

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-1175.01 Caroline Martin x5902

SENATE BILL 24-214

SENATE SPONSORSHIP

Hansen,

HOUSE SPONSORSHIP

Amabile and McCormick,

Senate Committees
Transportation & Energy

House Committees

A BILL FOR AN ACT

101 CONCERNING THE IMPLEMENTATION OF STATE CLIMATE GOALS.

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 1 of the bill creates the office of sustainability in the department of personnel (department). The office of sustainability is required to work with state agencies and institutions of higher education to implement environmentally sustainable practices. The powers, duties, and functions of the office of sustainability include:

- Providing leadership to and requiring accountability from state agencies regarding ongoing sustainability initiatives;
- Developing baseline metrics and goals for reduction of

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.

negative environmental impacts and tracking state agencies' performance in achieving the goals;

- Tracking the amount of money the state saves as a result of implementing sustainable practices;
- Seeking and applying for federal funding and other grant opportunities that would support sustainable practices within state agencies;
- Assisting state agencies in implementing sustainable procurement methods and introducing options for environmentally preferable products or services to state agencies;
- Assisting state agencies in installing energy-efficient equipment and fixtures;
- Assisting state agencies in meeting building performance standards such as those administered by the Colorado energy office;
- Coordinating and assisting in planning and constructing state agencies' electric vehicle charging infrastructure and ensuring utilization of such infrastructure;
- Instituting water reduction initiatives, including but not limited to the installation of water-conserving fixtures and plants on state property;
- Assisting state agencies in transitioning from gas-powered to electric equipment;
- Implementing statewide waste diversion practices to increase state agencies' recycling rates;
- Developing commuting opportunities for state employees that reduce greenhouse gas emissions and other pollution;
- Assisting state agencies in developing training programs to educate state employees on sustainable practices; and
- Conducting other activities as directed by the general assembly or the governor.

The bill creates the state agency sustainability revolving fund (revolving fund) and directs the state treasurer to transfer \$540,230 from the general fund to the revolving fund. The bill specifies that the office of sustainability may use the money in the revolving fund for the purposes of operating the office and replacing the state's gas- and diesel-powered equipment located in ozone nonattainment areas as designated by the U.S. environmental protection agency.

In addition, the bill requires the office of sustainability to review and coordinate state agencies' applications for elective pay funding available under the federal "Inflation Reduction Act of 2022" (act), and to work with the office of the state controller to coordinate central submissions of elective pay applications by advising and assisting state agencies in submitting and centrally filing those applications and by

providing technical assistance to state agencies on elective pay.

The bill also creates the inflation reduction act elective pay cash fund (cash fund), which consists of money received by the department pursuant to the elective pay provisions of the act, all of which must be deposited into the cash fund to be used for the purposes of the office.

Section 2 specifies that the office of sustainability is a type 2 entity under the administrative organization act.

Section 3 makes several clarifications regarding the geothermal energy grant program (grant program), including specifying that:

- The grant program applies to both heating-only and combined heating and cooling systems;
- At least 25% of the grant money must be awarded to eligible entities from or projects in low-income, disproportionately impacted, or just transition communities; and
- The Colorado energy office may utilize grant program money to support education, outreach, and engagement with the general public and relevant stakeholders to facilitate the growth of the geothermal sector and awareness of relevant state programs in Colorado.

Section 4 extends the deadline for the energy code board to develop a model low energy and carbon code and specifies that the model low energy and carbon code can include appendices and resources to the international energy conservation code.

Section 5 decreases the amount of money the Colorado energy office can issue in grants to local governments to support their adoption and enforcement of the 2021 international energy conservation code, an electric ready and solar ready code, and a low energy and carbon code by \$125,000 and increases the amount the treasurer is required to transfer into the energy fund to \$275,000.

Section 6 clarifies that, for purposes of the industrial clean energy tax credit, an industrial study includes a pre-front-end or front-end engineering design study that meets or exceeds the standards established by the Colorado energy office or any other industrial studies as outlined in program standards, and that an owner includes a project developer. **Section 6** also increases the amount of the credit that can be claimed to \$8 million, and specifies that an owner that claims the industrial clean energy tax credit cannot, for the same greenhouse gas emission reduction improvements, claim the enterprise zone investment tax credit or receive grant money under the industrial and manufacturing operations clean air grant program.

Section 7 clarifies several definitions related to the tax credit for expenditures made in connection with a geothermal energy project and adds several definitions. **Section 7** also adds tribal governments as eligible taxpayers pursuant to the tax credit.

Section 8 adds tribal governments as qualified entities pursuant to the geothermal electricity generation production tax credit, and requires the Colorado energy office to annually review and evaluate the effectiveness of the tax credit.

Section 9 clarifies the definition of "air-source heat pump system" pursuant to the heat pump technology and thermal energy network tax credit and allows the Colorado energy office to review and modify more credit amounts and create certificate maximums related to the heat pump technology and thermal energy network tax credit.

Section 10 clarifies that certain provisions related to the clean hydrogen tax credit are subject to rules adopted by the public utilities commission.

Section 11 advances the deadline by which the treasurer must repay all administrative costs to the industrial and manufacturing operations clean air grant program cash fund, the geothermal energy grant fund, the community access to electric bicycles cash fund, and the electrifying school buses grant program cash fund to June 30, 2024.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 23 to article
3 30 of title 24 as follows:

4 **PART 23**

5 **OFFICE OF SUSTAINABILITY**

6 **24-30-2301. Legislative declaration.** THE GENERAL ASSEMBLY
7 HEREBY FINDS AND DECLARES THAT:

8 (1) THE STATE SHOULD BE A LEADER IN SUSTAINABILITY AND
9 SHOULD OFFER SUSTAINABLE PRACTICES TO STATE AGENCIES AS A CORE
10 ADMINISTRATIVE SERVICE;

11 (2) REDUCING THE STATE'S OPERATING AND ENERGY COSTS
12 SUPPORTS A VIBRANT AND DIVERSE ECONOMY AND SAVES TAXPAYERS
13 MONEY;

14 (3) ENSURING STATE COMPLIANCE WITH ENVIRONMENTAL
15 MANDATES IS CRITICAL TO THE FUTURE OF OUR STATE AND OUR NATION;

16 (4) SUSTAINABLE STATE AGENCY OPERATIONS CONSERVE WATER

1 AND OFFSET THE ESTIMATED FUTURE WATER NEEDS OF UP TO SEVEN
2 HUNDRED FORTY THOUSAND ADDITIONAL ACRE FEET AS OUTLINED IN THE
3 2023 COLORADO WATER PLAN ADOPTED BY THE COLORADO WATER
4 CONSERVATION BOARD; AND

5 (5) COORDINATING SUSTAINABLE PRACTICES IS BEST
6 ACCOMPLISHED THROUGH THE CREATION OF AN OFFICE FOCUSED ON THE
7 STATE'S OPERATIONS, CAPITAL CONSTRUCTION PROJECTS, AND
8 PROCUREMENT.

9 **24- 30- 2302. Definitions.** AS USED IN THIS PART 23, UNLESS THE
10 CONTEXT OTHERWISE REQUIRES:

11 (1) "DEPARTMENT" MEANS THE DEPARTMENT OF PERSONNEL.

12 (2) "ENVIRONMENTALLY PREFERABLE PRODUCTS OR SERVICES"
13 MEANS PRODUCTS OR SERVICES THAT CREATE FEWER OR LESS SEVERE
14 NEGATIVE IMPACTS ON THE NATURAL ENVIRONMENT WHEN COMPARED TO
15 SIMILAR PRODUCTS OR SERVICES.

16 (3) "SUSTAINABILITY" MEANS THE MINIMIZATION OF NEGATIVE
17 IMPACTS ON THE NATURAL ENVIRONMENT, WHICH INCLUDE BUT ARE NOT
18 LIMITED TO EMISSIONS OF GREENHOUSE GASES, CLIMATE CHANGE,
19 INCREASED WATER CONSUMPTION OR WATER WASTE, POLLUTION,
20 NONRENEWABLE ENERGY USAGE, AND OVER-CONSUMPTION OR WASTE OF
21 RESOURCES.

22 (4) "SUSTAINABLE PRACTICE" MEANS A PRACTICE THAT INCREASES
23 SUSTAINABILITY BY REDUCING ONE OR MORE NEGATIVE IMPACTS ON THE
24 NATURAL ENVIRONMENT.

25 **24-30-2303. Office of sustainability - creation - duties.** (1) THE
26 OFFICE OF SUSTAINABILITY IS HEREBY CREATED IN THE DEPARTMENT. THE
27 OFFICE IS A **TYPE 2** ENTITY, AS DEFINED IN SECTION 24-1-105, AND

1 EXERCISES ITS POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER
2 THE DEPARTMENT. THE OFFICE SHALL WORK WITH STATE AGENCIES AND
3 STATE INSTITUTIONS OF HIGHER EDUCATION TO IMPLEMENT SUSTAINABLE
4 PRACTICES.

5 (2) THE POWERS, DUTIES, AND FUNCTIONS OF THE OFFICE INCLUDE:

6 (a) PROVIDING LEADERSHIP TO AND REQUIRING ACCOUNTABILITY
7 FROM STATE AGENCIES REGARDING ONGOING SUSTAINABILITY
8 INITIATIVES;

9 (b) DEVELOPING BASELINE METRICS AND GOALS FOR THE
10 REDUCTION OF NEGATIVE ENVIRONMENTAL IMPACTS AND TRACKING STATE
11 AGENCIES' PERFORMANCE TOWARD ACHIEVING THOSE GOALS;

12 (c) TRACKING THE AMOUNT OF MONEY THE STATE SAVES AS A
13 RESULT OF IMPLEMENTING SUSTAINABLE PRACTICES;

14 (d) SEEKING AND APPLYING FOR FEDERAL FUNDING AND OTHER
15 GRANT OPPORTUNITIES THAT WOULD SUPPORT STATE AGENCIES'
16 SUSTAINABLE PRACTICES;

17 (e) ASSISTING STATE AGENCIES IN IMPLEMENTING SUSTAINABLE
18 PROCUREMENT METHODS AND INTRODUCING OPTIONS FOR
19 ENVIRONMENTALLY PREFERABLE PRODUCTS OR SERVICES TO STATE
20 AGENCIES;

21 (f) ASSISTING STATE AGENCIES IN INSTALLING ENERGY-EFFICIENT
22 EQUIPMENT AND FIXTURES;

23 (g) ASSISTING STATE AGENCIES IN MEETING BUILDING
24 PERFORMANCE STANDARDS SUCH AS THOSE ADMINISTERED BY THE
25 COLORADO ENERGY OFFICE;

26 (h) COORDINATING AND ASSISTING IN PLANNING AND
27 CONSTRUCTING STATE AGENCIES' ELECTRIC VEHICLE CHARGING

1 INFRASTRUCTURE AND ENSURING UTILIZATION OF SUCH INFRASTRUCTURE;

2 (i) INSTITUTING WATER REDUCTION INITIATIVES, INCLUDING BUT
3 NOT LIMITED TO THE INSTALLATION OF WATER-CONSERVING FIXTURES AND
4 PLANTS ON STATE PROPERTY;

5 (j) ASSISTING STATE AGENCIES IN TRANSITIONING FROM
6 GAS-POWERED TO ELECTRIC EQUIPMENT;

7 (k) IMPLEMENTING STATEWIDE WASTE DIVERSION PRACTICES TO
8 INCREASE STATE AGENCIES' RECYCLING RATES;

9 (l) DEVELOPING COMMUTING OPPORTUNITIES FOR STATE
10 EMPLOYEES THAT REDUCE GREENHOUSE GAS EMISSIONS AND OTHER
11 POLLUTION;

12 (m) ASSISTING STATE AGENCIES IN DEVELOPING TRAINING
13 PROGRAMS TO EDUCATE STATE EMPLOYEES ON SUSTAINABLE PRACTICES;
14 AND

15 (n) CONDUCTING OTHER ACTIVITIES AS DIRECTED BY THE GENERAL
16 ASSEMBLY OR THE GOVERNOR.

17 **24-30-2304. Revolving fund - definition.** (1) THE STATE AGENCY
18 SUSTAINABILITY REVOLVING FUND, REFERRED TO IN THIS SECTION AS THE
19 "FUND", IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF
20 MONEY TRANSFERRED TO THE FUND PURSUANT TO SUBSECTION (2) OF THIS
21 SECTION AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
22 APPROPRIATE OR TRANSFER TO THE FUND.

23 (2) ON JULY 1, 2024, THE STATE TREASURER SHALL TRANSFER FIVE
24 HUNDRED FORTY THOUSAND TWO HUNDRED THIRTY DOLLARS FROM THE
25 GENERAL FUND TO THE FUND, WHICH SHALL BE ALLOCATED AS FOLLOWS:

26 (a) FOUR HUNDRED THOUSAND DOLLARS TO ASSIST IN REPLACING
27 THE STATE'S GAS AND DIESEL-POWERED EQUIPMENT THAT IS LOCATED IN

1 OZONE NONATTAINMENT AREAS AS DESIGNATED BY THE U.S.
2 ENVIRONMENTAL PROTECTION AGENCY; AND

3 (b) ONE HUNDRED FORTY THOUSAND TWO HUNDRED THIRTY
4 DOLLARS TO OPERATE THE OFFICE OF SUSTAINABILITY IN ACCORDANCE
5 WITH THIS PART 23.

6 (3) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
7 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
8 FUND TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEY
9 REMAINING IN THE FUND AT THE END OF A FISCAL YEAR SHALL REMAIN IN
10 THE FUND.

11 (4) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
12 DEPARTMENT TO BE USED FOR THE PURPOSES SPECIFIED IN SUBSECTION (2)
13 OF THIS SECTION.

14 (5) THE DEPARTMENT MAY SOLICIT, ACCEPT, AND EXPEND GIFTS,
15 GRANTS, AND DONATIONS FOR THE PURPOSES OF THIS PART 23. THE
16 DEPARTMENT SHALL CREDIT ANY GIFTS, GRANTS, AND DONATIONS TO THE
17 FUND.

18 **24-30-2305. Inflation reduction act elective pay - central**
19 **submission of applications - cash fund - definition.** (1) IN ADDITION TO
20 THE POWERS, DUTIES, AND FUNCTIONS OF THE OFFICE SPECIFIED IN
21 SECTION 24-30-2303, THE OFFICE SHALL REVIEW AND COORDINATE STATE
22 AGENCIES' APPLICATIONS FOR ELECTIVE PAY FUNDING AVAILABLE UNDER
23 THE FEDERAL "INFLATION REDUCTION ACT OF 2022", PUB.L. 117-169, 136
24 STAT. 1818 (2022), AND WORK WITH THE OFFICE OF THE STATE
25 CONTROLLER TO COORDINATE CENTRAL SUBMISSIONS OF ELECTIVE PAY
26 APPLICATIONS. THE OFFICE SHALL ADVISE AND PROVIDE TECHNICAL
27 ASSISTANCE TO STATE AGENCIES ON ALL ASPECTS OF ELECTIVE PAY TO THE

1 EXTENT FEASIBLE.

2 (2) (a) THE INFLATION REDUCTION ACT ELECTIVE PAY CASH FUND,
3 REFERRED TO IN THIS SECTION AS THE "CASH FUND", IS CREATED IN THE
4 STATE TREASURY. THE CASH FUND CONSISTS OF MONEY RECEIVED BY THE
5 DEPARTMENT PURSUANT TO THE ELECTIVE PAY PROVISIONS OF THE
6 FEDERAL "INFLATION REDUCTION ACT OF 2022", PUB.L. 117-169, 136
7 STAT. 1818 (2022), ALL OF WHICH MUST BE DEPOSITED INTO THE CASH
8 FUND, AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
9 APPROPRIATE OR TRANSFER TO THE CASH FUND.

10 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
11 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
12 CASH FUND TO THE CASH FUND. ANY UNEXPENDED AND UNENCUMBERED
13 MONEY REMAINING IN THE CASH FUND AT THE END OF A FISCAL YEAR
14 SHALL REMAIN IN THE CASH FUND.

15 (c) MONEY IN THE CASH FUND IS CONTINUOUSLY APPROPRIATED
16 TO THE DEPARTMENT TO BE USED FOR THE PURPOSES SPECIFIED IN THIS
17 PART 23.

18 (3) THE DEPARTMENT MAY SOLICIT, ACCEPT, AND EXPEND GIFTS,
19 GRANTS, AND DONATIONS FOR THE PURPOSES SPECIFIED IN THIS PART 23.
20 THE DEPARTMENT SHALL CREDIT ANY GIFTS, GRANTS, AND DONATIONS TO
21 THE CASH FUND.

22 **SECTION 2.** In Colorado Revised Statutes, 24-1-128, **add** (9) as
23 follows:

24 **24-1-128. Department of personnel - creation.** (9) THE OFFICE
25 OF SUSTAINABILITY IS CREATED IN SECTION 24-30-2303. THE OFFICE IS A
26 **TYPE 2** ENTITY, AS DEFINED IN SECTION 24-1-105, AND EXERCISES ITS
27 POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER THE

1 DEPARTMENT OF PERSONNEL.

2 **SECTION 3.** In Colorado Revised Statutes, 24-38.5-118, **amend**
3 (3)(b), (4)(a) introductory portion, (4)(b)(I), and (8)(b); **repeal** (4)(a)(I);
4 and **add** (8)(d) as follows:

5 **24-38.5-118. Geothermal energy grant program - creation -**
6 **procedures - fund - report - definitions - legislative declaration -**
7 **repeal.** (3) **Creation of grant program.** There is hereby created within
8 the office the geothermal energy grant program to provide grants to
9 building owners, developers, local governments, geothermal installers,
10 contractors, communities, gas or electric service public utilities, or other
11 entities approved by the office for:

12 (b) The installation of geothermal equipment for use as the
13 primary ~~heating or~~ HEATING-ONLY OR COMBINED HEATING AND cooling
14 systems in new construction or to retrofit existing buildings; or

15 (4) **Grants - limitations - qualifications.** The grant program
16 consists of three types of grants:

17 (a) The single-structure geothermal grant, which is awarded to
18 applicants that are constructing a new building or retrofitting an existing
19 building, including a single-family or multifamily residence, and
20 installing a geothermal system for use as the primary HEATING-ONLY OR
21 COMBINED heating and cooling system for the building. A single-structure
22 geothermal grant is subject to the following limitations and qualifications:

23 (I) ~~A developer or geothermal installer is eligible for grants for the~~
24 ~~construction or retrofitting of no more than one hundred residential~~
25 ~~buildings;~~

26 (b) The community district heating grant, which is awarded to
27 support ground-source, water-source, or multisource thermal systems that

1 serve more than a single building. Applicants may apply for grants for a
2 scoping study, a detailed design study, projects, or a combination of these
3 options. Teams consisting of building owners, geothermal installers,
4 public utilities, political subdivisions of Colorado, consultants,
5 developers, or other entities approved by the office are eligible to submit
6 a proposal for a scoping study or a detailed design study. To qualify for
7 a grant for the project, an applicant must successfully complete a study
8 and show proof of a viable project. A community district heating grant is
9 subject to the following limitations and qualifications:

10 (I) Up to one hundred thousand dollars per project to conduct a
11 scoping study to determine if a community thermal system would help
12 lower greenhouse gas emissions and provide a reasonable-cost approach
13 to PRIMARY HEATING-ONLY OR COMBINED heating and cooling a group of
14 buildings;

15 (8) (b) ~~The office shall award grants from the fund in accordance~~
16 ~~with the following parameters:~~ THE OFFICE SHALL AWARD AT LEAST
17 TWENTY-FIVE PERCENT OF THE GRANT MONEY AWARDED FOR
18 SINGLE-STRUCTURE GEOTHERMAL GRANTS TO ELIGIBLE ENTITIES FROM OR
19 PROJECTS IN LOW-INCOME, DISPROPORTIONATELY IMPACTED, OR JUST
20 TRANSITION COMMUNITIES, AS THOSE COMMUNITIES ARE DEFINED BY THE
21 OFFICE.

22 ~~(I) Up to forty percent of the total money in the fund may be~~
23 ~~awarded through grants to support the development of geothermal~~
24 ~~electricity generation and resource development, which may include~~
25 ~~hydrogen generation produced from geothermal energy;~~

26 ~~(II) Up to eighty percent of the total money in the fund may be~~
27 ~~awarded as single-structure geothermal grants, and one-fourth of the grant~~

1 ~~money awarded under this subsection (8)(b)(II) must be awarded to~~
2 ~~eligible entities from or projects in low-income, disproportionately~~
3 ~~impacted, or just transition communities, as those communities are~~
4 ~~defined by the office; and~~

5 (III) ~~Up to twenty-five percent of the total money in the fund may~~
6 ~~be awarded as community district heating grants, which may include:~~

7 (A) ~~Single-owner campuses;~~

8 (B) ~~Medical campuses;~~

9 (C) ~~Residential campuses;~~

10 (D) ~~Multi-owner nodes; and~~

11 (E) ~~Public or private college or university campuses.~~

12 (d) THE OFFICE MAY USE GRANT PROGRAM MONEY TO SUPPORT
13 EDUCATION, OUTREACH, AND ENGAGEMENT WITH THE GENERAL PUBLIC
14 AND RELEVANT STAKEHOLDERS TO FACILITATE THE GROWTH OF THE
15 GEOTHERMAL SECTOR IN COLORADO.

16 **SECTION 4.** In Colorado Revised Statutes, 24-38.5-401, **amend**
17 (6)(a), (6)(b)(I), (7), and (8)(b); and **repeal** (8)(c) as follows:

18 **24-38.5-401. Energy code board - appointment - creation -**
19 **duties - definitions - repeal.** (6) (a) **Duty of the energy code board to**
20 **adopt a model low energy and carbon code.** It is the duty of the energy
21 code board to develop a model low energy and carbon code on or before
22 ~~June 1, 2025~~ SEPTEMBER 1, 2025, for adoption by counties,
23 municipalities, and state agencies.

24 (b) The model low energy and carbon code developed by the
25 energy code board must apply to commercial and residential buildings
26 and must:

27 (I) Include the more energy efficient of either the 2021 or 2024

1 international energy conservation code, except as the energy code board
2 may modify those international energy conservation codes pursuant to
3 subsection (7) of this section, including any appendices AND RESOURCES
4 to the international energy conservation code that the energy code board
5 deems appropriate;

6 (7) **Option to relax international energy conservation code**
7 **appendices and resources.** The energy code board may as necessary
8 relax the stringency of any requirements in the international energy
9 conservation code, including appendices AND RESOURCES that it adopts
10 as part of the model low energy and carbon code language it develops
11 pursuant to ~~subsection (5)~~ SUBSECTION (6) of this section if it deems that
12 doing so is appropriate, but the energy code board shall not increase the
13 stringency of any requirements in the international energy conservation
14 code including appendices AND RESOURCES that it adopts as part of the
15 model low energy and carbon code language it develops pursuant to
16 ~~subsection (5)~~ SUBSECTION (6) of this section.

17 (8) (b) If two-thirds of the energy code board fail, on or before
18 April 1, 2023, to adopt any element of the model electric ready and solar
19 ready code required by subsection (5) of this section, the executive
20 committee shall vote on that same element on or before May 15, 2023. If
21 two-thirds of the energy code board fail, on or before ~~February 1, 2025~~
22 JUNE 1, 2025, to adopt an element of the model low energy and carbon
23 required by subsection (6) of this section, the executive committee shall
24 vote on that same element on or before ~~March 15, 2025~~ AUGUST 1, 2025.

25 (c) ~~If the energy code board fails, on or before April 1, 2023, to~~
26 ~~adopt any element of the model electric ready and solar ready code~~
27 ~~required by subsection (5) of this section, the executive committee shall~~

1 ~~vote on that same element on or before May 15, 2023. If the energy code~~
2 ~~board fails, on or before February 1, 2025, to adopt an element of the~~
3 ~~model low energy and carbon code required by subsection (6) of this~~
4 ~~section, the executive committee shall vote on that same element on or~~
5 ~~before March 15, 2025.~~

6 **SECTION 5.** In Colorado Revised Statutes, 24-38.5-403, **amend**
7 (3)(a)(I) and (3)(c) as follows:

8 **24-38.5-403. Energy code training - energy code adoption -**
9 **grant writing assistance.** (3) (a) Within three days after June 2, 2022,
10 the state treasurer shall transfer three million dollars from the general
11 fund to the energy fund created in section 24-38.5-102.4. The Colorado
12 energy office shall expend the money transferred by the general assembly
13 pursuant to this subsection (3)(a) for the purposes of:

14 (I) Issuing grants, not to exceed a total of ~~two million~~ ONE
15 MILLION EIGHT HUNDRED SEVENTY-FIVE THOUSAND dollars, to local
16 governments to support their adoption and enforcement of the 2021
17 international energy conservation code, an electric ready and solar ready
18 code, and a low energy and carbon code and to cover the direct and
19 indirect costs associated with issuing these grants; and

20 (c) Within three days after June 2, 2022, the state treasurer shall
21 transfer ~~one hundred and fifty thousand~~ TWO HUNDRED SEVENTY-FIVE
22 THOUSAND dollars from the general fund to the energy fund created in
23 section 24-38.5-102.4. The Colorado energy office shall expend the
24 money transferred by the general assembly pursuant to this subsection
25 (3)(c) for the costs associated with administering the energy code board
26 established in section 24-38.5-401 (2).

27 **SECTION 6.** In Colorado Revised Statutes, 39-22-551, **amend**

1 (2)(e) introductory portion, (2)(i), (2)(j), (3)(a)(II), and (3)(c) as follows:

2 **39-22-551. Industrial clean energy tax credit - tax preference**
3 **performance statement - definitions - report - repeal. (2) Definitions.**

4 As used in this section, unless the context otherwise requires:

5 (e) "Greenhouse gas emissions reduction improvements" means
6 improvements that help to measurably reduce greenhouse gas emissions.

7 "Greenhouse gas emissions reduction improvements" ~~also means~~ MAY
8 INCLUDE one or more of the following equipment purchases,
9 improvements, and retrofits:

10 (i) "Industrial study" means an energy and emissions audit, a
11 feasibility study, A PRE-FRONT-END or front-end engineering design study
12 that meets or exceeds the standards established by the office, OR ANY
13 OTHER INDUSTRIAL STUDIES AS OUTLINED IN PROGRAM STANDARDS
14 ADOPTED BY THE OFFICE.

15 (j) "Owner" means a person OR DEVELOPER OF A PROJECT TO BE
16 IMPLEMENTED AT A QUALIFIED INDUSTRIAL FACILITY subject to tax under
17 this article 22 who applies for and claims the credit allowed by this
18 section.

19 (3) **Availability of credit and amount.** (a) For income tax years
20 commencing on or after January 1, 2024, but prior to January 1, 2033,
21 there shall be allowed a credit with respect to the income taxes imposed
22 pursuant to this article 22 to the owner of a qualified industrial facility in
23 an amount equal to:

24 (II) The applicable percentage of the capital costs paid by the
25 owner, not including the cost for design, and approved by the office for
26 certified greenhouse gas emissions reduction improvements that are
27 placed in service during the tax year in which the credit is claimed; except

1 that the credit must be claimed in an amount that is not less than
2 seventy-five thousand dollars and does not exceed ~~five~~ EIGHT million
3 dollars.

4 (c) An owner that claims the credit allowed by this section cannot,
5 ~~claim the credit allowed by section 39-30-104 with respect to the~~
6 ~~greenhouse gas emissions reduction improvements or receive grant~~
7 ~~money under the industrial and manufacturing operations clean air grant~~
8 ~~program created in section 24-38.5-116 (3)(a)~~ FOR THE SAME
9 GREENHOUSE GAS EMISSION REDUCTION IMPROVEMENTS:

10 (I) CLAIM THE CREDIT ALLOWED BY SECTION 39-30-104; OR

11 (II) RECEIVE GRANT MONEY UNDER THE INDUSTRIAL AND
12 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CREATED IN
13 SECTION 24-38.5-116 (3)(a).

14 **SECTION 7.** In Colorado Revised Statutes, 39-22-552, **amend**
15 (1)(a), (2)(a)(I), (2)(a)(II), (2)(e), (2)(f) introductory portion, (2)(f)(VIII),
16 (2)(f)(IX), (2)(g), (3)(a), (4)(a)(I), (4)(c)(I)(B), (4)(c)(II)(C), (4)(e), (5)
17 introductory portion, and (5)(a); **repeal** (3)(b); and **add** (2)(b.5),
18 (2)(f)(X), (2)(f.5), (2)(f.7), (2)(h), (2)(i), and (2)(j) as follows:

19 **39-22-552. Tax credit for expenditures made in connection**
20 **with a geothermal energy project - tax preference performance**
21 **statement - definitions - repeal.** (1) (a) In accordance with section
22 39-21-304(1), which requires each bill that creates a new tax expenditure
23 to include a tax preference performance statement as part of a statutory
24 legislative declaration, the general assembly finds and declares that the
25 purpose of the tax credit provided in this section is to induce certain
26 designated behavior by taxpayers and to provide a reduction in income
27 tax liability for certain businesses or individuals by providing a financial

1 incentive for the development of THERMAL ENERGY NETWORKS, electricity
2 generation from geothermal sources, AND GEOTHERMAL MARKET
3 ACCELERATION INITIATIVES.

4 (2) **Definitions.** As used in this section, unless the context
5 otherwise requires:

6 (a) (I) "Applicable amount" means, except as provided in
7 subsection (2)(a)(II) of this section, an amount of tax credit ~~not to exceed~~
8 ~~thirty percent~~ AND CERTIFICATE MAXIMUM DETERMINED BY THE OFFICE of
9 a qualified expenditure by an eligible taxpayer that is allowed pursuant to
10 this section as set by the office in accordance with subsection (4)(c) of
11 this section.

12 (II) The office may, on a case-by-case basis, determine that the
13 applicable amount may be increased ~~to an amount not to exceed fifty~~
14 ~~percent of a qualified expenditure by an eligible taxpayer if the office~~
15 ~~determines that a geothermal energy project has significant potential to~~
16 ~~result in geothermal electricity production or technological demonstration~~
17 ~~of geothermal electricity production~~ IF THE OFFICE DETERMINES THAT A
18 GEOTHERMAL ENERGY PROJECT HAS A SIGNIFICANT BENEFIT TO THE
19 PUBLIC INTEREST.

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

25 (e) "Eligible taxpayer" means ~~a person engaged in a trade or~~
26 ~~business that is subject to tax pursuant to this article 22, or a person or~~
27 ~~political subdivision of this state that is exempt from tax pursuant to~~

1 ~~section 39-22-112 (1), that makes a qualified expenditure~~ ANY OF THE
2 FOLLOWING PEOPLE OR ENTITIES THAT MAKE A QUALIFIED EXPENDITURE:

3 (I) A PERSON ENGAGED IN A TRADE OR BUSINESS THAT IS SUBJECT
4 TO TAX PURSUANT TO THIS ARTICLE 22;

5 (II) A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS
6 EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1); OR

7 (III) A TRIBAL GOVERNMENT.

8 (f) "Geothermal ~~energy~~ ELECTRICITY project" or "project" means
9 a project in the state that is intended to evaluate and develop a geothermal
10 resource for the purpose of electricity production, that meets the standards
11 developed pursuant to subsection (5) of this section, and that involves any
12 of the following:

13 (VIII) Coproduction of geothermal ~~energy~~; or ENERGY INCLUDING
14 FOR INDUSTRIAL USES OR THERMAL ENERGY NETWORKS;

15 (IX) Power generation equipment; OR

16 (X) STUDIES TO IDENTIFY AND EXPLORE RESOURCES THAT MAY BE
17 SUITABLE FOR GEOTHERMAL ELECTRICITY GENERATION AND MAY INCLUDE
18 HYDROGEN GENERATION OR UTILIZATION OF DIRECT AIR CAPTURE
19 TECHNOLOGY.

20 (f.5) "GEOTHERMAL ENERGY PROJECT" MEANS A GEOTHERMAL
21 ELECTRICITY PROJECT, THERMAL ENERGY NETWORK, OR A THERMAL
22 ENERGY NETWORK STUDY.

23 (f.7) "GEOTHERMAL MARKET ACCELERATION INITIATIVE" MEANS
24 A STRATEGIC INITIATIVE, INCENTIVE, OR PROJECT THAT IS INTENDED TO
25 REDUCE BARRIERS TO THE EMERGING GEOTHERMAL ELECTRICITY AND
26 THERMAL MARKETS, THAT MEETS THE STANDARDS DEVELOPED PURSUANT
27 TO SUBSECTION (5) OF THIS SECTION, AND THAT MAY INVOLVE ANY OF THE

1 FOLLOWING:

2 (I) GEOTHERMAL WORKFORCE TRAINING, TRANSITION, AND
3 RETENTION;

4 (II) APPRENTICESHIP OR ACADEMIC TRAINING PROGRAMS;

5 (III) ASSISTANCE FOR OBTAINING CRITICAL PROJECT EQUIPMENT,
6 ESPECIALLY FOR RURAL OR ISOLATED REGIONS OF THE STATE;

7 (IV) OUTREACH, EDUCATION, AND FACILITATION OF INDUSTRY OR
8 REGIONAL DIALOGUES;

9 (V) REDUCING FUNDING GAPS FOR ADOPTING GEOTHERMAL
10 TECHNOLOGIES IN VULNERABLE COMMUNITIES; OR

11 (VI) OTHER INITIATIVES AS DEEMED STRATEGIC BY THE OFFICE
12 THROUGH STAKEHOLDER COLLABORATION.

13 (g) "Qualified expenditure" means the total monetary cost
14 approved by the office and expended on or after January 1, 2024, but
15 before January 1, 2033, by an eligible taxpayer in connection with an
16 approved geothermal energy project OR APPROVED GEOTHERMAL MARKET
17 ACCELERATION INITIATIVE in the tax year for which the credit allowed in
18 this section is claimed.

19 (h) "THERMAL ENERGY NETWORK" HAS THE SAME MEANING AS SET
20 FORTH IN SECTION 39-22-554 (2)(n).

21 (i) "THERMAL ENERGY NETWORK STUDY" MEANS AN ENERGY AND
22 EMISSIONS SCOPING STUDY, A FEASIBILITY STUDY, AN INVESTMENT GRADE
23 ENERGY AUDIT, A DETAILED ENGINEERING DESIGN, OR A COMBINATION OF
24 THESE OPTIONS THAT MEETS OR EXCEEDS THE STANDARDS ESTABLISHED
25 BY THE OFFICE.

26 (j) "TRIBAL GOVERNMENT" MEANS A FEDERALLY RECOGNIZED
27 INDIAN TRIBE, INCLUDING ITS BUSINESS OPERATIONS AND WHOLLY-OWNED

1 ENTITIES, WITH RESERVATION LANDS WITHIN THE STATE OF COLORADO OR
2 OPERATING WITHIN THE STATE.

3 (3) (a) For income tax years commencing on or after January 1,
4 2024, but before January 1, 2033, an eligible taxpayer that makes a
5 qualified expenditure is allowed a credit against the tax imposed under
6 this article 22 in the applicable amount. ~~and subject to the limitations set
7 forth in subsection (3)(b) of this section.~~

8 (b) ~~An eligible taxpayer is not allowed a tax credit pursuant to this
9 section in an aggregate amount of more than five million dollars in tax
10 credits for all income tax years for which the tax credit may be claimed
11 pursuant to this section per approved geothermal energy project.~~

12 (4) (a) An eligible taxpayer shall submit an application in a form
13 and manner determined by the office for a tax credit certificate for the
14 credit allowed in this section. The application must include:

15 (I) Information sufficient for the office to evaluate the geothermal
16 energy project OR GEOTHERMAL MARKET ACCELERATION INITIATIVE for
17 which the eligible taxpayer proposes making an expenditure and to
18 approve the project if the project has not been previously approved by the
19 office;

20 (c) (I) (B) Based upon the totality of the factors set forth in
21 subsection (4)(d) of this section and based on considerations required for
22 geothermal energy projects OR GEOTHERMAL MARKET ACCELERATION
23 INITIATIVES as set forth in subsection (5) of this section, which the office
24 may weigh equally or differently, the office shall determine an applicable
25 amount of credit that may be reserved for the benefit of the eligible
26 taxpayer which may be all, part, or none of the credit amount requested
27 in the eligible taxpayer's application. ~~except that the office shall not~~

1 ~~reserve an amount in excess of the limitations set forth in subsection~~
2 ~~(3)(b) of this section, and the aggregate amount of credits reserved for all~~
3 ~~owners must not exceed thirty-five million dollars for all taxpayers in all~~
4 ~~years the credit is allowed~~

5 (II) (C) If the office reserves less than the full amount of credit
6 requested by the taxpayer, the taxpayer may submit a new application for
7 the remaining balance. ~~up to the limitation of the credit set forth in~~
8 ~~subsection (3)(b) of this section~~

9 (e) The reservation of tax credits does not entitle an eligible
10 taxpayer to an issuance of any credits until the eligible taxpayer provides
11 the office with any documentation required by the office and a cost
12 certification of the expenditure made in connection with an approved
13 geothermal energy project OR GEOTHERMAL MARKET ACCELERATION
14 INITIATIVE during the tax year in which the reservation is approved. The
15 cost certification must be audited by a licensed public accountant that is
16 not affiliated with the eligible taxpayer. The office shall review the cost
17 certification to verify that it satisfies the information provided in the
18 eligible taxpayer's application. If the office determines that the eligible
19 taxpayer made a qualified expenditure, the office shall issue a tax credit
20 certificate in the applicable amount.

21 (5) The office shall develop standards for the implementation of
22 the tax credit allowed pursuant to this section. Any standards developed
23 by the office must be posted on the office's website. At a minimum, the
24 standards must provide for the evaluation and approval of geothermal
25 energy projects OR GEOTHERMAL MARKET ACCELERATION INITIATIVES and
26 require the office to consider whether the project:

27 (a) Demonstrates technology to further the adoption of clean, firm

1 carbon-free electricity OR HEATING OR COOLING derived from geothermal
2 energy in the state;

3 **SECTION 8.** In Colorado Revised Statutes, 39-22-553, **amend**
4 (2)(c) and (3); and **add** (2)(d) and (3.5) as follows:

5 **39-22-553. Geothermal electricity generation production tax**
6 **credit - tax preference performance statement - definitions - repeal.**

7 (2) **Definitions.** As used in this section, unless the context otherwise
8 requires:

9 (c) "Qualified entity" means ~~a person engaged in a trade or~~
10 ~~business that is subject to tax pursuant to this article 22 or a person or~~
11 ~~political subdivision of this state that is exempt from tax pursuant to~~
12 ~~section 39-22-112 (1), either of which produces electricity derived from~~
13 ~~geothermal energy for sale or for the person's or political subdivision's~~
14 ~~own use~~ ANY OF THE FOLLOWING PEOPLE OR ENTITIES THAT PRODUCE

15 ELECTRICITY DERIVED FROM GEOTHERMAL ENERGY FOR SALE OR USE:

16 (I) A PERSON ENGAGED IN A TRADE OR BUSINESS THAT IS SUBJECT
17 TO TAX PURSUANT TO THIS ARTICLE 22;

18 (II) A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS
19 EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1); OR

20 (III) A TRIBAL GOVERNMENT.

21 (d) "TRIBAL GOVERNMENT" MEANS A FEDERALLY RECOGNIZED
22 INDIAN TRIBE, INCLUDING ITS BUSINESS OPERATIONS AND WHOLLY-OWNED
23 ENTITIES, WITH RESERVATION LANDS WITHIN THE STATE OF COLORADO OR
24 OPERATING WITHIN THE STATE.

25 (3) For income tax years commencing on or after January 1, 2024,
26 but before January 1, 2033, a qualified entity is allowed a credit against
27 the income taxes imposed by this article 22 in an amount equal to three

1 one-thousandths of a dollar per kilowatt hour of geothermal electricity
2 that is produced by the qualified entity in the state in the tax year. In order
3 to claim the credit, the qualified entity shall apply for and receive a tax
4 credit certificate from the office pursuant to subsection (4) of this section.
5 ~~except that the office may not issue a tax credit certificate to a qualified~~
6 ~~entity totaling more than one million dollars per income tax year.~~

7 (3.5) THE OFFICE SHALL ANNUALLY REVIEW AND EVALUATE THE
8 EFFECTIVENESS OF THE TAX CREDIT AND MAY MODIFY THE AMOUNTS SET
9 FORTH IN SUBSECTION (3) OF THIS SECTION. THE OFFICE SHALL MAINTAIN
10 THE CURRENT APPLICABLE TAX CREDIT AND ANY CERTIFICATE MAXIMUM
11 ON ITS WEBSITE AND SHALL PROVIDE THE APPLICABLE TAX CREDIT AND
12 CERTIFICATE MAXIMUM IN WRITING TO THE DEPARTMENT NO LATER THAN
13 DECEMBER 31, 2024, AND EACH DECEMBER 31 THEREAFTER THROUGH
14 DECEMBER 31, 2031.

15 **SECTION 9.** In Colorado Revised Statutes, 39-22-554, **amend**
16 (2)(a)(I)(A), (2)(a)(II), (3)(d)(II), and (3)(e); and **repeal** (2)(a)(I)(B) as
17 follows:

18 **39-22-554. Heat pump technology and thermal energy**
19 **network tax credit - tax preference performance statement -**
20 **definitions - repeal.** (2) **Definitions.** As used in this section, unless the
21 context otherwise requires:

22 (a) (I) "Air-source heat pump system" means a system that:

23 (A) Is certified pursuant to the federal environmental protection
24 agency's energy star program; AND

25 (B) ~~Has a variable speed compressor; and~~

26 (II) "Air-source heat pump system" may include supplemental
27 heat so long as THE AIR-SOURCE HEAT PUMP IS USED AS THE PRIMARY

1 SOURCE OF A BUILDING'S HEAT AND IS DESIGNED TO SUPPLY AT LEAST
2 EIGHTY PERCENT OF TOTAL ANNUAL HEATING FOR THE BUILDING.

3 ~~(A) The air-source heat pump is used as the primary source of a~~
4 ~~building's heat and is designed to supply at least eighty percent of total~~
5 ~~annual heating for the building; and~~

6 ~~(B) The system is capable of distributing produced heat to all~~
7 ~~conditioned areas of the building.~~

8 (3) (d) Notwithstanding the amounts set forth in subsection (3)(c)
9 of this section, the amount of the credit allowed by this section may be
10 modified as follows:

11 (II) For a nonresidential building, the amount of the credit is the
12 amount of the credit permitted pursuant to subsection (3)(c) of this
13 section multiplied by the number of increments of four tons of heating;
14 ~~capacity up to a maximum of one hundred tons and~~

15 (e) The office shall annually review and evaluate the effectiveness
16 of the tax credits and may modify the amounts set forth in ~~subsection~~
17 ~~(3)(c)~~ SUBSECTIONS (3)(c) AND (3)(d) of this section AND MAY CREATE
18 CERTIFICATE MAXIMUMS.

19 **SECTION 10.** In Colorado Revised Statutes, 39-22-557, **amend**
20 (2)(d) and (3)(c)(I) as follows:

21 **39-22-557. Clean hydrogen tax credit - qualified uses - tax**
22 **preference performance statement - definitions - legislative**
23 **declaration - repeal.** (2) As used in this section, unless the context
24 otherwise requires:

25 (d) "Lifecycle greenhouse gas emissions rate" means lifecycle
26 greenhouse gas emissions, as defined in 26 U.S.C. sec. 45V (c)(1)(A), as
27 amended, measured in accordance with any applicable federal internal

1 revenue service regulations or guidance, subject to the rules adopted by
2 the public utilities commission pursuant to ~~section 40-2-138 (3)(a)(I)~~
3 SECTION 40-2-138 (3)(a)(II).

4 (3) (c) (I) For income tax years commencing on and after January
5 1, 2024, but before January 1, 2026, and not before the public utilities
6 commission adopts rules pursuant to ~~section 40-2-138 (3)(a)(I)~~, SECTION
7 40-2-138 (3)(a)(II), the office shall not issue a tax credit certificate to a
8 taxpayer indicating eligibility for a tax credit for an amount exceeding
9 one million dollars in a tax year.

10 **SECTION 11.** In Colorado Revised Statutes, 39-29-108, **amend**
11 (2)(e)(II) as follows:

12 **39-29-108. Allocation of severance tax revenues - definitions**
13 **- repeal.** (2) (e) (II) The state treasurer shall credit a portion of the
14 discrete increased amount of severance tax for oil and gas production in
15 the amount attributable to administrative costs to the respective cash
16 funds so that all administrative costs are repaid to the respective cash
17 funds on or before ~~July 1, 2025~~ JUNE 30, 2024.

18 **SECTION 12. Safety clause.** The general assembly finds,
19 determines, and declares that this act is necessary for the immediate
20 preservation of the public peace, health, or safety or for appropriations for
21 the support and maintenance of the departments of the state and state
22 institutions.