S., \$4,500 is from the geothermal energy grant

1 fund created in section 24-38.5-118 (7)(a)(I), C.R.S., and \$4,500 is from
2 the industrial and manufacturing operations clean air program grant
3 program cash fund created in section 24-38.5-116 (6)(a)(I), C.R.S. To
4 implement this act, the department may use this appropriation as follows:

5 (a) \$6,328 for administration and support related to the executive
6 director's office, which amount is based on an assumption that the
7 division will require an additional 0.1 FTE;

8 (b) \$56,250 for tax administration IT system (GenTax) support
9 related to administration;

10 (c) \$3,200 for personal services related to taxation services;

11 (d) \$19,040 for DRIVES maintenance and support;

12 (e) \$990 for operating expenses related to vehicle services; and

13 (f) \$63,921 for the purchase of document management services.

14 (2) For the 2023-24 state fiscal year, \$63,921 is appropriated to
15 the department of personnel. This appropriation is from reappropriated
16 funds received from the department of revenue under subsection (1)(f) of
17 this section. To implement this act, the department of personnel may use
18 this appropriation to provide document management services for the
19 department of revenue.

20 **SECTION 25. Safety clause.** The general assembly hereby finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, or safety.