

CHAPTER 43

PROFESSIONS AND OCCUPATIONS

HOUSE BILL 23-1134

BY REPRESENTATIVE(S) Joseph and Kipp, Garcia, Lindstedt, Ortiz, Sharbini, Velasco, Willford, Bird, Boesenecker, Brown, Dickson, English, Epps, Froelich, Hamrick, Herod, Jodeh, Lindsay, Mabrey, McCormick, Ricks, Sirota, Snyder, Weissman, Woodrow, Michaelson Jenet, Titone, Valdez, Vigil, McCluskie;
also SENATOR(S) Cutter, Marchman, Hinrichsen, Kolker, Moreno, Priola, Winter F., Fenberg.

AN ACT

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

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

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

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

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

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

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

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

(a) Home warranty service contracts, also known as home warranties, cover

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

repairs and replacements for expensive home appliances and systems;

(b) Home warranties that replace only existing aging appliances on a like-for-like basis can create disincentives for people to purchase cleaner and more energy-efficient appliances; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) A SINGLE-FAMILY RESIDENCE;

(b) A RESIDENTIAL UNIT IN A MULTIPLE-DWELLING STRUCTURE; OR

(c) A MOBILE HOME ON A FOUNDATION.

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

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

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

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

(b) (I) IN THE CASE OF REPLACEMENT OF A GAS-FUELED FURNACE, HVAC SYSTEM, BOILER, OR WATER HEATER, A HOME WARRANTY SERVICE CONTRACT MUST INCLUDE TERMS THAT ALLOW THE HOMEOWNER TO REPLACE THE FURNACE, HVAC SYSTEM, BOILER, OR WATER HEATER WITH A HEAT PUMP-BASED SYSTEM.

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

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

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

Approved: March 31, 2023