

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 23-0972.01 Megan McCall x4215

HOUSE BILL 23-1272

HOUSE SPONSORSHIP

Weissman and Joseph,

SENATE SPONSORSHIP

Fenberg,

House Committees

Energy & Environment
Finance

Senate Committees

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 AND A TEMPORARY SALES**
113 **AND USE TAX EXEMPTION ON A PORTION OF THE SALE 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.*

101 ELECTRIC MEDIUM- AND HEAVY-DUTY TRUCKS; CREATING A
102 SALES AND USE TAX EXEMPTION FOR THE SALE OF HEAT PUMP
103 TECHNOLOGY AND EQUIPMENT NECESSARY FOR PROPER
104 FUNCTIONING OF A THERMAL ENERGY NETWORK; AND
105 TEMPORARILY DECREASING THE SEVERANCE TAX CREDIT FOR
106 OIL AND GAS PRODUCTION, REQUIRING THE REVENUE THAT IS
107 ATTRIBUTABLE TO THE DECREASE BE DEPOSITED IN THE
108 DECARBONIZATION TAX CREDITS ADMINISTRATION CASH FUND,
109 AND CREATING THE CASH FUND.

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:*

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

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

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

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

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

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

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

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

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

1 (i) The incentives are intended to improve the affordability and
2 accessibility of clean energy for consumers and businesses across the
3 state;

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

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

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

14 (m) Geothermal electricity generation is renewable, clean,
15 available statewide, and reliable regardless of weather conditions;

16 (n) Electric heat pumps and heat pump water heaters are reliable
17 in both hot and cold weather, and their high energy efficiency will keep
18 energy bills low and consistent for homeowners and renters;

19 (o) In order to qualify for these tax incentives, emissions reduction
20 technologies in industrial and manufacturing facilities will be certified to
21 reduce greenhouse gas emissions through the Colorado energy office;

22 (p) Industrial and manufacturing facilities are often located in
23 disproportionately impacted communities, and emissions reduction
24 investments in these facilities should be designed to reduce local air
25 pollution in addition to greenhouse gas pollution;

26 (q) Allowing tax credits for electric vehicles, trucks, and bicycles
27 to be claimed at the point of sale will ensure equity by improving access

1 to these technologies for Coloradans who cannot pay the full price
2 without the credit or the discount provided for a retailer claiming the
3 credit;

4 (r) Improving access to clean energy and energy efficiency
5 technologies is a crucial component in ensuring that the transition to a
6 clean energy economy is equitable for Coloradans of all socio-economic
7 backgrounds; and

8 (s) The tax incentives will accelerate the adoption of clean energy
9 throughout the state, set Colorado on a path to 100% renewable energy by
10 2040, and continue to position Colorado as a leader in the clean energy
11 economy.

12 (2) Therefore, the general assembly finds and declares that it is
13 necessary to retool or create tax incentives designed to promote the sale
14 and purchase or lease of electric vehicles and trucks, electric bicycles, and
15 energy-efficient heat pumps and promote geothermal energy production
16 and the adoption of emissions reductions technology in industrial
17 facilities in order to drastically cut carbon emissions and help mitigate
18 climate change.

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

24 **SECTION 2.** In Colorado Revised Statutes, 39-22-516.7, **amend**
25 (1)(k.5), (1)(r)(II) introductory portion, (1)(r.3), (2)(a), (2)(e)(I)
26 introductory portion, (3), (4)(a)(V), (9), and (10); and **add** (1)(g.5),
27 (1)(p.5), (1)(r.1), (1.5), (2)(e)(VIII), (2)(f), (4)(a)(VI), (4)(a)(VII),

1 (4)(a)(VIII), (4)(a)(IX), (4)(a)(X), (4)(a)(XI), (4)(a.3), (4)(a.5), (4)(a.7),
2 (11), and (12) as follows:

3 **39-22-516.7. Tax credit for innovative motor vehicles - tax**
4 **preference performance statement - definitions - repeal.** (1) As used
5 in this section, unless the context otherwise requires:

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

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

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

12 (r) (II) "Motor vehicle" means, for tax years commencing on or
13 after January 1, 2017, ~~but prior to January 1, 2022,~~ a self-propelled
14 vehicle with four wheels, including a truck and a hybrid motor vehicle,
15 that is:

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

18 (r.3) (I) "Purchaser" means the buyer or the lessee of a category
19 1 ~~or category 1 A~~ vehicle, but, FOR INCOME TAX YEARS COMMENCING
20 BEFORE JANUARY 1, 2024, does not include the state or any political
21 subdivision of the state. For tax years commencing on or after January 1,
22 2017, a lessee seeking to claim a credit allowed in this section must enter
23 into a lease with a term of not less than two years.

24 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
25 1, 2024, "PURCHASER" INCLUDES A PERSON OR A POLITICAL SUBDIVISION
26 OF THE STATE THAT IS EXEMPT FROM TAXATION UNDER SECTION
27 39-22-112 (1).

1 (1.5) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
2 REQUIRES EACH BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO
3 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
4 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
5 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED FOR IN
6 THIS SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY
7 TAXPAYERS, SPECIFICALLY THE SALE AND PURCHASE OR LEASE OF
8 ELECTRIC MOTOR VEHICLES, BY PROVIDING A REDUCTION IN INCOME TAX
9 LIABILITY TO THE PURCHASER OR LESSEE OR TO A MOTOR VEHICLE DEALER
10 OR FINANCING ENTITY IN CONNECTION WITH THE SALE AND PURCHASE OR
11 LEASE OF AN ELECTRIC MOTOR VEHICLE.

12 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
13 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
14 SPECIFIED IN SUBSECTION (1.5)(a) OF THIS SECTION BASED ON THE NUMBER
15 AND VALUE OF CREDITS CLAIMED.

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

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

25 (VIII) THIS SUBSECTION (2)(e) IS REPEALED, EFFECTIVE
26 DECEMBER 31, 2028.

27 (f) (I) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED IN

1 THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE
2 COMPLETED ON OR AFTER JANUARY 1, 2024, TO A FINANCING ENTITY OR
3 TO A MOTOR VEHICLE DEALER AS FOLLOWS:

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

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

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

15 (D) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
16 SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF
17 THE TAX CREDIT INCLUDING, IF APPLICABLE, THE AMOUNTS ALLOWED
18 PURSUANT TO SUBSECTIONS (4)(a)(XI) AND (4)(a.5) OF THIS SECTION;
19 EXCEPT THAT THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
20 MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED TWO HUNDRED
21 FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE COMPENSATION
22 PAID TO THE PURCHASER IS CONSIDERED A REFUND OF STATE TAXES AND
23 IS NOT INCOME.

24 (II) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER
25 ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY OR TO A MOTOR VEHICLE
26 DEALER PURSUANT TO THIS SUBSECTION (2)(f), THE FINANCING ENTITY OR
27 THE MOTOR VEHICLE DEALER RECEIVES THE FULL AMOUNT OF THE TAX

1 CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID
2 BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED
3 FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

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

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

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

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

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

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

18 (V) FOR THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE
19 COMPLETED ON OR AFTER JANUARY 1, 2024, THE FINANCING ENTITY OR
20 THE MOTOR VEHICLE DEALER SHALL ELECTRONICALLY SUBMIT A REPORT
21 CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT
22 DESCRIBED IN SUBSECTION (2)(f)(III) OF THIS SECTION TO THE
23 DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND MANNER REQUIRED
24 BY THE DEPARTMENT FOR ALL PURCHASES OR LEASES OF A CATEGORY 1
25 VEHICLE COMPLETED IN THE REPORTING PERIOD.

26 (VI) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
27 SHALL MAINTAIN THE ELECTION STATEMENT DESCRIBED IN SUBSECTION

1 (2)(f)(III) OF THIS SECTION AND PRODUCE IT UPON REQUEST BY THE
2 DEPARTMENT FOR AN AUDIT.

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

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

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

15 (a) **Category 1.** (V) With respect to ~~the tax years commencing~~
16 THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE MADE AND
17 DELIVERED on or after January 1, 2023, but prior to ~~January 1, 2026~~, JULY
18 1, 2023, two thousand dollars for a purchase or one thousand five hundred
19 dollars for a lease;

20 (VI) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a)(XI)
21 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A
22 CATEGORY 1 VEHICLE MADE AND DELIVERED ON OR AFTER JULY 1, 2023,
23 BUT BEFORE JANUARY 1, 2025, FIVE THOUSAND DOLLARS FOR A PURCHASE
24 OR A LEASE;

25 (VII) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a)(XI)
26 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A
27 CATEGORY 1 VEHICLE MADE AND DELIVERED IN TAX YEARS COMMENCING

1 ON OR AFTER JANUARY 1, 2025, BUT BEFORE JANUARY 1, 2026, THREE
2 THOUSAND FIVE HUNDRED DOLLARS;

3 (VIII) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7)
4 OF THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A
5 CATEGORY 1 VEHICLE MADE AND DELIVERED IN TAX YEARS COMMENCING
6 ON OR AFTER JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2027, ONE
7 THOUSAND FIVE HUNDRED DOLLARS;

8 (IX) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7) OF
9 THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY
10 1 VEHICLE MADE AND DELIVERED IN TAX YEARS COMMENCING ON OR
11 AFTER JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2028, ONE THOUSAND
12 DOLLARS;

13 (X) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4)(a.7) OF
14 THIS SECTION, WITH RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY
15 1 VEHICLE MADE AND DELIVERED IN TAX YEARS COMMENCING ON OR
16 AFTER JANUARY 1, 2028, BUT BEFORE JANUARY 1, 2029, FIVE HUNDRED
17 DOLLARS; AND

18 (XI) WITH RESPECT TO A PURCHASE OR LEASE OF A CATEGORY 1
19 VEHICLE MADE AND DELIVERED AT A LOCATION WHERE THE CREDIT
20 ALLOWED IN THIS SECTION MAY BE ASSIGNED AND IF THE CREDIT IS
21 ASSIGNED PURSUANT TO SUBSECTION (2)(f) OF THIS SECTION IN A TAX
22 YEAR THAT COMMENCES ON OR AFTER JANUARY 1, 2024, BUT BEFORE
23 JANUARY 1, 2026, AN ADDITIONAL AMOUNT OF SIX HUNDRED DOLLARS
24 MAY BE CLAIMED BY A FINANCING ENTITY OR MOTOR VEHICLE DEALER
25 WHEN THE PURCHASER ASSIGNS THE CREDIT TO THE FINANCING ENTITY OR
26 MOTOR VEHICLE DEALER.

27 (a.3) **Limitation on credit.** NO CREDIT IS ALLOWED FOR A

1 PURCHASE OR LEASE MADE ON OR AFTER JULY 1, 2023, BUT BEFORE
2 JANUARY 1, 2029, OF A CATEGORY 1 VEHICLE THAT EXCEEDS A
3 MANUFACTURER'S SUGGESTED RETAIL PRICE OF EIGHTY-THOUSAND
4 DOLLARS.

5 (a.5) **Category 1 for vehicles under \$30,000 threshold.** WITH
6 RESPECT TO THE PURCHASE OR LEASE OF A CATEGORY 1 VEHICLE MADE
7 AND DELIVERED IN TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
8 2024, BUT PRIOR TO JANUARY 1, 2029, WITH A MANUFACTURER'S
9 SUGGESTED RETAIL PRICE BELOW THIRTY THOUSAND DOLLARS THERE IS
10 ALLOWED AN ADDITIONAL TWO THOUSAND FIVE HUNDRED DOLLARS OF
11 CREDIT IN ADDITION TO THE AMOUNT OF CREDIT ALLOWED PURSUANT TO
12 SUBSECTION (4)(a) OF THIS SECTION.

13 (a.7) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE
14 REVENUE FORECAST THROUGH THE JUNE 2027 REVENUE FORECAST AS
15 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
16 STATE PLANNING AND BUDGETING, PROJECTS THAT THE STATE IS NOT
17 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED
18 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE
19 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE
20 CREDIT ALLOWED PURSUANT TO SUBSECTION (4)(a)(VIII), (4)(a)(IX), OR
21 (4)(a)(X) OF THIS SECTION FOR ANY TAX YEAR COMMENCING IN THE
22 CALENDAR YEAR THAT BEGINS DURING SAID NEXT FISCAL YEAR IS
23 REDUCED BY FIFTY PERCENT; EXCEPT THAT IF THE AMOUNT OF REDUCED
24 CREDIT IS EQUAL TO OR LESS THAN FIVE HUNDRED DOLLARS, THEN NO
25 CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

26 (9) Making the purchaser aware of the income tax credit allowed
27 in this section or helping the purchaser assign the income tax credit to a

1 financing entity OR TO A MOTOR VEHICLE DEALER as allowed in this
2 section does not rise to the level of providing the purchaser with
3 unauthorized tax advice.

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

8 (11) A PURCHASER WHO CLAIMS A TAX CREDIT UNDER THIS
9 SECTION OR WHO ASSIGNS A TAX CREDIT PURSUANT TO SUBSECTION (2)(f)
10 OF THIS SECTION IS ENTITLED TO ADDITIONALLY RECEIVE ANY REBATE
11 THAT IS PART OF AN ELECTRIC VEHICLE PROGRAM PURSUANT TO SECTIONS
12 40-3-116 AND 40-5-107.

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

14 **SECTION 3.** In Colorado Revised Statutes, 39-22-516.8, **amend**
15 (1)(bb.3), (8.3), (8.5), (13.5)(a) introductory portion, and (18); and **add**
16 (1)(bb.1), (1)(q.5), (1.5), (8.7), (13.5)(h), (13.7), and (17.5) as follows:

17 **39-22-516.8. Tax credit for innovative trucks - tax preference**
18 **performance statement - definitions - repeal.** (1) As used in this
19 section, unless the context otherwise requires:

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

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

23 (bb.3) (I) "Purchaser" means the buyer or the lessee of a category
24 4, category 4 A, category 4 B, category 4 C, category 7, category 7 A, or
25 category 9 vehicle, but, FOR INCOME TAX YEARS COMMENCING BEFORE
26 JANUARY 1, 2023, does not include the state or any political subdivision
27 of the state. For tax years commencing on or after January 1, 2017, a

1 lessee seeking to claim a credit allowed in this section must enter into a
2 lease with a term of not less than two years.

3 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
4 1, 2024, "PURCHASER" INCLUDES A PERSON OR POLITICAL SUBDIVISION OF
5 THE STATE WHO IS EXEMPT FROM TAXATION UNDER SECTION 39-22-112
6 (1).

7 (1.5) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
8 REQUIRES EACH BILL THAT EXTENDS AN EXPIRING TAX EXPENDITURE TO
9 INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A
10 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
11 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS
12 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,
13 SPECIFICALLY THE SALE AND PURCHASE OR LEASE OF ELECTRIC
14 LIGHT-DUTY, MEDIUM-DUTY, OR HEAVY-DUTY TRUCKS, BY PROVIDING A
15 REDUCTION IN INCOME TAX LIABILITY TO THE PURCHASER OR LESSEE OR
16 TO A FINANCING ENTITY IN CONNECTION WITH THE SALE AND PURCHASE OR
17 LEASE OF AN ELECTRIC LIGHT-DUTY, MEDIUM-DUTY, OR HEAVY-DUTY
18 TRUCK.

19 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
20 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
21 SPECIFIED IN SUBSECTION (1.5)(a) OF THIS SECTION BASED ON THE NUMBER
22 AND VALUE OF CREDITS CLAIMED.

23 (8.3) **Category 7 purchase.** (a) Except as provided in subsection
24 (14) of this section, with respect to the income tax years commencing on
25 or after January 1, 2017, but before ~~January 1, 2026~~, JANUARY 1, 2024,
26 there is allowed to any person a credit against the tax imposed by this
27 article 22 in an amount set forth in subsection (8.3)(b) of this section for

1 each purchase of a category 7 truck during the tax year.

2 (b)

	Income tax year commencing:			
	1/1/2017	1/1/2020	1/1/2021	1/1/2023
	but	but	but	but
	before	before	before	1/1/2026
	1/1/2020	1/1/2021	1/1/2023	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
Heavy-duty truck	\$20,000	\$16,000	\$10,000	\$8,000

17 (8.5) **Category 7 lease.** (a) Except as provided in subsection (14)
18 of this section, with respect to the income tax years commencing on or
19 after January 1, 2017, but before ~~January 1, 2026~~, JANUARY 1, 2024 there
20 is allowed to any person a credit against the tax imposed by this article 22
21 in an amount set forth in subsection (8.5)(b) of this section for each lease
22 of a category 7 truck during the tax year.

23 (8.5) (b)

Income tax year commencing:

1		1/1/2017	1/1/2020	1/1/2021
2		but	but	but
3		before	before	before
4		1/1/2020	1/1/2021	1/1/2026 1/1/2024
5	Light-duty passenger motor			
6	vehicle over 8,500 GVWR	\$2,500	\$2,000	\$1,500
7	Light-duty electric truck	\$3,500	\$2,750	\$1,750
8				
9				
10				
11	Medium-duty electric truck	\$5,000	\$4,000	\$2,500
12				
13				
14				
15				
16	Heavy-duty truck	\$10,000	\$8,000	\$5,000

17 **(8.7) (a) Category 7 light-duty passenger motor vehicle over**
18 **8,500 GVWR or light-duty electric truck lease or purchase for tax**
19 **years 2024 through 2028.** EXCEPT AS OTHERWISE PROVIDED IN
20 SUBSECTION (8.7)(d) OF THIS SECTION, WITH RESPECT TO INCOME TAX
21 YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE
22 JANUARY 1, 2029, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7
23 LIGHT-DUTY PASSENGER MOTOR VEHICLE OVER 8,500 GVWR OR A
24 LIGHT-DUTY ELECTRIC TRUCK MADE AND DELIVERED DURING THE TAX
25 YEAR, THERE IS ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX
26 IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT AS FOLLOWS:

27 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY

1 1, 2024, BUT BEFORE JANUARY 1, 2025, FIVE THOUSAND DOLLARS;

2 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
3 1, 2025, BUT BEFORE JANUARY 1, 2026, THREE THOUSAND FIVE HUNDRED
4 DOLLARS;

5 (III) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
6 1, 2026, BUT BEFORE JANUARY 1, 2027, ONE THOUSAND FIVE HUNDRED
7 DOLLARS;

8 (IV) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
9 JANUARY 1, 2027, BUT BEFORE JANUARY 1, 2028, ONE THOUSAND
10 DOLLARS; AND

11 (V) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
12 1, 2028, BUT BEFORE JANUARY 1, 2029, FIVE HUNDRED DOLLARS.

13 (b) **Category 7 medium-duty electric truck lease or purchase**
14 **for tax years 2024 through 2032.** WITH RESPECT TO INCOME TAX YEARS
15 COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
16 2033, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7 MEDIUM-DUTY
17 ELECTRIC TRUCK MADE AND DELIVERED DURING THE TAX YEAR, THERE IS
18 ALLOWED TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS
19 ARTICLE 22 IN AN AMOUNT AS FOLLOWS:

20 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
21 1, 2024, BUT BEFORE JANUARY 1, 2026, TWELVE THOUSAND DOLLARS;
22 AND

23 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
24 1, 2026, BUT BEFORE JANUARY 1, 2033, FOUR THOUSAND DOLLARS.

25 (c) **Category 7 heavy-duty truck lease or purchase for tax**
26 **years 2024 through 2032.** WITH RESPECT TO INCOME TAX YEARS
27 COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,

1 2033, FOR EACH PURCHASE OR LEASE OF A CATEGORY 7 HEAVY-DUTY
2 TRUCK MADE AND DELIVERED DURING THE TAX YEAR, THERE IS ALLOWED
3 TO ANY PERSON A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22
4 IN AN AMOUNT AS FOLLOWS:

5 (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
6 1, 2024, BUT BEFORE JANUARY 1, 2026, TWELVE THOUSAND DOLLARS;
7 AND

8 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
9 1, 2026, BUT BEFORE JANUARY 1, 2033, EIGHT THOUSAND DOLLARS.

10 (d) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE
11 REVENUE FORECAST THROUGH THE JUNE 2027 REVENUE FORECAST AS
12 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
13 STATE PLANNING AND BUDGETING, PROJECTS THAT THE STATE IS NOT
14 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED
15 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE
16 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE
17 CREDIT ALLOWED PURSUANT TO SUBSECTION (8.7)(a)(III), (8.7)(a)(IV), OR
18 (8.7)(a)(V) OF THIS SECTION FOR ANY TAX YEAR COMMENCING IN THE
19 CALENDAR YEAR THAT BEGINS DURING SAID NEXT FISCAL YEAR IS
20 REDUCED BY FIFTY PERCENT; EXCEPT THAT IF THE AMOUNT OF REDUCED
21 CREDIT IS EQUAL TO OR LESS THAN FIVE HUNDRED DOLLARS, THEN NO
22 CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

23 (13.5) (a) A purchaser may assign the tax credit allowed in this
24 section for the purchase or lease of a category 4, category 4 A, category
25 4 B, category 4 C, category 7, category 7 A, or category 9 vehicle
26 completed on or after January 1, 2017, BUT BEFORE JANUARY 1, 2024, to
27 a financing entity as follows:

1 (h) THIS SUBSECTION (13.5) IS REPEALED, EFFECTIVE DECEMBER
2 31, 2028.

3 (13.7) (a) A PURCHASER MAY ASSIGN THE TAX CREDIT ALLOWED
4 IN THIS SECTION FOR THE PURCHASE OR LEASE OF A CATEGORY 7 VEHICLE
5 MADE AND DELIVERED ON OR AFTER JANUARY 1, 2024, TO A FINANCING
6 ENTITY OR TO A MOTOR VEHICLE DEALER AS FOLLOWS:

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

11 (II) THE PURCHASER MUST TITLE AND REGISTER THE VEHICLE IN
12 THE STATE OR REGISTER THE VEHICLE UNDER THE INTERNATIONAL
13 REGISTRATION PLAN AND BASE PLATE THE VEHICLE IN THE STATE AS
14 REQUIRED BY STATE LAW;

15 (III) THE PURCHASER MUST ASSIGN THE TAX CREDIT TO THE
16 FINANCING ENTITY OR THE MOTOR VEHICLE DEALER AND FORFEIT THE
17 RIGHT TO CLAIM THE TAX CREDIT ON THE PURCHASER'S TAX RETURN IN
18 EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION; AND

19 (IV) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER
20 SHALL COMPENSATE THE PURCHASER FOR THE FULL NOMINAL VALUE OF
21 THE TAX CREDIT; EXCEPT THAT THE FINANCING ENTITY OR THE MOTOR
22 VEHICLE DEALER MAY COLLECT AN ADMINISTRATIVE FEE NOT TO EXCEED
23 TWO HUNDRED FIFTY DOLLARS FOR PROCESSING THE ASSIGNMENT. THE
24 COMPENSATION PAID TO THE PURCHASER IS CONSIDERED A REFUND OF
25 STATE TAXES AND IS NOT INCOME.

26 (b) NOTWITHSTANDING SECTION 39-21-108 (3), IF A PURCHASER
27 ASSIGNS THE TAX CREDIT TO A FINANCING ENTITY OR TO A MOTOR VEHICLE

1 DEALER PURSUANT TO THIS SUBSECTION (13.7), THE FINANCING ENTITY OR
2 THE MOTOR VEHICLE DEALER RECEIVES THE FULL AMOUNT OF THE TAX
3 CREDIT THAT THE PURCHASER IS ALLOWED IN THIS SECTION. ANY UNPAID
4 BALANCE OR UNPAID DEBT OF THE PURCHASER MAY NOT BE CREDITED
5 FROM THE AMOUNT OF THE TAX CREDIT ALLOWED IN THIS SECTION.

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

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

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

12 (III) AFFIRMS THAT THE REQUIREMENTS SPECIFIED IN SUBSECTION
13 (13.7)(a) OF THIS SECTION WERE MET.

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

17 (e) FOR THE PURCHASE OR LEASE OF A CATEGORY 7 VEHICLE
18 COMPLETED ON OR AFTER JANUARY 1, 2024, THE FINANCING ENTITY OR
19 THE MOTOR VEHICLE DEALER SHALL ELECTRONICALLY SUBMIT A REPORT
20 CONTAINING THE INFORMATION CONTAINED IN THE ELECTION STATEMENT
21 DESCRIBED IN SUBSECTION (13.7)(c) OF THIS SECTION TO THE
22 DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND MANNER REQUIRED
23 BY THE DEPARTMENT.

24 (f) THE FINANCING ENTITY OR THE MOTOR VEHICLE DEALER SHALL
25 MAINTAIN THE ELECTION STATEMENT DESCRIBED IN SUBSECTION (13.7)(c)
26 OF THIS SECTION AND PRODUCE IT UPON REQUEST OR AUDIT BY THE
27 DEPARTMENT.

1 (g) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
2 1, 2025, THE FINANCING ENTITY OR MOTOR VEHICLE DEALER MAY ELECT
3 ADVANCE PAYMENTS OF CREDITS ASSIGNED UNDER THIS SUBSECTION
4 (13.7) AS SPECIFIED IN SECTION 39-22-629.

5 (17.5) A PURCHASER, AS SET FORTH IN SUBSECTION (1)(bb.3)(II)
6 OF THIS SECTION, WHO CLAIMS THE CREDIT ALLOWED BY THIS SECTION
7 SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601 (7)(b).

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

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

12 **39-22-545. Credit against tax - heat pump systems - heat pump**
13 **water heaters - tax preference performance statement - legislative**
14 **declaration - definitions - repeal.** (3) (a) Subject to the provisions of
15 subsection (4) of this section, for income tax years commencing on or
16 after January 1, 2023, but before ~~January 1, 2025~~, JANUARY 1, 2024, any
17 purchaser that installs a residential or commercial heat pump system into
18 real property in this state or that installs a residential or commercial heat
19 pump water heater into real property in this state is allowed a credit
20 against the tax imposed by this article 22 in an amount equal to ten
21 percent of the purchase price paid by the purchaser for the heat pump
22 system or heat pump water heater.

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

25 **39-22-549. Industrial clean energy tax credit - tax preference**
26 **performance statement - definitions - report - repeal.** (1) (a) IN
27 ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES EACH BILL

1 THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE
2 PERFORMANCE STATEMENT AS PART OF A STATUTORY LEGISLATIVE
3 DECLARATION, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE
4 PURPOSE OF THE TAX CREDIT PROVIDED FOR IN THIS SECTION IS TO INDUCE
5 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS AND TO PROVIDE A
6 REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN BUSINESSES OR
7 INDIVIDUALS BY ALLOWING AN OWNER OF AN INDUSTRIAL FACILITY TO
8 RECEIVE A CREDIT AGAINST INCOME TAX FOR THE COSTS ASSOCIATED WITH
9 CONDUCTING INDUSTRIAL STUDIES OR FOR IMPLEMENTING A PLAN TO PUT
10 INTO SERVICE GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

11 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
12 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSES
13 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
14 INFORMATION REQUIRED AND REPORTED BY THE OFFICE PURSUANT TO
15 SUBSECTION (5)(b) OF THIS SECTION, AND BASED ON THE NUMBER AND
16 VALUE OF THE CREDITS CLAIMED.

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

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

21 (b) "CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTIONS" MEANS
22 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS TO A QUALIFIED
23 INDUSTRIAL FACILITY THAT HAVE BEEN CERTIFIED BY THE OFFICE AS
24 MEETING THE STANDARDS OF THE OFFICE.

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

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

1 (e) "GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS"
2 MEANS IMPROVEMENTS THAT HELP TO MEASURABLY REDUCE GREENHOUSE
3 GAS EMISSIONS. "GREENHOUSE GAS EMISSIONS REDUCTION
4 IMPROVEMENTS" ALSO MEANS ONE OR MORE OF THE FOLLOWING
5 EQUIPMENT PURCHASES, IMPROVEMENTS, AND RETROFITS:

6 (I) REPLACING FOSSIL-FUEL-POWERED OFF-ROAD EQUIPMENT SUCH
7 AS FORKLIFTS AND CONSTRUCTION EQUIPMENT WITH ELECTRIC
8 EQUIPMENT;

9 (II) REPLACING FOSSIL-FUEL-FIRED EQUIPMENT FOR SPACE OR
10 WATER HEATING OR INDUSTRIAL PROCESS HEATING WITH HIGH-EFFICIENCY
11 ELECTRIC EQUIPMENT;

12 (III) REPLACING FOSSIL-FUEL-FIRED OR COMPRESSED AIR-DRIVEN
13 INDUSTRIAL PROCESS EQUIPMENT WITH HIGH-EFFICIENCY ELECTRIC
14 EQUIPMENT;

15 (IV) PLACING IN SERVICE ADVANCED REFRIGERATION SYSTEMS
16 THAT REDUCE GREENHOUSE GAS EMISSIONS;

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

19 (VI) PLACING IN SERVICE WASTE HEAT RECOVERY TECHNOLOGY;

20 (VII) UPGRADING OR IMPLEMENTING ENERGY MONITORING
21 SYSTEMS;

22 (VIII) INSTALLING HIGH EFFICIENCY ELECTRIC PUMPS, MOTORS,
23 COMPRESSORS, AND LIGHTING;

24 (IX) INSTALLING VARIABLE VOLUME OR LOAD EFFICIENCY
25 EQUIPMENT;

26 (X) INSTALLING CARBON CAPTURE EQUIPMENT WHICH PROVIDES
27 SUPPORTING INFORMATION THAT DEMONSTRATES A NET REDUCTION IN

1 GREENHOUSE GAS EMISSIONS WHEN ACCOUNTING FOR ENERGY-RELATED
2 EMISSIONS RELEASED TO OPERATE THE CARBON CAPTURE EQUIPMENT AND
3 PROVIDES A PERMANENT DURABLE CARBON STORAGE PLAN; EXCEPT THAT
4 THE CAPTURED CARBON MAY NOT BE USED FOR ENHANCED OIL RECOVERY;

5 (XI) INSTALLING EQUIPMENT USED FOR COLLECTION OF
6 BIOMETHANE;

7 (XII) REPLACING FOSSIL-FUEL-FIRED EQUIPMENT WITH HYDROGEN
8 FUELED EQUIPMENT;

9 (XIII) INSTALLING HYDROGEN FUELING STATIONS FOR FUEL CELL
10 VEHICLES AT INDUSTRIAL FACILITIES;

11 (XIV) CONVERTING FOSSIL-FUEL-POWERED PUMPS, COMPRESSORS,
12 AND CONTROLLERS TO COMPRESSED AIR-DRIVEN OR ELECTRIC-DRIVEN
13 PUMPS, COMPRESSORS, AND CONTROLLERS;

14 (XV) INSTALLING ONSITE ENERGY STORAGE;

15 (XVI) INSTALLING OR UPGRADING TO UTILITY SERVICE FEED
16 EQUIPMENT TO DIRECTLY SUPPORT THE IMPLEMENTATION OF ANY OF THE
17 ELECTRIFICATION IMPROVEMENTS SET FORTH IN THIS SUBSECTION (2)(e);

18 (XVII) PLACING IN SERVICE CARBON MANAGEMENT SYSTEMS
19 INCLUDING DIRECT AIR CAPTURE AND OTHER FORMS OF CARBON DIOXIDE
20 REMOVAL;

21 (XVIII) MATERIAL SUBSTITUTIONS WITHIN INDUSTRIAL PROCESSES
22 TO REDUCE INDUSTRIAL PROCESS EMISSIONS BY A MINIMUM OF FIFTEEN
23 PERCENT WHEN COMPARED TO EXISTING PRODUCTION PRACTICES; AND

24 (XIX) OTHER SIMILAR PURCHASES AND IMPROVEMENTS
25 IDENTIFIED AND SET FORTH IN THE STANDARDS DEVELOPED BY THE OFFICE
26 PURSUANT TO SUBSECTION (4) OF THIS SECTION THAT RESULT IN AT LEAST
27 A TWENTY PERCENT REDUCTION IN GREENHOUSE GAS EMISSIONS WHEN

1 COMPARED TO CURRENT TECHNOLOGY, EQUIPMENT, OR PRODUCTION
2 PROCESSES BEING DEPLOYED BY THE OWNER.

3 (f) "GREENHOUSE GAS EMISSIONS REDUCTION PLAN" OR "PLAN"
4 MEANS PROJECT IMPLEMENTATION PLANS OR SPECIFICATIONS FOR THE
5 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS TO A
6 QUALIFIED INDUSTRIAL FACILITY THAT ARE SUFFICIENTLY DETAILED TO
7 ENABLE THE OFFICE TO EVALUATE WHETHER THE IMPROVEMENTS ARE IN
8 COMPLIANCE WITH THE STANDARDS DEVELOPED UNDER THIS SECTION AND
9 WHETHER THE PLAN WILL MEASURABLY REDUCE GREENHOUSE GAS
10 EMISSIONS AT A QUALIFIED INDUSTRIAL FACILITY. THE PLAN MUST
11 INCLUDE, BUT IS NOT LIMITED TO, A PROPERTY ADDRESS, LEGAL
12 DESCRIPTION, OR OTHER SPECIFIC LOCATION OF THE INDUSTRIAL FACILITY,
13 AND MUST INCLUDE INFORMATION ON THE ESTIMATED COSTS FOR THE
14 PROPOSED GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

15 (g) (I) "INDUSTRIAL FACILITY" MEANS ANY REAL PROPERTY IN THE
16 STATE, AND THE MACHINERY OR EQUIPMENT ON THE REAL PROPERTY,
17 WHERE THE PRINCIPAL TRADE OR BUSINESS ACTIVITY IS THE MECHANICAL
18 OR CHEMICAL TRANSFORMATION OF ORGANIC OR INORGANIC SUBSTANCES
19 INTO NEW PRODUCTS, CHARACTERISTICALLY USING POWER-DRIVEN
20 MACHINES AND MATERIALS HANDLING EQUIPMENT.

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

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

27 (i) "INDUSTRIAL STUDY" MEANS AN ENERGY AND EMISSIONS

1 AUDIT, A FEASIBILITY STUDY, OR A FRONT-END ENGINEERING DESIGN
2 STUDY THAT MEETS OR EXCEEDS THE STANDARDS ESTABLISHED BY THE
3 OFFICE.

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

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

12 (I) THE APPLICABLE PERCENTAGE OF THE COSTS PAID AND
13 APPROVED BY THE OFFICE FOR COMPLETING AN INDUSTRIAL STUDY DURING
14 THE TAX YEAR IN WHICH THE CREDIT IS CLAIMED; EXCEPT THAT THE
15 CREDIT CANNOT BE CLAIMED IN AN AMOUNT EXCEEDING ONE MILLION
16 DOLLARS; OR

17 (II) THE APPLICABLE PERCENTAGE OF THE CAPITAL COSTS PAID BY
18 THE OWNER, NOT INCLUDING THE COST FOR DESIGN, AND APPROVED BY
19 THE OFFICE FOR CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTION
20 IMPROVEMENTS THAT ARE PLACED IN SERVICE DURING THE TAX YEAR IN
21 WHICH THE CREDIT IS CLAIMED; EXCEPT THAT THE CREDIT MUST BE
22 CLAIMED IN AN AMOUNT THAT IS NOT LESS THAN SEVENTY-FIVE
23 THOUSAND DOLLARS AND DOES NOT EXCEED FIVE MILLION DOLLARS.

24 (b) (I) IF THE OFFICE APPROVES THE OWNER'S INDUSTRIAL STUDY
25 OR GREENHOUSE GAS EMISSIONS REDUCTION PLAN AND RESERVES CREDITS
26 UNDER SUBSECTION (6) OF THIS SECTION, THE OFFICE SHALL APPLY THE
27 APPLICABLE PERCENTAGE OF THE COSTS PAID FOR COMPLETING AN

1 INDUSTRIAL STUDY OR THE CAPITAL COSTS PAID FOR GREENHOUSE GAS
2 EMISSIONS REDUCTION IMPROVEMENTS TO CALCULATE THE AMOUNT OF
3 THE CREDIT THAT THE OWNER WILL RECEIVE FOR THE TAX YEAR IN WHICH
4 THE INDUSTRIAL STUDY IS COMPLETED OR THE GREENHOUSE GAS
5 EMISSIONS REDUCTION IMPROVEMENTS ARE PLACED IN SERVICE.

6 (II) THE OFFICE MAY ON A CASE BY CASE BASIS DETERMINE THAT
7 THE APPLICABLE PERCENTAGE MAY BE INCREASED TO AN AMOUNT NOT TO
8 EXCEED FIFTY PERCENT UPON REQUEST BY AN OWNER FOR GREENHOUSE
9 GAS EMISSIONS REDUCTION IMPROVEMENTS THAT HAVE SIGNIFICANT
10 POTENTIAL TO SIGNIFICANTLY ADVANCE REDUCTIONS IN GREENHOUSE GAS
11 EMISSIONS BUT MAY NOT BE IN THE COMMERCIAL STAGE OF
12 DEVELOPMENT. IN EVALUATING SUCH A REQUEST, THE OFFICE MAY USE
13 UNITED STATES DEPARTMENT OF ENERGY TECHNOLOGY READINESS LEVEL
14 CRITERIA, SCIENTIFIC LITERATURE DETAILING POTENTIAL
15 DECARBONIZATION IMPACTS OF PROPOSED TECHNOLOGY, OR SUBSEQUENT
16 LITERATURE ON TECHNOLOGY RESULTS TO DATE TO DETERMINE WHETHER
17 THE REQUESTED INCREASE OF THE APPLICABLE PERCENTAGE SUFFICIENTLY
18 SATISFIES THE OFFICE'S CRITERIA TO JUSTIFY THE INCREASE.

19 (c) AN OWNER THAT CLAIMS THE CREDIT ALLOWED BY THIS
20 SECTION CANNOT CLAIM THE CREDIT ALLOWED BY SECTION 39-30-104
21 WITH RESPECT TO THE GREENHOUSE GAS EMISSIONS REDUCTION
22 IMPROVEMENTS OR APPLY FOR GRANT MONEY UNDER THE INDUSTRIAL AND
23 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CREATED IN
24 SECTION 24-38.5-116 (3)(a).

25 (4) **Office to develop standards.** (a) THE OFFICE SHALL DEVELOP
26 STANDARDS FOR THE APPROVAL OF INDUSTRIAL FACILITIES AS QUALIFIED
27 INDUSTRIAL FACILITIES FOR WHICH A TAX CREDIT UNDER THIS SECTION IS

1 ALLOWED TO AN OWNER.

2 (b) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL
3 OF INDUSTRIAL STUDIES, FOR THE APPROVAL OF AN INDUSTRIAL FACILITY
4 OWNER'S GREENHOUSE GAS EMISSIONS REDUCTION PLAN, FOR CERTIFYING
5 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS, INCLUDING
6 VERIFICATION OF REDUCTION IN GREENHOUSE GAS EMISSIONS, AND FOR
7 REVIEWING THE COST CERTIFICATIONS FOR THE COSTS OF THE INDUSTRIAL
8 STUDY AND THE COSTS RELATED TO THE IMPLEMENTATION OF A
9 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS PLAN. THE
10 STANDARDS THAT ARE ADOPTED PURSUANT TO THIS SUBSECTION (4)(b),
11 MUST PROVIDE THAT A PLAN PROPOSE GREENHOUSE GAS EMISSIONS
12 REDUCTION IMPROVEMENTS THAT LEAD TO DIRECT REDUCTIONS THROUGH
13 PROJECT IMPLEMENTATION.

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

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

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

19 (a) AN OWNER THAT INTENDS TO CLAIM A CREDIT PURSUANT TO
20 SUBSECTION (3)(a)(I) OF THIS SECTION SHALL SUBMIT TO THE OFFICE AN
21 APPLICATION ON A FORM PRESCRIBED BY THE OFFICE AND ANY
22 DOCUMENTATION THAT THE OFFICE REQUIRES TO DEMONSTRATE THE
23 ANTICIPATED COMPLETION OF AN INDUSTRIAL STUDY IN THE CURRENT OR
24 IN A FUTURE TAX YEAR, INCLUDING THE COST OF THE INDUSTRIAL STUDY
25 AND THE AMOUNT OF CREDIT REQUESTED.

26 (b) AN OWNER THAT INTENDS TO CLAIM A TAX CREDIT PURSUANT
27 TO SUBSECTION (3)(a)(II) OF THIS SECTION SHALL SUBMIT TO THE OFFICE

1 AN APPLICATION AND PLAN AS SET FORTH IN THE STANDARDS DEVELOPED
2 BY THE OFFICE. THE OFFICE SHALL PRESCRIBE A FORM FOR THE
3 APPLICATION, WHICH MUST INCLUDE A PLACE FOR OWNERS TO PROVIDE
4 THE FOLLOWING INFORMATION:

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

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

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

11 (IV) FOR CARBON MANAGEMENT PROJECTS, NET REDUCTIONS IN
12 GREENHOUSE GAS EMISSIONS;

13 (V) ESTIMATED DOLLAR SAVINGS;

14 (VI) ESTIMATED DOLLARS LEVERAGED, INCLUDING ANY PRIVATE
15 INVESTMENT, STATE GRANT FUNDING, AND FEDERAL GRANTS OR TAX
16 CREDITS;

17 (VII) THE TYPE AND AGE OF EQUIPMENT BEING REPLACED, IF
18 APPLICABLE;

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

21 (IX) THE AMOUNT OF CREDIT REQUESTED; AND

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

24 (c) (I) THE OFFICE SHALL ACCEPT APPLICATIONS THROUGH JUNE
25 30, 2024, AND SEMI-ANNUALLY THROUGH EACH JUNE 30 AND DECEMBER
26 31 THEREAFTER, THROUGH JUNE 30, 2032.

27 (II) (A) THE OFFICE SHALL REVIEW APPLICATIONS AND

1 DOCUMENTATION RELATED TO INDUSTRIAL STUDIES TO BE CONDUCTED OR
2 PLANS FOR GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS AT
3 A QUALIFIED INDUSTRIAL FACILITY TO DETERMINE THAT THE APPLICATION,
4 DOCUMENTATION, AND PLAN, IF APPLICABLE, ARE COMPLETE AND IN
5 COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION AND THE
6 STANDARDS ESTABLISHED BY THE OFFICE.

7 (B) IF THE OFFICE DETERMINES THAT THE APPLICATION,
8 DOCUMENTATION, AND PLAN, IF APPLICABLE, ARE COMPLETE AND IN
9 COMPLIANCE, THE OFFICE SHALL ADD THE APPLICATION TO AN
10 EVALUATION POOL FOR THE APPLICATION PERIOD.

11 (C) IF THE OFFICE DETERMINES THAT THE APPLICATION IS
12 INCOMPLETE OR THAT IT DOES NOT COMPLY WITH THE REQUIREMENTS OF
13 THIS SECTION OR THE STANDARDS ESTABLISHED BY THE OFFICE, THE
14 OFFICE SHALL REMOVE THE APPLICATION FROM THE REVIEW PROCESS AND
15 NOTIFY THE OWNER IN WRITING OF ITS DECISION. AN OWNER MAY
16 RESUBMIT A DISAPPROVED APPLICATION, DOCUMENTATION, AND PLAN, IF
17 APPLICABLE, TO BE EVALUATED IN A FUTURE APPLICATION PERIOD.

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

25 (II) BASED UPON THE TOTALITY OF THE FACTORS SET FORTH IN
26 SUBSECTION (6)(c) OF THIS SECTION, THE OFFICE MAY ADJUST THE
27 APPLICABLE PERCENTAGE AS PROVIDED IN SUBSECTION (3)(b)(II) OF THIS

1 SECTION AND RESERVE FOR THE BENEFIT OF EACH OWNER ALL, PART, OR
2 NONE OF THE CREDIT AMOUNT REQUESTED BY THE OWNER; EXCEPT THAT
3 THE OFFICE SHALL NOT RESERVE AN AMOUNT IN EXCESS OF THE CREDIT
4 ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION, AND THE AGGREGATE
5 AMOUNT OF CREDITS RESERVED FOR ALL OWNERS MAY NOT EXCEED THE
6 RESERVATION LIMITS SET FORTH IN SUBSECTION (8) OF THIS SECTION.

7 (III) THE OFFICE MAY RESERVE CREDITS FOR THE CURRENT OR ANY
8 FUTURE TAX YEAR BASED UPON THE ANTICIPATED COMPLETION OR IN
9 SERVICE DATE INDICATED IN THE APPLICATION; EXCEPT THAT CREDITS
10 MAY NOT BE RESERVED FOR AN INDUSTRIAL STUDY COMPLETED OR FOR
11 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS PLACED IN
12 SERVICE PRIOR TO THE END OF THE APPLICATION PERIOD. THE OFFICE
13 SHALL NOT RESERVE TAX CREDITS FOR ANY TAX YEAR BEGINNING ON OR
14 AFTER JANUARY 1, 2033.

15 (b) (I) IF THE OFFICE RESERVES CREDITS FOR THE BENEFIT OF AN
16 OWNER UNDER SUBSECTION (6)(a) OF THIS SECTION, THE OFFICE SHALL
17 NOTIFY THE OWNER OF THE RESERVATION AND THE AMOUNT RESERVED.
18 THE RESERVATION OF TAX CREDITS DOES NOT ENTITLE THE OWNER TO AN
19 ISSUANCE OF ANY TAX CREDIT CERTIFICATES UNTIL THE OWNER COMPLIES
20 WITH ALL OF THE REQUIREMENTS SPECIFIED IN THIS SECTION, OR BY THE
21 OFFICE, FOR THE ISSUANCE OF A TAX CREDIT CERTIFICATE.

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

25 (III) IF THE OFFICE RESERVES LESS THAN THE FULL AMOUNT OF
26 CREDIT REQUESTED BY THE OWNER, THE OWNER MAY SUBMIT A NEW
27 APPLICATION FOR THE REMAINING BALANCE UP TO THE AMOUNT OF CREDIT

1 ALLOWED BY SUBSECTION (3)(a) OF THIS SECTION IN A FUTURE
2 APPLICATION PERIOD.

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

8 (II) THE OFFICE SHALL CONSIDER:

9 (A) ADDITIONAL RESOURCES LEVERAGED BY THE OWNER TO
10 CONDUCT THE INDUSTRIAL STUDY OR IMPLEMENT THE PLAN; AND

11 (B) THE LOCATION OF THE INDUSTRIAL FACILITY THAT IS THE
12 SUBJECT OF THE INDUSTRIAL STUDY OR THE PLAN, IN PARTICULAR IF THE
13 LOCATION IS IN A DISPROPORTIONATELY IMPACTED COMMUNITY OR WITHIN
14 A NON-ATTAINMENT AREA.

15 (III) IN ADDITION TO THE FACTORS SET FORTH IN SUBSECTION
16 (6)(c)(II) OF THIS SECTION, FOR AN APPLICATION THAT IS REQUESTING A
17 RESERVATION OF CREDIT FOR THE CREDIT ALLOWED PURSUANT TO
18 SUBSECTION (3)(a)(II) OF THIS SECTION, THE OFFICE SHALL ALSO
19 CONSIDER:

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

23 (B) ANY CO-BENEFITS OF A PROJECT THAT WILL IMPLEMENT THE
24 PLAN;

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

27 (D) THE INNOVATIVE NATURE OF THE PLAN AND PROPOSED

1 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS.

2 **(7) Proof of compliance - audit of cost certification - issuance**
3 **of tax credit certificate.** (a) ANY OWNER RECEIVING A RESERVATION OF
4 TAX CREDITS UNDER SUBSECTION (6) OF THIS SECTION FOR CREDITS
5 ALLOWED PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION SHALL
6 COMPLETE THE APPROVED INDUSTRIAL STUDY OR PUT THE APPROVED
7 GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS IDENTIFIED IN
8 THE PLAN IN SERVICE DURING THE TAX YEAR FOR WHICH THE
9 RESERVATION IS APPROVED. WHEN THE APPROVED INDUSTRIAL STUDY IS
10 COMPLETE OR THE APPROVED GREENHOUSE GAS EMISSIONS REDUCTION
11 IMPROVEMENTS ARE PLACED IN SERVICE, THE OWNER SHALL NOTIFY THE
12 OFFICE OF THE COMPLETION OF THE INDUSTRIAL STUDY OR PLAN AND
13 SHALL PROVIDE THE OFFICE WITH A COST CERTIFICATION OF THE COSTS
14 FOR THE APPROVED INDUSTRIAL STUDY OR APPROVED GREENHOUSE GAS
15 EMISSIONS REDUCTION IMPROVEMENTS. THE COST CERTIFICATION MUST
16 BE AUDITED BY A LICENSED CERTIFIED PUBLIC ACCOUNTANT THAT IS NOT
17 AFFILIATED WITH THE OWNER. THE OFFICE SHALL REVIEW THE COST
18 CERTIFICATION AND VERIFY THAT IT SATISFIES THE INFORMATION
19 PROVIDED IN THE OWNER'S APPLICATION, INCLUDING, IF APPLICABLE, THE
20 PLAN, WITHIN NINETY DAYS AFTER RECEIPT OF THE COST CERTIFICATION.
21 IF THE OFFICE DETERMINES THAT THE INDUSTRIAL STUDY IS COMPLETE OR
22 THAT THE PLAN IS COMPLETE AND THAT THE GREENHOUSE GAS EMISSIONS
23 REDUCTION IMPROVEMENTS HAVE BEEN PLACED IN SERVICE, AND THE
24 OFFICE APPROVES THE COST CERTIFICATION, THE OFFICE SHALL ISSUE A
25 TAX CREDIT CERTIFICATE IN THE AMOUNT ALLOWED PURSUANT TO
26 SUBSECTION (3) OF THIS SECTION.

27 (b) NOTWITHSTANDING SUBSECTION (7)(a) OF THIS SECTION, THE

1 TOTAL AMOUNT OF THE INITIAL TAX CREDIT CERTIFICATE ISSUED FOR AN
2 INDUSTRIAL STUDY OR CERTIFIED GREENHOUSE GAS EMISSIONS REDUCTION
3 IMPROVEMENT **MUST** NOT EXCEED THE AMOUNT OF THE TAX CREDIT
4 RESERVATION APPROVED PURSUANT TO SUBSECTION (6)(a) OF THIS
5 SECTION.

6 (c) IF THE AMOUNT OF CERTIFIED COSTS INCURRED BY THE OWNER
7 WOULD RESULT IN AN OWNER BEING ISSUED AN AMOUNT THAT EXCEEDS
8 THE AMOUNT OF TAX CREDIT RESERVED FOR THE OWNER UNDER
9 SUBSECTION (6) OF THIS SECTION, THE OWNER MAY APPLY TO THE OFFICE
10 FOR THE ISSUANCE OF AN AMOUNT OF TAX CREDITS THAT EQUALS THE
11 EXCESS. THE OWNER **SHALL** SUBMIT ITS APPLICATION FOR ISSUANCE OF
12 SUCH EXCESS TAX CREDITS ON A FORM PRESCRIBED BY THE OFFICE. THE
13 OFFICE SHALL REVIEW THE APPLICATION FOR AN ADDITIONAL TAX CREDIT
14 AMOUNT IN THE SAME MANNER IT REVIEWS ALL OTHER APPLICATIONS AND
15 IN ACCORDANCE WITH SUBSECTION (6)(a) OF THIS SECTION. SUBJECT TO
16 THE AVAILABILITY OF TAX CREDITS FOR THE APPLICATION PERIOD DURING
17 WHICH THE OWNER APPLIES FOR THE ADDITIONAL CREDIT AWARD
18 PURSUANT TO THIS SUBSECTION (7)(c), THE OFFICE MAY APPROVE THE
19 APPLICATION AND SHALL ISSUE A SEPARATE CERTIFICATE.

20 (8) **Limit on aggregate amount of tax credits available to be**
21 **reserved.** (a) FOR THE APPLICATION PERIOD ENDING **JUNE 30, 2024**, AND
22 FOR EACH SEMI-ANNUAL APPLICATION PERIOD COMMENCING ON OR AFTER
23 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2029, THE AGGREGATE
24 AMOUNT OF ALL TAX CREDITS THAT MAY BE RESERVED UNDER
25 SUBSECTION (6)(a) OF THIS SECTION AND AWARDED UNDER SUBSECTION
26 (7)(c) OF THIS SECTION MUST NOT EXCEED TEN MILLION DOLLARS. FOR
27 APPLICATION PERIODS COMMENCING ON OR AFTER JANUARY 1, 2029, BUT

1 BEFORE JUNE 30, 2032, THE AGGREGATE AMOUNT OF ALL TAX CREDITS
2 THAT MAY BE RESERVED UNDER SUBSECTION (6)(a) OF THIS SECTION MUST
3 NOT EXCEED TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS.

4 (b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a) OF
5 THIS SECTION, THE OFFICE MAY INCREASE THE PERIODIC AGGREGATE
6 AMOUNT OF TAX CREDITS AVAILABLE FOR THE APPLICATION PERIOD
7 ENDING DECEMBER 31, 2023, AND FOR ANY SEMI-ANNUAL APPLICATION
8 PERIOD COMMENCING ON OR AFTER JANUARY 1, 2024, BUT BEFORE
9 JANUARY 1, 2029. IF SO INCREASED, THE OFFICE SHALL DECREASE
10 ACCORDINGLY THE AMOUNT OF TAX CREDITS AVAILABLE FOR THE
11 APPLICATION PERIODS COMMENCING ON OR AFTER JANUARY 1, 2029, BUT
12 BEFORE JUNE 30, 2032.

13 (c) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (8)(a) OF
14 THIS SECTION, IF THE AGGREGATE AMOUNT OF ALL TAX CREDITS RESERVED
15 PURSUANT TO SUBSECTION (6)(a) OF THIS SECTION AND AWARDED
16 PURSUANT TO SUBSECTION (7)(c) OF THIS SECTION FOR AN APPLICATION
17 PERIOD IS LESS THAN THE AMOUNT AVAILABLE UNDER SUBSECTIONS (8)(a)
18 AND (8)(b) OF THIS SECTION, THEN THE AGGREGATE AMOUNT OF ALL TAX
19 CREDITS THAT MAY BE RESERVED AND AWARDED IN THE NEXT
20 APPLICATION PERIOD IS INCREASED BY THE UNRESERVED AND UNAWARDED
21 AMOUNT.

22 (9) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
23 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
24 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
25 AN ELECTRONIC REPORT OF EACH OWNER TO WHICH THE OFFICE HAS
26 ISSUED A TAX CREDIT CERTIFICATE, AS ALLOWED IN SUBSECTION (7) OF
27 THIS SECTION, FOR THE PRECEDING TAX YEAR THAT INCLUDES THE

1 FOLLOWING INFORMATION:

2 (a) THE TAXPAYER'S NAME;

3 (b) THE AMOUNT OF THE CREDIT; AND

4 (c) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
5 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
6 IDENTIFICATION NUMBER.

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

12 (b) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY
13 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX
14 CREDIT ALLOWED IN THIS SECTION IN MEETING THE PURPOSE SET FORTH IN
15 SUBSECTION (1)(a) OF THIS SECTION AND SHALL PROVIDE THIS
16 INFORMATION AND ANY OTHER INFORMATION REQUESTED, IF AVAILABLE,
17 TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S EVALUATION OF
18 THIS TAX EXPENDITURE REQUIRED BY SECTION 39-21-305. INFORMATION
19 PROVIDED BY THE OFFICE TO THE STATE AUDITOR MAY INCLUDE APPROVED
20 INDUSTRIAL STUDIES OR APPROVED PLANS FOR GREENHOUSE GAS
21 EMISSIONS REDUCTION IMPROVEMENTS.

22 (11) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS
23 SECTION, THE OWNER SHALL FILE THE TAX CREDIT CERTIFICATE WITH THE
24 OWNER'S STATE INCOME TAX RETURN. THE AMOUNT OF THE CREDIT THAT
25 THE OWNER MAY CLAIM UNDER THIS SECTION IS THE AMOUNT STATED ON
26 THE TAX CREDIT CERTIFICATE.

27 (12) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE

1 INCOME TAX DUE ON THE INCOME OF THE OWNER FOR THE TAXABLE YEAR,
2 THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND MUST BE
3 REFUNDED TO THE OWNER.

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

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

7 **39-22-550. Tax credit for expenditures made in connection**
8 **with a geothermal energy project - tax preference performance**
9 **statement - definitions - repeal.** (1) (a) IN ACCORDANCE WITH SECTION

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

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

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

25 (a) (I) "APPLICABLE AMOUNT" MEANS, EXCEPT AS PROVIDED IN
26 SUBSECTION (2)(a)(II) OF THIS SECTION, AN AMOUNT OF TAX CREDIT NOT
27 TO EXCEED THIRTY PERCENT OF A QUALIFIED EXPENDITURE BY AN

1 ELIGIBLE TAXPAYER THAT IS ALLOWED PURSUANT TO THIS SECTION AS SET
2 BY THE OFFICE IN ACCORDANCE WITH SUBSECTION (4)(c) OF THIS SECTION.

3 (II) THE OFFICE MAY, ON A CASE-BY-CASE BASIS, DETERMINE THAT
4 THE APPLICABLE AMOUNT MAY BE INCREASED TO AN AMOUNT NOT TO
5 EXCEED FIFTY PERCENT OF A QUALIFIED EXPENDITURE BY AN ELIGIBLE
6 TAXPAYER IF THE OFFICE DETERMINES THAT A GEOTHERMAL ENERGY
7 PROJECT HAS SIGNIFICANT POTENTIAL TO RESULT IN GEOTHERMAL
8 ELECTRICITY PRODUCTION OR TECHNOLOGICAL DEMONSTRATION OF
9 GEOTHERMAL ELECTRICITY PRODUCTION.

10 (b) "APPROVED GEOTHERMAL ENERGY PROJECT" MEANS A
11 GEOTHERMAL ENERGY PROJECT THAT HAS BEEN APPROVED TO RECEIVE
12 QUALIFIED EXPENDITURES BY THE OFFICE PURSUANT TO THE STANDARDS
13 DEVELOPED BY THE OFFICE IN ACCORDANCE WITH SUBSECTION (5) OF THIS
14 SECTION.

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

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

18 (e) "ELIGIBLE TAXPAYER" MEANS A PERSON ENGAGED IN A TRADE
19 OR BUSINESS THAT IS SUBJECT TO TAX PURSUANT TO THIS ARTICLE 22, OR
20 A PERSON OR POLITICAL SUBDIVISION OF THIS STATE THAT IS EXEMPT FROM
21 TAX PURSUANT TO SECTION 39-22-112 (1), THAT MAKES A QUALIFIED
22 EXPENDITURE.

23 (f) "GEOTHERMAL ENERGY PROJECT" OR "PROJECT" MEANS A
24 PROJECT IN THE STATE THAT IS INTENDED TO EVALUATE AND DEVELOP A
25 GEOTHERMAL RESOURCE FOR THE PURPOSE OF ELECTRICITY PRODUCTION,
26 THAT MEETS THE STANDARDS DEVELOPED PURSUANT TO SUBSECTION (5)
27 OF THIS SECTION, AND THAT INVOLVES ANY OF THE FOLLOWING:

- 1 (I) THE EXPLORATION AND DEVELOPMENT OF WELLS;
- 2 (II) DRILLING EXPLORATION AND CONFIRMATION WELLS;
- 3 (III) REPURPOSING OR COPRODUCTION OF EXISTING OIL AND GAS
- 4 WELLS AND INFRASTRUCTURE SO LONG AS THE REPURPOSING OR
- 5 COPRODUCTION DOES NOT CAUSE COMBUSTION OF ADDITIONAL FOSSIL
- 6 FUEL;
- 7 (IV) DRILLING INJECTION WELLS;
- 8 (V) FLOW TESTING;
- 9 (VI) RESERVOIR ENGINEERING;
- 10 (VII) GEOTHERMAL ENERGY STORAGE;
- 11 (VIII) COPRODUCTION OF GEOTHERMAL ENERGY; OR
- 12 (IX) POWER GENERATION EQUIPMENT.

13 (g) "QUALIFIED EXPENDITURE" MEANS THE TOTAL MONETARY
14 COST APPROVED BY THE OFFICE AND EXPENDED ON OR AFTER JANUARY 1,
15 2024, BUT BEFORE JANUARY 1, 2033, BY AN ELIGIBLE TAXPAYER IN
16 CONNECTION WITH AN APPROVED GEOTHERMAL ENERGY PROJECT IN THE
17 TAX YEAR FOR WHICH THE CREDIT ALLOWED IN THIS SECTION IS CLAIMED.

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

24 (b) AN ELIGIBLE TAXPAYER IS NOT ALLOWED A TAX CREDIT
25 PURSUANT TO THIS SECTION IN AN AGGREGATE AMOUNT OF MORE THAN
26 FIVE MILLION DOLLARS IN TAX CREDITS FOR ALL INCOME TAX YEARS FOR
27 WHICH THE TAX CREDIT MAY BE CLAIMED PURSUANT TO THIS SECTION PER

1 APPROVED GEOTHERMAL ENERGY PROJECT.

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

6 (I) INFORMATION SUFFICIENT FOR THE OFFICE TO EVALUATE THE
7 GEOTHERMAL ENERGY PROJECT FOR WHICH THE ELIGIBLE TAXPAYER
8 PROPOSES MAKING AN EXPENDITURE AND TO APPROVE THE PROJECT IF THE
9 PROJECT HAS NOT BEEN PREVIOUSLY APPROVED BY THE OFFICE;

10 (II) INFORMATION RELATED TO THE SPECIFIC COSTS ASSOCIATED
11 WITH THE PROPOSED EXPENDITURE;

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

14 (IV) THE AMOUNT OF CREDIT REQUESTED; AND

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

17 (b) (I) THE OFFICE SHALL ACCEPT APPLICATIONS THROUGH JUNE
18 30, 2024, AND SEMI-ANNUALLY THROUGH EACH JUNE 30 AND DECEMBER
19 31 THEREAFTER, THROUGH JUNE 30, 2032.

20 (II) (A) THE OFFICE SHALL REVIEW APPLICATIONS AND
21 DOCUMENTATION PROVIDED PURSUANT TO SUBSECTION (4)(a) OF THIS
22 SECTION TO DETERMINE WHETHER THE APPLICATION AND
23 DOCUMENTATION ARE COMPLETE AND IN COMPLIANCE WITH THE
24 REQUIREMENTS OF THIS SECTION AND THE STANDARDS ESTABLISHED BY
25 THE OFFICE.

26 (B) IF THE OFFICE DETERMINES THAT THE APPLICATION AND
27 DOCUMENTATION ARE COMPLETE AND IN COMPLIANCE WITH THE

1 REQUIREMENTS OF THIS SECTION AND THE STANDARDS ESTABLISHED BY
2 THE OFFICE, THE OFFICE SHALL ADD THE APPLICATION TO THE EVALUATION
3 POOL FOR THE APPLICATION PERIOD.

4 (C) IF THE OFFICE DETERMINES THAT THE APPLICATION OR
5 DOCUMENTATION, OR BOTH, ARE NOT COMPLETE OR DO NOT COMPLY WITH
6 THE REQUIREMENTS OF THIS SECTION OR THE STANDARDS ESTABLISHED BY
7 THE OFFICE, THE OFFICE SHALL REMOVE THE APPLICATION FROM THE
8 REVIEW PROCESS AND NOTIFY THE TAXPAYER IN WRITING OF ITS DECISION.
9 A TAXPAYER MAY RESUBMIT A DISAPPROVED APPLICATION AND
10 DOCUMENTATION TO BE EVALUATED IN A FUTURE APPLICATION PERIOD.

11 (c) (I) (A) FOR EACH APPLICATION PERIOD, THE OFFICE SHALL
12 CONDUCT A MERIT-BASED EVALUATION OF THE APPLICATION IN THE
13 EVALUATION POOL. THE OFFICE SHALL COMPLETE ITS REVIEW AND AWARD
14 RESERVATIONS WITHIN NINETY DAYS AFTER THE END OF THE APPLICATION
15 PERIOD.

16 (B) BASED UPON THE TOTALITY OF THE FACTORS SET FORTH IN
17 SUBSECTION (4)(d) OF THIS SECTION AND BASED ON CONSIDERATIONS
18 REQUIRED FOR GEOTHERMAL ENERGY PROJECTS AS SET FORTH IN
19 SUBSECTION (5) OF THIS SECTION, WHICH THE OFFICE MAY WEIGH
20 EQUALLY OR DIFFERENTLY, THE OFFICE SHALL DETERMINE AN APPLICABLE
21 AMOUNT OF CREDIT THAT MAY BE RESERVED FOR THE BENEFIT OF THE
22 ELIGIBLE TAXPAYER WHICH MAY BE ALL, PART, OR NONE OF THE CREDIT
23 AMOUNT REQUESTED IN THE ELIGIBLE TAXPAYER'S APPLICATION; EXCEPT
24 THAT THE OFFICE SHALL NOT RESERVE AN AMOUNT IN EXCESS OF THE
25 LIMITATIONS SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION, AND THE
26 AGGREGATE AMOUNT OF CREDITS RESERVED FOR ALL OWNERS MUST NOT
27 EXCEED THIRTY-FIVE MILLION DOLLARS FOR ALL TAXPAYERS IN ALL YEARS

1 THE CREDIT IS ALLOWED.

2 (C) THE OFFICE MAY RESERVE CREDITS FOR THE CURRENT OR ANY
3 FUTURE TAX YEAR BASED UPON THE ANTICIPATED TIMING OF THE
4 EXPENDITURE; EXCEPT THAT CREDITS MAY NOT BE RESERVED FOR AN
5 EXPENDITURE THAT IS MADE PRIOR TO THE END OF THE APPLICATION
6 PERIOD. THE OFFICE SHALL NOT RESERVE CREDITS FOR ANY TAX YEAR
7 BEGINNING ON OR AFTER JANUARY 1, 2033.

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

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

15 (C) IF THE OFFICE RESERVES LESS THAN THE FULL AMOUNT OF
16 CREDIT REQUESTED BY THE TAXPAYER, THE TAXPAYER MAY SUBMIT A
17 NEW APPLICATION FOR THE REMAINING BALANCE UP TO THE LIMITATION
18 OF THE CREDIT SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION.

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

23 (I) THE WORKFORCE DEVELOPMENT AND GEOTHERMAL SECTOR
24 GROWTH THAT THE EXPENDITURE IN THE PROJECT WILL PROMOTE,
25 INCLUDING SUPPORTING WORKFORCE TRANSITION;

26 (II) WHETHER THE PROJECT THE EXPENDITURE IS MADE IN
27 CONNECTION WITH DEMONSTRATES EFFECTIVE AND UNIQUE TECHNOLOGY

1 AND CIRCUMSTANCES THAT ARE SUPPORTED BY PUBLIC OUTREACH AND
2 EDUCATION;

3 (III) DEMONSTRATION OF COMMUNITY RESILIENCE THROUGH
4 UTILIZATION OF GEOTHERMAL ENERGY IN SUPPORT OF BUILDING HEATING
5 AND COOLING DECARBONIZATION AND ENHANCEMENT OF ELECTRIC GRID
6 RESILIENCY, INCLUDING FOR DISPATCHABILITY AND ENERGY STORAGE,
7 ESPECIALLY FOR RURAL OR ISOLATED COMMUNITIES; AND

8 (IV) WHETHER THE PROJECT THE EXPENDITURE IS MADE IN
9 CONNECTION WITH SERVES A DISPROPORTIONATELY IMPACTED
10 COMMUNITY OR A JUST TRANSITION COMMUNITY OR IS WITHIN A
11 NON-ATTAINMENT AREA.

12 (e) THE RESERVATION OF TAX CREDITS DOES NOT ENTITLE AN
13 ELIGIBLE TAXPAYER TO AN ISSUANCE OF ANY CREDITS UNTIL THE ELIGIBLE
14 TAXPAYER PROVIDES THE OFFICE WITH ANY DOCUMENTATION REQUIRED
15 BY THE OFFICE AND A COST CERTIFICATION OF THE EXPENDITURE MADE IN
16 CONNECTION WITH AN APPROVED GEOTHERMAL ENERGY PROJECT DURING
17 THE TAX YEAR IN WHICH THE RESERVATION IS APPROVED. THE COST
18 CERTIFICATION MUST BE AUDITED BY A LICENSED PUBLIC ACCOUNTANT
19 THAT IS NOT AFFILIATED WITH THE ELIGIBLE TAXPAYER. THE OFFICE SHALL
20 REVIEW THE COST CERTIFICATION TO VERIFY THAT IT SATISFIES THE
21 INFORMATION PROVIDED IN THE ELIGIBLE TAXPAYER'S APPLICATION. IF
22 THE OFFICE DETERMINES THAT THE ELIGIBLE TAXPAYER MADE A
23 QUALIFIED EXPENDITURE, THE OFFICE SHALL ISSUE A TAX CREDIT
24 CERTIFICATE IN THE APPLICABLE AMOUNT.

25 (5) THE OFFICE SHALL DEVELOP STANDARDS FOR THE
26 IMPLEMENTATION OF THE TAX CREDIT ALLOWED PURSUANT TO THIS
27 SECTION. ANY STANDARDS DEVELOPED BY THE OFFICE MUST BE POSTED

1 ON THE OFFICE'S WEBSITE. AT A MINIMUM, THE STANDARDS MUST PROVIDE
2 FOR THE EVALUATION AND APPROVAL OF GEOTHERMAL ENERGY PROJECTS
3 AND REQUIRE THE OFFICE TO CONSIDER WHETHER THE PROJECT:

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

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

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

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

20 (b) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
21 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
22 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
23 AN ELECTRONIC REPORT OF EACH ELIGIBLE TAXPAYER TO WHICH THE
24 OFFICE ISSUED A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR
25 THAT INCLUDES THE FOLLOWING INFORMATION:

26 (I) THE TAXPAYER'S NAME;

27 (II) THE AMOUNT OF THE CREDIT; AND

1 (III) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
2 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
3 IDENTIFICATION NUMBER.

4 (7) AN ELIGIBLE TAXPAYER THAT CLAIMS THE CREDIT ALLOWED BY
5 THIS SECTION MAY NOT CLAIM THE CREDIT ALLOWED BY SECTION
6 39-30-104 WITH RESPECT TO THE QUALIFIED EXPENDITURE.

7 (8) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION,
8 AN ELIGIBLE TAXPAYER SHALL FILE THE TAX CREDIT CERTIFICATE WITH
9 THE QUALIFIED ENTITY'S STATE INCOME TAX RETURN AND, IF THE
10 ELIGIBLE TAXPAYER IS EXEMPT FROM TAX PURSUANT TO SECTION
11 39-22-112 (1), THE ELIGIBLE TAXPAYER SHALL FILE A RETURN PURSUANT
12 TO SECTION 39-22-601 (7)(b). THE AMOUNT OF THE CREDIT THAT THE
13 ELIGIBLE TAXPAYER MAY CLAIM PURSUANT TO THIS SECTION IS THE
14 AMOUNT STATED ON THE TAX CREDIT CERTIFICATE.

15 (9) IF A CREDIT AUTHORIZED IN THIS SECTION EXCEEDS THE
16 INCOME TAX DUE ON THE INCOME OF THE ELIGIBLE TAXPAYER FOR THE
17 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
18 MUST BE REFUNDED TO THE ELIGIBLE TAXPAYER.

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

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

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

24 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES
25 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX
26 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
27 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND

1 DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS
2 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS
3 AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN
4 BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL INCENTIVE FOR
5 PRODUCTION OF GEOTHERMAL ELECTRICITY GENERATION AND RELATED
6 INFRASTRUCTURE.

7 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
8 MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE
9 SPECIFIED IN SUBSECTION (1)(a) OF THIS SECTION BASED ON THE
10 INFORMATION REQUIRED TO BE MAINTAINED BY AND REPORTED TO THE
11 STATE AUDITOR BY THE OFFICE PURSUANT TO SUBSECTION (4)(b)(I) OF
12 THIS SECTION AND BASED ON THE NUMBER AND VALUE OF THE CREDITS
13 CLAIMED.

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

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

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

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

25 (3) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
26 1, 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED ENTITY IS ALLOWED
27 A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN

1 AMOUNT EQUAL TO THREE ONE-THOUSANDTHS OF A DOLLAR PER
2 KILOWATT HOUR OF GEOTHERMAL ELECTRICITY THAT IS PRODUCED BY THE
3 QUALIFIED ENTITY IN THE STATE IN THE TAX YEAR. IN ORDER TO CLAIM
4 THE CREDIT, THE QUALIFIED ENTITY SHALL APPLY FOR AND RECEIVE A TAX
5 CREDIT CERTIFICATE FROM THE OFFICE PURSUANT TO SUBSECTION (4) OF
6 THIS SECTION; EXCEPT THAT THE OFFICE MAY NOT ISSUE A TAX CREDIT
7 CERTIFICATE TO A QUALIFIED ENTITY TOTALING MORE THAN ONE MILLION
8 DOLLARS PER INCOME TAX YEAR.

9 (4) (a) A QUALIFIED ENTITY SHALL SUBMIT AN APPLICATION TO
10 THE OFFICE FOR A TAX CREDIT CERTIFICATE TO CLAIM THE TAX CREDIT
11 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY
12 THE OFFICE. THE APPLICATION MUST INCLUDE SUFFICIENT INFORMATION
13 TO ALLOW THE OFFICE TO DETERMINE THAT THE APPLICANT IS A QUALIFIED
14 ENTITY AND TO CERTIFY THE AMOUNT OF THE TAX CREDIT FOR WHICH THE
15 TAX CREDIT CERTIFICATE IS APPLIED.

16 (b) (I) THE OFFICE SHALL MAINTAIN A DATABASE OF ANY
17 INFORMATION NECESSARY TO EVALUATE THE EFFECTIVENESS OF THE TAX
18 CREDIT ALLOWED BY THIS SECTION IN MEETING THE PURPOSE SET FORTH
19 IN SUBSECTION (1)(a) OF THIS SECTION, AND SHALL PROVIDE SUCH
20 INFORMATION, AND ANY OTHER INFORMATION THAT MAY BE NEEDED, IF
21 AVAILABLE, TO THE STATE AUDITOR AS PART OF THE STATE AUDITOR'S
22 EVALUATION OF THIS TAX EXPENDITURE PURSUANT TO SECTION
23 39-21-305.

24 (II) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
25 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE INCOME
26 TAX CREDIT ALLOWED IN THIS SECTION, PROVIDE THE DEPARTMENT WITH
27 AN ELECTRONIC REPORT OF EACH QUALIFIED ENTITY TO WHICH THE OFFICE

1 ISSUES A TAX CREDIT CERTIFICATE FOR THE PRECEDING TAX YEAR THAT
2 INCLUDES THE FOLLOWING INFORMATION:

3 (A) THE TAXPAYER'S NAME;

4 (B) THE AMOUNT OF THE CREDIT; AND

5 (C) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
6 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
7 IDENTIFICATION NUMBER.

8 (5) IN ORDER TO CLAIM THE CREDIT AUTHORIZED BY THIS SECTION,
9 THE QUALIFIED ENTITY SHALL FILE THE TAX CREDIT CERTIFICATE WITH THE
10 QUALIFIED ENTITY'S STATE INCOME TAX RETURN AND, IF THE QUALIFIED
11 ENTITY IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1), THE
12 QUALIFIED ENTITY SHALL FILE A RETURN PURSUANT TO SECTION 39-22-601
13 (7)(b). THE AMOUNT OF THE CREDIT THAT THE QUALIFIED ENTITY MAY
14 CLAIM PURSUANT TO THIS SECTION IS THE AMOUNT STATED ON THE TAX
15 CREDIT CERTIFICATE.

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

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

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

23 **39-22-552. Heat pump technology and thermal energy**
24 **network tax credit - tax preference performance statement -**
25 **definitions - repeal.** (1) (a) IN ACCORDANCE WITH SECTION 39-21-304
26 (1), WHICH REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE
27 TO INCLUDE A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A

1 STATUTORY LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS
2 AND DECLARES THAT THE PURPOSE OF THE TAX CREDIT PROVIDED IN THIS
3 SECTION IS TO INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS
4 AND TO PROVIDE A REDUCTION IN INCOME TAX LIABILITY FOR CERTAIN
5 BUSINESSES OR INDIVIDUALS BY PROVIDING A FINANCIAL INCENTIVE FOR
6 THE INSTALLATION OF HEAT PUMP TECHNOLOGY AND THE USE OF HEAT
7 PUMP TECHNOLOGY AND THERMAL ENERGY NETWORKS.

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

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

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

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

17 (B) HAS A VARIABLE SPEED COMPRESSOR; AND

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

21 (II) "AIR-SOURCE HEAT PUMP SYSTEM" MAY INCLUDE
22 SUPPLEMENTAL HEAT SO LONG AS:

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

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

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

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

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

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

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

(f) (I) "GROUND-SOURCE HEAT PUMP SYSTEM" MEANS A SYSTEM THAT:

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

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

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

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

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

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

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

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9 (III) "GROUND-SOURCE HEAT PUMP SYSTEM" INCLUDES
10 MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE OPERATION
11 OF A GROUND-SOURCE HEAT PUMP, INCLUDING AN UPGRADED ELECTRICAL
12 PANEL IF NECESSARY.

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

15 (g) "HEAT PUMP TECHNOLOGY" MEANS AN AIR-SOURCE HEAT PUMP
16 SYSTEM, GROUND-SOURCE HEAT PUMP SYSTEM, WATER-SOURCE HEAT
17 PUMP SYSTEM, VARIABLE REFRIGERANT FLOW HEAT PUMP SYSTEM, ANY
18 COMBINATION OF THESE SYSTEMS, OR A HEAT PUMP WATER HEATER.

19 (h) (I) "HEAT PUMP WATER HEATER" MEANS AN ELECTRIC WATER
20 HEATER THAT USES HEAT PUMP TECHNOLOGY TO TRANSFER HEAT FROM
21 THE SURROUNDING AIR TO WATER IN A TANK AND THAT IS CERTIFIED
22 PURSUANT TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY'S
23 ENERGY STAR PROGRAM.

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

25 (A) AN ELECTRIC RESISTANCE HEATING ELEMENT; AND

26 (B) MECHANICAL AND ELECTRICAL EQUIPMENT CENTRAL TO THE
27 OPERATION OF A HEAT PUMP WATER HEATER, INCLUDING AN UPGRADED

1 ELECTRICAL PANEL IF NECESSARY.

2 (i) "LIST" MEANS THE LIST OF ELIGIBLE TAXPAYERS CREATED BY
3 THE OFFICE AS SPECIFIED IN SUBSECTION (5) OF THIS SECTION.

4 (j) "MULTIFAMILY PROPERTY" MEANS A BUILDING WITH MULTIPLE
5 SEPARATE HOUSING UNITS FOR RESIDENTIAL INHABITANTS INCLUDING A
6 RESIDENTIAL BUILDING THAT IS A DUPLEX, TRIPLEX, OR MULTI-STRUCTURE
7 OF FOUR OR MORE UNITS.

8 (k) "TAXPAYER" MEANS A PERSON SUBJECT TO TAX PURSUANT TO
9 THIS ARTICLE 22 OR A PERSON OR POLITICAL SUBDIVISION OF THIS STATE
10 THAT IS EXEMPT FROM TAX PURSUANT TO SECTION 39-22-112 (1).

11 (l) (I) "THERMAL ENERGY" MEANS PIPED, NONCOMBUSTIBLE
12 FLUIDS USED FOR ADDING OR REMOVING HEAT FROM BUILDINGS FOR THE
13 PURPOSE OF EFFICIENT BUILDING TEMPERATURE CONTROL AND DOMESTIC
14 HOT WATER, INCLUDING SPACE HEATING AND COOLING AND
15 REFRIGERATION.

16 (II) "THERMAL ENERGY" INCLUDES METHODS OF EXCHANGING THE
17 PIPED, NONCOMBUSTIBLE FLUIDS THROUGH THE GROUND, WASTEWATER
18 TREATMENT FACILITIES, OR OTHER SOURCES THAT ACHIEVE DESIRED FLUID
19 TEMPERATURES; EXCEPT THAT ANY METHOD OF EXCHANGING THE PIPED,
20 NONCOMBUSTIBLE FLUIDS MUST NOT:

21 (A) CAUSE COMBUSTION OF ADDITIONAL FOSSIL FUEL; OR

22 (B) BE DERIVED FROM A SYSTEM FOR WHICH THE PRIMARY
23 PURPOSE IS TO GENERATE ELECTRICITY, INCLUDING ANY PROCESS
24 INVOLVING ENGINE-DRIVEN GENERATION.

25 (m) "THERMAL ENERGY NETWORK":

26 (I) MEANS ALL REAL ESTATE, FIXTURES, AND PERSONAL PROPERTY
27 THAT ARE OPERATED, OWNED, USED, OR INTENDED TO BE USED FOR, IN

1 CONNECTION WITH OR TO FACILITATE, A DISTRIBUTION INFRASTRUCTURE
2 PROJECT THAT SUPPLIES THERMAL ENERGY TO TWO OR MORE BUILDINGS
3 THAT ARE NOT A CAMPUS OR TO ONE OR MORE BUILDINGS THAT ARE
4 MULTIFAMILY RESIDENCES WITH CENTRAL BUILDING HEATING AND
5 COOLING OR WATER HEATING SYSTEMS AND THAT ASSIST IN REDUCING
6 GREENHOUSE GAS EMISSIONS IN THE STATE;

7 (II) CONSISTS OF PIPE LOOPS BETWEEN MULTIPLE BUILDINGS AND
8 ENERGY SOURCES CARRYING PIPED, NONCOMBUSTIBLE FLUIDS AT
9 AMBIENT TEMPERATURE;

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

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

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

20 (o) (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 (p) (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 OR
18 DEVELOPS, THROUGH PURCHASE AND INSTALLATION OF NECESSARY
19 EQUIPMENT, A THERMAL ENERGY NETWORK IN THE STATE IS ALLOWED A
20 CREDIT AGAINST THE TAX IMPOSED UNDER THIS ARTICLE 22 IN AN AMOUNT
21 SET FORTH IN SUBSECTION (3)(c) OF THIS SECTION IN THE TAX YEAR THAT
22 THE HEAT PUMP TECHNOLOGY OR THERMAL ENERGY NETWORK IS PLACED
23 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, THE AMOUNT OF THE
27 CREDIT IS THE AMOUNT OF THE CREDIT PERMITTED PURSUANT TO

1 SUBSECTION (3)(c) OF THIS SECTION MULTIPLIED BY THE TOTAL NUMBER
2 OF RESIDENTIAL BUILDINGS AND MULTIFAMILY PROPERTY UNITS
3 NETWORKED IN A SINGLE SYSTEM, PLUS THE CREDIT DETERMINED FOR
4 EACH NONRESIDENTIAL BUILDING NETWORKED IN THE SYSTEM PURSUANT
5 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 THE STATE IS NOT
13 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED
14 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE
15 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE
16 CREDIT ALLOWED PURSUANT TO SUBSECTION (3)(c)(I)(B), (3)(c)(I)(C),
17 (3)(c)(II)(B), (3)(c)(II)(C), OR (3)(c)(III)(B) OF THIS SECTION, AS MAY BE
18 MODIFIED BY SUBSECTIONS (3)(d) AND (3)(e) OF THIS SECTION, FOR ANY
19 TAX YEAR COMMENCING IN THE CALENDAR YEAR THAT BEGINS DURING
20 SAID NEXT FISCAL YEAR IS REDUCED BY FIFTY PERCENT IF THE HEAT PUMP
21 TECHNOLOGY IS INSTALLED AT AN EXISTING RESIDENTIAL OR
22 NONRESIDENTIAL BUILDING; EXCEPT THAT IF THE AMOUNT OF THE
23 REDUCED CREDIT IS EQUAL TO OR LESS THAN TWO HUNDRED FIFTY
24 DOLLARS, THEN NO CREDIT IS AVAILABLE FOR SUCH A TAX YEAR.

25 (4) AN ELIGIBLE TAXPAYER MAY RETAIN AN APPLICABLE
26 PERCENTAGE OF THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER
27 SUBSECTION (3)(c) OF THIS SECTION TO SUPPORT THE INDUSTRY-WIDE

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

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

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

17 (II) ARE KNOWLEDGEABLE OF THE RELEVANT SYSTEM
18 REQUIREMENTS SET FORTH IN SUBSECTIONS (2)(a), (2)(f), (2)(g), (2)(h),
19 (2)(l), (2)(m), (2)(o), AND (2)(p) OF THIS SECTION;

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

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

27 (V) WILL MEET ANY ADDITIONAL STANDARDS ESTABLISHED BY

1 THE OFFICE IN ITS GUIDELINES, INCLUDING, IF APPLICABLE, THE 2021
2 INTERNATIONAL ENERGY CONSERVATION CODE.

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

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

12 (d) THE OFFICE SHALL ISSUE A CERTIFICATE TO EACH ELIGIBLE
13 TAXPAYER, IN A FORM PRESCRIBED OR APPROVED BY THE DEPARTMENT,
14 FOR THE PURPOSE OF CLAIMING THE EXEMPTION ALLOWED BY SECTION
15 39-26-734.

16 (e) (I) EVERY ELIGIBLE TAXPAYER SHALL KEEP AND MAINTAIN FOR
17 A PERIOD OF FOUR YEARS SUCH BOOKS AND RECORDS AS MAY BE
18 NECESSARY TO DETERMINE THAT:

19 (A) IT IS AN ELIGIBLE TAXPAYER;

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

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

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

1 (II) (A) THE OFFICE SHALL ANNUALLY EXAMINE A SAMPLE OF THE
2 ELIGIBLE TAXPAYERS ON THE LIST DESCRIBED IN THIS SUBSECTION (5) TO
3 SUBSTANTIATE THAT THE ELIGIBLE TAXPAYERS ARE MEETING THE OFFICE'S
4 STANDARDS AND PROPERLY CLAIMING THE CREDIT ALLOWED BY THIS
5 SECTION. EVERY ELIGIBLE TAXPAYER SHALL PRODUCE THE BOOKS AND
6 RECORDS DESCRIBED IN SUBSECTION (5)(e)(I) OF THIS SECTION FOR
7 EXAMINATION AT ANY TIME BY THE OFFICE.

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

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

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

27 (7) THE OFFICE MAY ESTABLISH GUIDELINES TO IMPLEMENT THIS

1 SECTION. ALL GUIDELINES ESTABLISHED BY THE OFFICE MUST BE POSTED
2 ON THE OFFICE'S WEBSITE.

3 (8) IF A CREDIT AUTHORIZED BY THIS SECTION EXCEEDS THE
4 INCOME TAX DUE ON THE INCOME OF THE ELIGIBLE TAXPAYER FOR THE
5 TAXABLE YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND
6 MUST BE REFUNDED TO THE ELIGIBLE TAXPAYER OR THE INSTALLER.

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

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

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

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

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

1 OTHERWISE REQUIRES:

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

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

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

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

10 (e) "QUALIFIED ELECTRIC BICYCLE" MEANS AN ELECTRIC BICYCLE
11 THAT SATISFIES THE STANDARDS FOR APPROVAL DEVELOPED BY THE
12 COLORADO ENERGY OFFICE PURSUANT TO SUBSECTION (4)(a) OF THIS
13 SECTION.

14 (f) "QUALIFIED RETAILER" MEANS A RETAILER THAT SELLS
15 QUALIFIED ELECTRIC BICYCLES AND:

16 (I) HOLDS A STATE SALES TAX LICENSE;

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

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

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

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

25 (3) (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6) OF
26 THIS SECTION, FOR INCOME TAX YEARS COMMENCING ON OR AFTER
27 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED RETAILER

1 IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED PURSUANT TO THIS
2 ARTICLE 22 IN AN AMOUNT EQUAL TO EIGHT HUNDRED DOLLARS FOR EACH
3 RETAIL SALE OF NEW QUALIFIED ELECTRIC BICYCLES SOLD IN THE STATE
4 DURING THE TAX YEAR TO A PURCHASER WHO IS A RESIDENT OF THE
5 STATE.

6 (b) IN ORDER TO QUALIFY FOR THE TAX CREDIT ALLOWED
7 PURSUANT TO THIS SECTION:

8 (I) THE QUALIFIED RETAILER SHALL PROVIDE TO THE PURCHASER
9 AT THE TIME OF THE RETAIL SALE OF THE NEW QUALIFIED ELECTRIC
10 BICYCLE A DISCOUNT ON THE PURCHASE PRICE OF THE QUALIFIED ELECTRIC
11 BICYCLE EQUAL TO THE LESSER OF SEVEN HUNDRED DOLLARS OR THE
12 PURCHASE PRICE AND SHALL SHOW THE DISCOUNT AS A SEPARATE ITEM ON
13 THE RECEIPT OR INVOICE PROVIDED TO THE PURCHASER; AND

14 (II) AT THE TIME OF THE RETAIL SALE, THE PURCHASER SHALL
15 PROVIDE TO THE QUALIFIED RETAILER ON FORMS PRESCRIBED BY THE
16 DEPARTMENT AN AFFIDAVIT OF RESIDENCY.

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

20 (d) THE QUALIFIED RETAILER MAY RETAIN FROM THE CREDIT
21 ALLOWED IN THIS SECTION AN ADMINISTRATIVE FEE NOT TO EXCEED ONE
22 HUNDRED DOLLARS FOR PROVIDING THE DISCOUNT.

23 (e) (I) THE QUALIFIED RETAILER SHALL ELECTRONICALLY SUBMIT
24 A REPORT TO THE DEPARTMENT ON A QUARTERLY BASIS IN A FORM AND
25 MANNER REQUIRED BY THE DEPARTMENT THAT DETAILS THE NUMBER OF
26 NEW QUALIFIED ELECTRIC BICYCLES SOLD BY THE QUALIFIED RETAILER IN
27 THE REPORTING PERIOD FOR WHICH THE QUALIFIED RETAILER PROVIDED A

1 DISCOUNT AS DESCRIBED IN SUBSECTION (3)(b)(I) OF THIS SECTION, AND
2 THAT INCLUDES ANY OTHER INFORMATION THE EXECUTIVE DIRECTOR OF
3 THE DEPARTMENT MAY REQUIRE.

4 (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
5 1, 2025, THE QUALIFIED RETAILER MAY ELECT ADVANCE PAYMENTS OF THE
6 CREDIT ALLOWED PURSUANT TO THIS SECTION AS SPECIFIED IN SECTION
7 39-22-629.

8 (III) PRIOR TO SELLING A QUALIFIED ELECTRIC BICYCLE FOR WHICH
9 A RETAILER INTENDS TO CLAIM A CREDIT PURSUANT TO THIS SECTION, THE
10 RETAILER SHALL REGISTER AS A QUALIFIED RETAILER BY FILING WITH THE
11 DEPARTMENT A REGISTRATION STATEMENT IN THE FORM AND MANNER
12 PRESCRIBED BY THE DEPARTMENT.

13 (4) (a) THE OFFICE SHALL DEVELOP STANDARDS FOR DETERMINING
14 ALLOWABLE ELECTRIC BICYCLE MANUFACTURERS FOR PURPOSES OF
15 DETERMINING THE TYPE OF ELECTRIC BICYCLE THAT IS A QUALIFIED
16 ELECTRIC BICYCLE ELIGIBLE FOR THE TAX CREDIT ALLOWED PURSUANT TO
17 THIS SECTION. THE OFFICE SHALL CONSIDER THE DESIGN AND
18 MANUFACTURE OF ALLOWABLE ELECTRIC BICYCLES AND CERTIFICATION
19 OF ALLOWABLE ELECTRIC BICYCLES FOR COMPLIANCE WITH CONSENSUS
20 SAFETY STANDARDS, SUCH AS THE ANSI/CAN/UL 2849 STANDARD FOR
21 SAFETY FOR ELECTRICAL SYSTEMS FOR ELECTRIC BICYCLES OR SIMILAR, IN
22 ORDER TO DETERMINE THAT AN ELECTRIC BICYCLE IS A QUALIFIED
23 ELECTRIC BICYCLE. THE OFFICE MAY ANNUALLY REVIEW THE STANDARDS.
24 THE STANDARDS MUST BE POSTED ON THE OFFICE'S WEBSITE.

25 (b) PURSUANT TO SECTION 39-21-304 (3), AND FOR THE PURPOSE
26 OF PROVIDING DATA THAT ALLOWS THE EFFECTIVENESS OF THE TAX
27 CREDIT ALLOWED PURSUANT TO THIS SECTION TO BE MEASURED, THE

1 DEPARTMENT, ON OR BEFORE JANUARY 1, 2025, AND ON OR BEFORE
2 JANUARY 1 OF EACH YEAR THEREAFTER THROUGH JANUARY 1, 2034,
3 SHALL PROVIDE TO THE STATE AUDITOR INFORMATION THAT DETAILS THE
4 NUMBER OF SALES OF NEW QUALIFIED ELECTRIC BICYCLES FOR WHICH
5 CREDITS ARE CLAIMED AS REPORTED BY TAXPAYERS CLAIMING THE CREDIT
6 FOR CONSIDERATION DURING THE STATE AUDITOR'S EVALUATION OF THIS
7 TAX EXPENDITURE PURSUANT TO SECTION 39-21-305.

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

12 (6) IF THE JUNE 2025 REVENUE FORECAST, AND EACH JUNE
13 REVENUE FORECAST THROUGH THE JUNE 2031 REVENUE FORECAST AS
14 PREPARED BY EITHER LEGISLATIVE COUNCIL STAFF OR THE OFFICE OF
15 STATE PLANNING AND BUDGETING, PROJECTS THAT THE STATE IS NOT
16 EXPECTED TO EXCEED THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED
17 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION BY FIVE
18 PERCENT OR MORE FOR THE NEXT FISCAL YEAR, THE AMOUNT OF THE
19 CREDIT ALLOWED PURSUANT TO THIS SECTION FOR ANY TAX YEAR
20 COMMENCING IN THE CALENDAR YEAR THAT BEGINS DURING SAID NEXT
21 FISCAL YEAR, IS REDUCED BY FIFTY PERCENT.

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

23 **SECTION 10.** In Colorado Revised Statutes, **add** 39-22-554 as
24 follows:

25 **39-22-554. Tax credit for sustainable aviation fuel production**
26 **facility - tax preference performance statement - definitions - repeal.**

27 (1) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH REQUIRES

1 EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE A TAX
2 PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
3 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
4 DECLARES THAT THE PURPOSE OF THIS TAX EXPENDITURE IS TO INDUCE
5 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE
6 CONSTRUCTION OF SUSTAINABLE AVIATION FUEL PRODUCTION FACILITIES
7 IN THE STATE, BY PROVIDING TAX RELIEF FOR CERTAIN BUSINESSES AND
8 INDIVIDUALS THAT CONSTRUCT OR OPERATE THESE FACILITIES IN THE
9 STATE.

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

15 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
16 REQUIRES:

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

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

20 (c) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT IS AN
21 AVIATION BUSINESS, A SUSTAINABLE AVIATION FUEL PRODUCER, OR AN
22 AIRPORT.

23 (d) "SUSTAINABLE AVIATION FUEL" HAS THE SAME MEANING AS
24 SET FORTH IN SECTION 40B(d) OF THE INTERNAL REVENUE CODE.

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

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

27 (II) A FACILITY DIRECTLY RELATED TO ENABLING THE PRODUCTION

1 OR DISTRIBUTION OF SUSTAINABLE AVIATION FUEL AS DETERMINED UNDER
2 THE STANDARDS ESTABLISHED BY THE OFFICE.

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

5 (3) (a) FOR TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
6 2024, BUT BEFORE JANUARY 1, 2033, A QUALIFIED TAXPAYER IS ALLOWED
7 A CREDIT AGAINST THE INCOME TAX IMPOSED UNDER THIS ARTICLE 22 FOR
8 AN AMOUNT OF THE ACTUAL COST PAID TO CONSTRUCT, RECONSTRUCT, OR
9 ERECT A SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY IN THE
10 STATE EQUAL TO:

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

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

16 (III) EIGHTEEN PERCENT FOR A FACILITY FOR WHICH
17 CONSTRUCTION BEGINS ON OR AFTER JANUARY 1, 2028, BUT BEFORE
18 JANUARY 1, 2029; AND

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

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

24 (4) (a) A QUALIFIED TAXPAYER SHALL SUBMIT AN APPLICATION TO
25 THE OFFICE FOR A TAX CREDIT CERTIFICATE TO CLAIM THE CREDIT
26 ALLOWED BY THIS SECTION ON A FORM AND IN A MANNER PRESCRIBED BY
27 THE OFFICE. THE APPLICATION MUST INCLUDE INFORMATION TO ALLOW

1 THE OFFICE TO MAKE A DETERMINATION THAT THE APPLICANT IS A
2 QUALIFIED TAXPAYER AND THAT THE AMOUNT FOR WHICH THE TAX CREDIT
3 CERTIFICATE IS APPLIED IS THE ACTUAL COST PAID TO CONSTRUCT,
4 RECONSTRUCT, OR ERECT A SUSTAINABLE AVIATION FUEL PRODUCTION
5 FACILITY IN THE STATE FOR WHICH A CREDIT IS ALLOWED BY THIS SECTION.

6 (b) THE AGGREGATE AMOUNT OF ALL TAX CREDIT CERTIFICATES
7 ISSUED BY THE OFFICE PURSUANT TO THIS SUBSECTION (4) MUST NOT
8 EXCEED ONE MILLION DOLLARS FOR INCOME TAX YEARS COMMENCING IN
9 2024, TWO MILLION DOLLARS PER YEAR FOR THE 2025 AND 2026 INCOME
10 TAX YEARS, THREE MILLION DOLLARS FOR THE 2027 TAX YEAR, AND FIVE
11 MILLION DOLLARS PER YEAR FOR INCOME TAX YEARS 2028 THROUGH 2032;

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

19 (I) THE TAXPAYER'S NAME;

20 (II) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
21 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
22 IDENTIFICATION NUMBER; AND

23 (III) THE AMOUNT OF THE TAX CREDIT CERTIFICATE.

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

27 (b) THE OFFICE SHALL DEVELOP STANDARDS FOR THE APPROVAL

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

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

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

19 (b) IF THE SUSTAINABLE AVIATION FUEL PRODUCTION OF A
20 FACILITY FOR WHICH A QUALIFIED TAXPAYER WAS ALLOWED A CREDIT
21 UNDER THIS SECTION COMPRISES LESS THAN SIXTY PERCENT OF THE TOTAL
22 FUEL PRODUCTION OF THE FACILITY IN ANY OF THE FIVE TAXABLE YEARS
23 IMMEDIATELY FOLLOWING THE TAXABLE YEAR IN WHICH THE FACILITY
24 WAS PLACED IN SERVICE, THE OFFICE SHALL NOTIFY THE DEPARTMENT IN
25 WRITING THAT THE CREDIT ALLOWED IN THIS SECTION MUST BE
26 DISALLOWED FOR THAT QUALIFIED TAXPAYER. THE QUALIFIED TAXPAYER
27 SHALL ADD THE AMOUNT OF THE DISALLOWED CREDIT TO ITS RETURN AS

1 A RECAPTURED CREDIT FOR THE TAX YEAR IN WHICH THE CREDIT IS
2 DISALLOWED PURSUANT TO THIS SUBSECTION (6).

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

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

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

23 **SECTION 11.** In Colorado Revised Statutes, **add** 39-22-629 as
24 follows:

25 **39-22-629. Advance payments of income tax credits -**
26 **definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
27 OTHERWISE REQUIRES:

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

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

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

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

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

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

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

23 (B) FOR A TAXPAYER WITH A TAXABLE YEAR LESS THAN TWELVE
24 MONTHS, THE DUE DATES SHALL BE DETERMINED IN ACCORDANCE WITH
25 RULES PRESCRIBED BY THE DEPARTMENT.

26 (II) THE QUARTERLY REPORT MUST INCLUDE THE CUMULATIVE
27 TOTAL OF APPLICABLE CREDIT THAT THE TAXPAYER IS SEEKING ADVANCE

1 PAYMENT FOR IN THE QUARTER AND ANY INFORMATION REQUIRED TO BE
2 INCLUDED IN THE QUARTERLY REPORT AS SPECIFIED IN THE STATUTE
3 UNDER WHICH THE APPLICABLE CREDIT IS ALLOWED.

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

12 (4) THE TAXPAYER SHALL REDUCE THE AMOUNT OF AN APPLICABLE
13 CREDIT CLAIMED BY THE TAXPAYER FOR ANY TAXABLE YEAR BY THE
14 AGGREGATE AMOUNT OF ADVANCE PAYMENTS THAT THE TAXPAYER
15 CLAIMED FOR THE APPLICABLE CREDIT DURING THE TAXABLE YEAR, AND:

16 (a) IF THE AGGREGATE AMOUNT OF ADVANCE PAYMENTS CLAIMED
17 FOR THE APPLICABLE TAX YEAR EXCEEDS THE AMOUNT OF THE CREDIT
18 ALLOWED TO THE TAXPAYER, THE AMOUNT OF THE EXCESS IS SUBJECT TO
19 RECAPTURE; OR

20 (b) IF THE AGGREGATE AMOUNT OF ADVANCE PAYMENTS FOR THE
21 APPLICABLE TAX YEAR IS LESS THAN THE AMOUNT OF THE CREDIT
22 ALLOWED TO THE TAXPAYER, THE AMOUNT OF THE DIFFERENCE MAY BE
23 CLAIMED BY THE TAXPAYER AS A CREDIT IN THE TAXABLE YEAR IN THE
24 SAME MANNER AS THE APPLICABLE CREDIT.

25 (5) IN THE CASE OF A PARTNERSHIP OR S CORPORATION ELECTING
26 ADVANCE PAYMENTS UNDER THIS SECTION, THE PARTNERSHIP OR S
27 CORPORATION SHALL MAKE THE ELECTION AND THE DEPARTMENT SHALL

1 MAKE THE ADVANCE PAYMENTS TO THE PARTNERSHIP OR S CORPORATION.
2 IN THE EVENT OF AN EXCESS AMOUNT PURSUANT TO SUBSECTION (4)(a) OF
3 THIS SECTION, THE PARTNERSHIP OR S CORPORATION SHALL PAY THE
4 AMOUNT OF THE EXCESS ON BEHALF OF THE PARTNERS OR SHAREHOLDERS.
5 IN THE EVENT OF AN AMOUNT OF DIFFERENCE PURSUANT TO SUBSECTION
6 (4)(b) OF THIS SECTION, THE DEPARTMENT SHALL REFUND THE AMOUNT OF
7 THE DIFFERENCE TO THE PARTNERSHIP OR S CORPORATION.

8 **SECTION 12.** In Colorado Revised Statutes, 39-26-719, **add** (3)
9 as follows:

10 **39-26-719. Motor vehicles - tax preference performance**
11 **statement - definitions - repeal.** (3) (a) (I) IN ACCORDANCE WITH
12 SECTION 39-21-304(1), WHICH REQUIRES EACH BILL THAT CREATES A NEW
13 TAX EXPENDITURE TO INCLUDE A TAX PREFERENCE PERFORMANCE
14 STATEMENT AS PART OF A STATUTORY LEGISLATIVE DECLARATION, THE
15 GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT THE PURPOSE OF
16 THE TAX EXPENDITURE CREATED IN THIS SECTION IS TO INDUCE
17 DESIGNATED BEHAVIOR BY TAXPAYERS, SPECIFICALLY THE PURCHASE OF
18 FLEET VEHICLES THAT ARE ELECTRIC MEDIUM-DUTY AND HEAVY-DUTY
19 TRUCKS.

20 (II) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
21 MEASURE THE EFFECTIVENESS OF THE EXEMPTION IN ACHIEVING THE
22 PURPOSES SPECIFIED IN SUBSECTION (1)(a)(I) OF THIS SECTION BASED ON
23 THE NUMBER OF INDIVIDUAL ELECTRIC MEDIUM-DUTY AND HEAVY-DUTY
24 TRUCKS SOLD IN THE STATE THAT ARE PURCHASED AS PART OF A FLEET.
25 THE COLORADO ENERGY OFFICE SHALL PROVIDE THE STATE AUDITOR WITH
26 ANY AVAILABLE INFORMATION THAT WOULD ASSIST IN THE STATE
27 AUDITOR'S MEASUREMENT.

1 (b) AS USED IN THIS SUBSECTION (3), UNLESS THE CONTEXT
2 OTHERWISE REQUIRES:

3 (I) "CATEGORY 7" HAS THE SAME MEANING AS SET FORTH IN
4 SECTION 39-22-516.8 (1)(l).

5 (II) "FLEET VEHICLE" HAS THE SAME MEANING AS SET FORTH IN
6 SECTION 42-1-102 (36).

7 (III) "HEAVY-DUTY TRUCK" HAS THE SAME MEANING AS SET FORTH
8 IN SECTION 39-22-516.8 (1)(t).

9 (IV) "MEDIUM-DUTY ELECTRIC TRUCK" HAS THE SAME MEANING
10 AS SET FORTH IN SECTION 39-22-516.8 (1)(aa).

11 (c) (I) ON AND AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
12 2028, FIFTY PERCENT OF THE PURCHASE PRICE OF A CATEGORY 7 FLEET
13 VEHICLE THAT IS A HEAVY-DUTY TRUCK OR A MEDIUM-DUTY ELECTRIC
14 TRUCK IS EXEMPT FROM TAXATION UNDER PART 1 AND PART 2 OF THIS
15 ARTICLE 26; AND

16 (II) ON AND AFTER JANUARY 1, 2028, BUT BEFORE JANUARY 1,
17 2033, SIXTY PERCENT OF THE PURCHASE PRICE OF A CATEGORY 7 FLEET
18 VEHICLE THAT IS A HEAVY-DUTY TRUCK OR A MEDIUM-DUTY ELECTRIC
19 TRUCK IS EXEMPT FROM TAXATION UNDER PART 1 AND PART 2 OF THIS
20 ARTICLE 26.

21 (d) (I) TO CLAIM THE EXEMPTION ALLOWED BY THIS SUBSECTION
22 (3) AT THE TIME OF SALE, THE RETAILER SHALL COLLECT THE PURCHASER'S
23 FLEET NUMBER ISSUED PURSUANT TO SECTION 42-3-125 AND THE RULES
24 PROMULGATED THEREUNDER. THE RETAILER SHALL SUBMIT THE FLEET
25 NUMBER TO THE DEPARTMENT OR ITS AUTHORIZED AGENT AS EVIDENCE
26 THAT THE TAX DUE HAS BEEN REDUCED WHEN SUBMITTING THE PROOF
27 REQUIRED BY SECTION 39-26-113 (2).

1 (II) IF THE PURCHASER HAS NOT OBTAINED A FLEET NUMBER
2 PURSUANT TO SECTION 42-3-125 PRIOR TO PURCHASING A VEHICLE
3 OTHERWISE EXEMPT FROM TAX UNDER THIS SUBSECTION (3), OR IF THE
4 PURCHASER DOES NOT PROVIDE A VALID FLEET NUMBER TO THE RETAILER,
5 THE RETAILER SHALL COLLECT AND THE PURCHASER SHALL PAY THE TAX
6 DUE WITHOUT REGARD TO THE EXEMPTION ALLOWED BY THIS SUBSECTION
7 (3) AND SHOW PROOF OF SUCH COLLECTION FOR PURPOSES OF SECTION
8 39-26-113 (2). IF THE PURCHASER SUBSEQUENTLY REGISTERS A VEHICLE
9 OTHERWISE EXEMPT FROM TAX UNDER THIS SUBSECTION (3) AS A FLEET
10 VEHICLE, THE PURCHASER MAY CLAIM A REFUND OF THE TAX EXEMPTED
11 BY THIS SUBSECTION (3) IN ACCORDANCE WITH AND SUBJECT TO THE
12 LIMITATIONS OF SECTION 39-26-703.

13 (e) THIS SUBSECTION (3) IS REPEALED, EFFECTIVE DECEMBER 31,
14 2035.

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

17 **39-26-732. Heat pump systems - tax preference performance**
18 **statement - legislative declaration - definitions - repeal.** (3) On and
19 after January 1, 2023, BUT BEFORE JANUARY 1, 2024, subject to the
20 provisions of subsection (4) of this section, all sales, storage, and use of
21 heat pump systems and heat pump water heaters that are used in
22 commercial or residential buildings are exempt from taxation under parts
23 1 and 2 of this article 26.

24 (5) This section is repealed, effective ~~January 1, 2033~~ JANUARY
25 1, 2027.

26 **SECTION 14.** In Colorado Revised Statutes, **add** 39-26-734 as
27 follows:

1 **39-26-734. Heat pump technologies - tax preference**
2 **performance statement - legislative declaration - definitions - repeal.**

3 (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

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

7 (II) GREAT QUANTITIES OF EMISSIONS ARE RELEASED IN THE
8 TRADITIONAL PROCESS OF HEATING AND COOLING BUILDINGS;

9 (III) THERE IS GREAT POTENTIAL TO REDUCE GREENHOUSE GAS
10 EMISSIONS GENERATED IN THE HEATING AND COOLING OF BUILDINGS BY
11 INSTALLING HEAT PUMP TECHNOLOGY AND ESTABLISHING THERMAL
12 ENERGY NETWORKS, BOTH OF WHICH REDUCE NET GREENHOUSE GAS
13 EMISSIONS;

14 (IV) PROVIDING A SALES AND USE TAX EXEMPTION FOR HEAT PUMP
15 TECHNOLOGY AND THE EQUIPMENT NECESSARY FOR THE PROPER
16 FUNCTIONING OF A THERMAL ENERGY NETWORK WILL ENCOURAGE THE
17 PURCHASE AND USE OF SUCH EQUIPMENT RATHER THAN RELYING ON
18 TRADITIONAL HEATING AND COOLING METHODS; AND

19 (V) THE PURCHASE AND USE OF HEAT PUMP TECHNOLOGY AND THE
20 EQUIPMENT NECESSARY FOR THE PROPER FUNCTIONING OF A THERMAL
21 ENERGY NETWORK WILL BENEFIT PUBLIC HEALTH IN THE HEATING AND
22 COOLING OF BUILDINGS IN THE STATE AND WILL TAKE ADVANTAGE OF
23 LATENT HEAT SOURCES AND AVAILABLE RENEWABLE POWER DURING LOW
24 DEMAND PERIODS.

25 (b) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
26 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
27 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY

1 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY HEREBY FINDS AND
2 DECLARES THAT THE PURPOSES OF THE TAX EXPENDITURE CREATED IN
3 SUBSECTION (3) OF THIS SECTION ARE TO:

4 (I) INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,
5 SPECIFICALLY THE PURCHASE AND USE OF HEAT PUMP TECHNOLOGY AND
6 EQUIPMENT NECESSARY FOR THE PROPER FUNCTIONING OF A THERMAL
7 ENERGY NETWORK; AND

8 (II) CONTRIBUTE TO THE STATE'S EFFORT TO ACHIEVE ITS CLIMATE
9 GOALS.

10 (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
11 MEASURE THE EFFECTIVENESS OF THE EXEMPTION IN ACHIEVING THE
12 PURPOSES SPECIFIED IN SUBSECTION (1)(b) OF THIS SECTION BASED ON THE
13 QUANTITY OF HEAT PUMP TECHNOLOGY AND EQUIPMENT NECESSARY FOR
14 PROPER FUNCTIONING OF A THERMAL ENERGY NETWORK SOLD AND USED
15 IN THE STATE. THE COLORADO ENERGY OFFICE SHALL PROVIDE THE STATE
16 AUDITOR WITH ANY AVAILABLE INFORMATION THAT WOULD ASSIST THE
17 STATE AUDITOR'S MEASUREMENT.

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

20 (a) "ELIGIBLE TAXPAYER" HAS THE SAME MEANING AS SET FORTH
21 IN SECTION 39-22-552 (2)(e).

22 (b) "HEAT PUMP TECHNOLOGY" HAS THE SAME MEANING AS SET
23 FORTH IN SECTION 39-22-552 (2)(g).

24 (c) "THERMAL ENERGY NETWORK" HAS THE SAME MEANING AS SET
25 FORTH IN SECTION 39-22-552 (2)(m).

26 (3) (a) ON AND AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
27 2033, ALL SALES TO AN ELIGIBLE TAXPAYER OF HEAT PUMP TECHNOLOGY

1 AND EQUIPMENT NECESSARY FOR A PROPERLY FUNCTIONING THERMAL
2 ENERGY NETWORK IN THE STATE ARE EXEMPT FROM TAXATION UNDER
3 PART 1 OF THIS ARTICLE 26.

4 (b) ON AND AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1,
5 2033, THE STORAGE AND USE OF HEAT PUMP TECHNOLOGY AND
6 EQUIPMENT NECESSARY FOR A PROPERLY FUNCTIONING THERMAL ENERGY
7 NETWORK INSTALLED IN THE STATE BY AN ELIGIBLE TAXPAYER IS EXEMPT
8 FROM TAXATION UNDER PART 2 OF THIS ARTICLE 26.

9 (4) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2036.

10 **SECTION 15.** In Colorado Revised Statutes, 39-29-105, **amend**
11 (2)(b) and (2)(c) introductory portion; and **add** (2)(d) as follows:

12 **39-29-105. Tax on severance of oil and gas.** (2) (b) (I) With
13 respect to oil and gas, there ~~shall be~~ IS allowed, as a credit against the tax
14 computed in accordance with the provisions of subsection (1)(b) of this
15 section for each taxable year commencing on or after January 1, 2000, but
16 prior to ~~January 1, 2025~~, JANUARY 1, 2024, an amount equal to
17 eighty-seven and one-half percent of all ad valorem taxes assessed during
18 the taxable year in the case of accrual basis taxpayers or paid during the
19 taxable year in the case of cash basis taxpayers upon oil and gas
20 leaseholds and leasehold interests and oil and gas royalties and royalty
21 interests for state, county, municipal, school district, and special district
22 purposes, except such ad valorem taxes assessed or paid for such
23 purposes upon equipment and facilities used in the drilling for, production
24 of, storage of, and pipeline transportation of oil and gas. ~~However,~~

25 (II) WITH RESPECT TO OIL AND GAS THERE IS ALLOWED, AS A
26 CREDIT AGAINST THE TAX COMPUTED IN ACCORDANCE WITH THE
27 PROVISIONS OF SUBSECTION (1)(b) OF THIS SECTION FOR EACH TAXABLE

1 YEAR COMMENCING ON OR AFTER JANUARY 1, 2024, BUT PRIOR TO
2 JANUARY 1, 2026, AN AMOUNT EQUAL TO SEVENTY-FIVE PERCENT OF ALL
3 AD VALOREM TAXES ASSESSED DURING THE TAXABLE YEAR IN THE CASE
4 OF ACCRUAL BASIS TAXPAYERS OR PAID DURING THE TAXABLE YEAR IN
5 THE CASE OF CASH BASIS TAXPAYERS UPON OIL AND GAS LEASEHOLDS AND
6 LEASEHOLD INTERESTS AND OIL AND GAS ROYALTIES AND ROYALTY
7 INTERESTS FOR STATE, COUNTY, MUNICIPAL, SCHOOL DISTRICT, AND
8 SPECIAL DISTRICT PURPOSES, EXCEPT SUCH AD VALOREM TAXES ASSESSED
9 OR PAID FOR SUCH PURPOSES UPON EQUIPMENT AND FACILITIES USED IN
10 THE DRILLING FOR, PRODUCTION OF, STORAGE OF, AND PIPELINE
11 TRANSPORTATION OF OIL AND GAS.

12 (III) NOTWITHSTANDING SUBSECTIONS (2)(b)(I) AND (2)(b)(II) OF
13 THIS SECTION, no credit shall be allowed for ad valorem taxes paid or
14 assessed on oil and gas production that is exempt from the state severance
15 tax pursuant to subsection (1) of this section.

16 (c) For a taxable year beginning on or after ~~January 1, 2025,~~
17 JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2033, for each well that is not
18 exempt from the state severance tax pursuant to subsection (1)(b) of this
19 section, there is allowed a credit against the tax computed in accordance
20 with the provisions of subsection (1)(b) of this section in an amount
21 calculated by the formula $C = 0.7656 \times 0.65625 \times GI \times ML$, where:

22 (d) FOR A TAXABLE YEAR BEGINNING ON OR AFTER JANUARY 1,
23 2033, FOR EACH WELL THAT IS NOT EXEMPT FROM THE STATE SEVERANCE
24 TAX PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION, THERE IS
25 ALLOWED A CREDIT AGAINST THE TAX COMPUTED IN ACCORDANCE WITH
26 SUBSECTION (1)(b) OF THIS SECTION IN AN AMOUNT CALCULATED BY THE
27 FORMULA $C = 0.7656 \times GI \times ML$, WHERE:

- 1 (I) C IS THE AMOUNT OF THE CREDIT;
- 2 (II) GI IS THE GROSS INCOME ATTRIBUTABLE TO THE WELL FOR THE
- 3 CURRENT TAXABLE YEAR; AND
- 4 (III) ML IS THE TOTAL OF ALL MILL LEVIES, FIXED NOT LATER THAN
- 5 DECEMBER 22 OF THE PRECEDING CALENDAR YEAR PURSUANT TO SECTION
- 6 39-1-111, BY ALL LOCAL GOVERNMENTS FOR PROPERTY AT THE WELL'S
- 7 LOCATION.

8 **SECTION 16.** In Colorado Revised Statutes, 39-29-108, **amend**
9 (2)(b), (7)(a)(II), (7)(a)(III), (7)(b), (7)(d), and (7)(e); and **add** (2)(e) and
10 (7)(a)(IV) as follows:

11 **39-29-108. Allocation of severance tax revenues - definitions**
12 **- repeal.** (2) (b) Except as set forth in ~~subsection~~ SUBSECTIONS (2)(d)
13 AND (2)(e) of this section, of the total gross receipts realized from the
14 severance taxes imposed on minerals and mineral fuels under the
15 provisions of this article after June 30, 2017, fifty percent shall be
16 credited to the state severance tax trust fund created by section 39-29-109,
17 and fifty percent shall be credited to the local government severance tax
18 fund created by section 39-29-110.

19 (e) (I) EXCEPT AS PROVIDED IN SUBSECTION (2)(e)(II) OF THIS
20 SECTION, FOR THE STATE FISCAL YEARS 2023-24 THROUGH 2032-33, THE
21 STATE TREASURER SHALL CREDIT THE DISCRETE INCREASED AMOUNT OF
22 SEVERANCE TAX FOR OIL AND GAS PRODUCTION THAT IS ATTRIBUTABLE TO
23 THE REDUCTION OF THE CREDIT AGAINST TAX PURSUANT TO SECTION
24 39-29-105 (2)(b)(II) AND 39-29-105(2)(c) TO THE DECARBONIZATION TAX
25 CREDITS ADMINISTRATION CASH FUND CREATED IN SECTION 24-38.5-119
26 (2).

27 (II) THE STATE TREASURER SHALL CREDIT A PORTION OF THE

1 DISCRETE INCREASED AMOUNT OF SEVERANCE TAX FOR OIL AND GAS
2 PRODUCTION IN THE AMOUNT ATTRIBUTABLE TO ADMINISTRATIVE COSTS
3 TO THE RESPECTIVE CASH FUNDS ON OR BEFORE JULY 1, 2025.

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

6 (A) "ADMINISTRATIVE COSTS" MEANS THE AMOUNT OF MONEY
7 EXPENDED FROM THE RESPECTIVE CASH FUNDS BY THE COLORADO
8 ENERGY OFFICE FOR THE ADMINISTRATION AND IMPLEMENTATION OF
9 CERTAIN INCOME TAX CREDITS AS PROVIDED FOR IN SECTIONS 24-38.5-116
10 (6)(b)(II), 24-38.5-118 (7)(d), 24-38.5-506 (2)(a)(II), AND 25-7-1405
11 (2)(b).

12 (B) "DISCRETE INCREASED AMOUNT OF SEVERANCE TAX FOR OIL
13 AND GAS PRODUCTION" MEANS THE AMOUNT OF TAX COLLECTED THAT IS
14 ATTRIBUTABLE TO A TWELVE AND ONE-HALF PERCENT REDUCTION IN THE
15 SEVERANCE TAX CREDIT FOR OIL AND GAS PRODUCTION SET FORTH IN
16 SECTION 39-29-105 (2)(b)(II) FOR TAX YEARS BEGINNING ON OR AFTER
17 JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2026, AND A TEN AND NINE
18 HUNDRED THIRTY-FIVE THOUSANDTHS PERCENT REDUCTION SET FORTH IN
19 SECTION 39-29-105 (2)(c) FOR TAX YEARS BEGINNING ON OR AFTER
20 JANUARY 1, 2026, BUT BEFORE JANUARY 1, 2033.

21 (C) "RESPECTIVE CASH FUNDS" MEANS THE INDUSTRIAL AND
22 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CASH FUND
23 CREATED IN SECTION 24-38.5-116 (6), THE GEOTHERMAL ENERGY GRANT
24 FUND CREATED IN SECTION 24-38.5-118 (7), THE COMMUNITY ACCESS TO
25 ELECTRIC BICYCLES CASH FUND CREATED IN SECTION 24-38.5-506, OR THE
26 ELECTRIFYING SCHOOL BUSES GRANT PROGRAM CASH FUND CREATED IN
27 SECTION 25-7-1405.

1 (7) (a) The director of the office of state planning and budgeting
2 and the executive directors of the departments of revenue, natural
3 resources, education, and local affairs, or their designees, shall, in
4 consultation with the stakeholder group convened pursuant to subsection
5 (7)(c) of this section, develop an implementation plan with
6 recommendations to:

7 (II) Require electronic filing of returns for severance taxes; ~~and~~

8 (III) Require additional electronic data collection necessary to
9 ease the administration and enforcement of the state severance tax on oil
10 and gas, including consideration of opportunities for increased data
11 sharing among state and local government agencies; AND

12 (IV) MAKE RECOMMENDATIONS FOR THE LONG-TERM
13 RESTRUCTURING OF THE CREDIT ALLOWED IN SECTION 39-29-105 (2)
14 INCLUDING:

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

17 (B) SEPARATING THE CREDIT FOR OIL PRODUCTION AND GAS
18 PRODUCTION;

19 (C) LINKING THE CREDIT IN A GIVEN TAX YEAR TO THE RELATIVE
20 DIFFERENCE BETWEEN OIL AND GAS PRICES FOR THAT TAX YEAR
21 COMPARED TO HISTORIC MONTHLY HENRY HUB NATURAL GAS SPOT PRICES
22 AS REPORTED BY THE UNITED STATES ENERGY INFORMATION
23 ADMINISTRATION AND MONTHLY CUSHING, OKLAHOMA WEST TEXAS
24 INTERMEDIATE SPOT PRICES AS REPORTED BY THE UNITED STATES ENERGY
25 INFORMATION ADMINISTRATION;

26 (D) UPDATING THE DEPARTMENT OF REVENUE'S SEVERANCE TAX
27 FORM AND REPROGRAMMING GENTAX TO MAKE THESE CHANGES

1 POSSIBLE; AND

2 (E) GIVING CONSIDERATION TO THE FACT THAT THE CURRENT
3 CREDIT SIZE RESULTS IN THE STATE EFFECTIVELY SUBSIDIZING LOCAL
4 TAXING JURISDICTIONS WHICH WAS NOT THE ORIGINAL INTENT OF THE
5 CREDIT.

6 (b) The implementation plan required by subsection (7)(a) of this
7 section must include a quantitative fiscal analysis of the ~~change~~ CHANGES
8 described in ~~subsection~~ SUBSECTIONS (7)(a)(I) AND (7)(a)(IV) of this
9 section and the calculation of the credit allowed in section 39-29-105
10 (2)(c) and make recommendations as to how they can be implemented
11 while maintaining revenue neutrality.

12 (d) The persons identified in subsection (7)(a) of this section shall
13 submit the written implementation plan to the joint budget committee no
14 later than January 15, 2024; EXCEPT THAT THE RECOMMENDATIONS
15 REQUIRED PURSUANT TO SUBSECTION (7)(a)(IV) OF THIS SECTION SHALL
16 BE SUBMITTED TO THE JOINT BUDGET COMMITTEE NO LATER THAN
17 JANUARY 15, 2025. Prior to submission of the implementation plan, the
18 stakeholder group shall have an opportunity to review the draft
19 recommendations and individual stakeholders may provide comments in
20 response to the implementation plan to be included with the submission
21 of the implementation plan.

22 (e) This subsection (7) is repealed, effective July 1, 2024. JULY 1,
23 2025.

24 **SECTION 17.** In Colorado Revised Statutes, 42-3-107, **amend**
25 (1)(a)(I); and **add** (1)(a)(IV) as follows:

26 **42-3-107. Taxable value of classes of property - rate of tax -**
27 **when and where payable - department duties - apportionment of tax**

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

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

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

27 (C) ON OR AFTER JANUARY 1, 2028, BUT BEFORE JANUARY 1,

1 2033, THE TAXABLE VALUE OF EVERY ITEM OF NEW CLASS A OR CLASS B
2 PERSONAL PROPERTY THAT IS A FLEET VEHICLE AND IS GREATER THAN
3 SIXTEEN THOUSAND POUNDS DECLARED EMPTY VEHICLE WEIGHT AND
4 THAT MEETS THE DEFINITION OF CATEGORY 7 TRUCKS AS DEFINED IN
5 SECTION 39-22-516.8 (1)(I), IS SIXTY PERCENT OF THE ACTUAL PURCHASE
6 PRICE OF SUCH PROPERTY.

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

14 (E) THIS SUBSECTION (1)(a)(IV) IS REPEALED, EFFECTIVE JANUARY
15 1, 2034.

16 **SECTION 18.** In Colorado Revised Statutes, 29-2-105, **amend**
17 (1)(d)(I)(T) and (1)(d)(I)(U); and **add** (1)(d)(I)(V) and (1)(d)(I)(W) as
18 follows:

19 **29-2-105. Contents of sales tax ordinances and proposals.** (1)
20 The sales tax ordinance or proposal of any incorporated town, city, or
21 county adopted pursuant to this article 2 shall be imposed on the sale of
22 tangible personal property at retail or the furnishing of services, as
23 provided in subsection (1)(d) of this section. Any countywide or
24 incorporated town or city sales tax ordinance or proposal shall include the
25 following provisions:

26 (d) (I) A provision that the sale of tangible personal property and
27 services taxable pursuant to this article 2 is the same as the sale of

1 tangible personal property and services taxable pursuant to section
2 39-26-104, except as otherwise provided in this subsection (1)(d). The
3 sale of tangible personal property and services taxable pursuant to this
4 article 2 is subject to the same sales tax exemptions as those specified in
5 part 7 of article 26 of title 39; except that the sale of the following may be
6 exempted from a town, city, or county sales tax only by the express
7 inclusion of the exemption either at the time of adoption of the initial
8 sales tax ordinance or resolution or by amendment thereto:

9 (T) The exemption for sales of heat pump systems and heat pump
10 water heaters set forth in section 39-26-732; ~~and~~

11 (U) The exemption for sales of energy storage systems set forth
12 in section 39-26-733;

13 (V) THE EXEMPTION FOR SALES OF CATEGORY 7 FLEET VEHICLES
14 THAT ARE HEAVY-DUTY TRUCKS OR MEDIUM-DUTY ELECTRIC TRUCKS SET
15 FORTH IN SECTION 39-26-719 (3); AND

16 (W) THE EXEMPTION FOR SALES OF HEAT PUMP TECHNOLOGY AND
17 EQUIPMENT NECESSARY FOR PROPER FUNCTIONING OF A THERMAL ENERGY
18 NETWORK IN THE STATE SET FORTH IN SECTION 39-26-734.

19 **SECTION 19.** In Colorado Revised Statutes, 29-2-109, **amend**
20 (1) introductory portion as follows:

21 **29-2-109. Contents of use tax ordinances and proposals -**
22 **repeal.** (1) The use tax ordinance, resolution, or proposal of any town,
23 city, or county adopted pursuant to this article 2 shall be imposed only for
24 the privilege of using or consuming in the town, city, or county any
25 construction and building materials purchased at retail or for the privilege
26 of storing, using, or consuming in the town, city, or county any motor and
27 other vehicles, purchased at retail on which registration is required, or

1 both. For the purposes of this subsection (1), the term "construction and
2 building materials" shall not include parts or materials utilized in the
3 fabrication, construction, assembly, or installation of passenger tramways,
4 as defined in section 12-150-103 (5), by any ski area operator, as defined
5 in section 33-44-103 (7), or any person fabricating, constructing,
6 assembling, or installing a passenger tramway for a ski area operator. The
7 ordinance, resolution, or proposal may recite that the use tax shall not
8 apply to the storage and use of wood from salvaged trees killed or
9 infested in Colorado by mountain pine beetles or spruce beetles as
10 exempted from the state use tax pursuant to section 39-26-723. The
11 ordinance, resolution, or proposal may recite that the use tax shall not
12 apply to the storage and use of components used in the production of
13 energy, including but not limited to alternating current electricity, from
14 a renewable energy source, as exempted from the state use tax pursuant
15 to section 39-26-724. The ordinance, resolution, or proposal may recite
16 that the use tax shall not apply to the storage and use of eligible
17 decarbonizing building materials, as exempted from the state use tax
18 pursuant to section 39-26-731. THE ORDINANCE, RESOLUTION, OR
19 PROPOSAL MAY RECITE THAT THE USE TAX SHALL NOT APPLY TO THE
20 STORAGE AND USE OF CATEGORY 7 FLEET VEHICLES THAT ARE
21 HEAVY-DUTY TRUCKS OR MEDIUM-DUTY ELECTRIC TRUCKS, AS EXEMPTED
22 FROM THE STATE USE TAX PURSUANT TO SECTION 39-26-719 (3). THE
23 ORDINANCE, RESOLUTION, OR PROPOSAL MAY RECITE THAT THE USE TAX
24 SHALL NOT APPLY TO THE STORAGE AND USE OF HEAT PUMP SYSTEMS
25 PURSUANT TO SECTION 39-26-732, RESIDENTIAL ENERGY STORAGE
26 SYSTEMS PURSUANT TO SECTION 39-26-733, OR HEAT PUMP TECHNOLOGY
27 AND EQUIPMENT PURSUANT TO SECTION 39-26-734. The ordinance,

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

2 **SECTION 20.** In Colorado Revised Statutes, 24-38.5-102, add
3 (5) as follows:

4 **24-38.5-102. Colorado energy office - duties and powers -**
5 **definitions.** (5) (a) AS USED IN THIS SUBSECTION (5), UNLESS THE
6 CONTEXT OTHERWISE REQUIRES:

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

10 (II) "STANDARDS" MEAN THE STANDARDS OR GUIDELINES THE
11 OFFICE IS AUTHORIZED TO ADOPT TO IMPLEMENT THE DECARBONIZATION
12 TAX CREDITS.

13 (b) NOTWITHSTANDING 24-1-136 (11)(a)(I), BEGINNING ON AND
14 AFTER JANUARY 1, 2024, BUT BEFORE JANUARY 1, 2033, THE COLORADO
15 ENERGY OFFICE SHALL ANNUALLY REPORT TO THE TRANSPORTATION AND
16 ENERGY COMMITTEE OF THE SENATE, THE ENERGY AND ENVIRONMENT
17 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, AND THE FINANCE
18 COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR
19 ANY SUCCESSOR COMMITTEES, THE FOLLOWING:

20 (I) STANDARDS ADOPTED IN THE PRECEDING YEAR;

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

23 (III) INFORMATION ON ANY PUBLIC COMMENT SOLICITED OR
24 RECEIVED PURSUANT TO THE ADOPTION OF STANDARDS OR TO THE
25 AMENDMENT, MODIFICATION, CHANGE, OR REPEAL OF PREVIOUSLY
26 ADOPTED STANDARDS.

27 (c) THE COLORADO ENERGY OFFICE MAY INCLUDE THE

1 INFORMATION REQUIRED IN SUBSECTION (5)(b) OF THIS SECTION IN ITS
2 ANNUAL PRESENTATION TO ITS JOINT COMMITTEES OF REFERENCE
3 PURSUANT TO SECTION 2-7-203.

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

8 (e) THIS SUBSECTION (5) IS REPEALED, EFFECTIVE DECEMBER 1,
9 2033.

10 SECTION 21. In Colorado Revised Statutes, 24-38.5-116,
11 amend (6)(b); and add (3)(c) as follows:

12 24-38.5-116. **Industrial and manufacturing operations clean**
13 **air grant program - creation - eligibility - fund created - gifts, grants,**
14 **or donations - transfer - legislative declaration - definitions -**
15 **reporting - repeal. (3) Grant program. (c) (I) GRANTS CANNOT BE**
16 **AWARDED FOR GREENHOUSE GAS EMISSIONS REDUCTION IMPROVEMENTS**
17 **PUT IN SERVICE AT AN INDUSTRIAL FACILITY FOR WHICH AN INDUSTRIAL**
18 **CLEAN ENERGY TAX CREDIT IS RECEIVED PURSUANT TO SECTION**
19 **39-22-549.**

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

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

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

26 (6) **Fund.** (b) (I) The money in the fund is continuously
27 appropriated to the office for the purposes set forth in this section. The

1 state treasurer shall credit all interest and income derived from the deposit
2 and investment of money in the fund to the fund. Any unexpended and
3 unencumbered money remaining in the fund at the end of a state fiscal
4 year remains in the fund; except that the state treasurer shall transfer any
5 money remaining in the fund at the end of the 2027-28 state fiscal year to
6 the general fund.

7 (II) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE
8 AND THE DEPARTMENT OF REVENUE MAY EXPEND MONEY FROM THE FUND
9 FOR THE ADMINISTRATION AND IMPLEMENTATION OF THE INDUSTRIAL
10 CLEAN ENERGY TAX CREDIT CREATED IN SECTION 39-22-549 AND THE TAX
11 CREDIT FOR SUSTAINABLE AVIATION FUEL PRODUCTION FACILITY CREATED
12 IN SECTION 39-22-554. THE OFFICE SHALL KEEP AN ACCOUNTING OF ALL
13 MONEY EXPENDED FROM THE FUND PURSUANT TO THIS SUBSECTION
14 (6)(b)(II) FOR PURPOSES OF CALCULATING THE REPAYMENT OF THE
15 ADMINISTRATIVE COSTS REQUIRED BY SECTION 39-29-108 (2)(e)(II).

16 **SECTION 22.** In Colorado Revised Statutes, 24-38.5-118,
17 **amend** (7)(a)(III); and **add** (7)(d) as follows:

18 **24-38.5-118. Geothermal energy grant program - creation -**
19 **procedures - fund - report - definitions - repeal. (7) Fund.**

20 (a) (III) Money in the fund is continuously appropriated to the office to
21 implement this section AND FOR THE PURPOSES SET FORTH IN SUBSECTION
22 (7)(d) OF THIS SECTION.

23 (d) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE
24 AND THE DEPARTMENT OF REVENUE MAY EXPEND MONEY IN THE FUND FOR
25 THE ADMINISTRATION AND IMPLEMENTATION OF THE TAX CREDIT FOR
26 EXPENDITURES MADE IN CONNECTION WITH A GEOTHERMAL ENERGY
27 PROJECT CREATED IN SECTION 39-22-550, THE GEOTHERMAL ELECTRICITY

1 GENERATION PRODUCTION TAX CREDIT CREATED IN SECTION 39-22-551,
2 AND THE HEAT PUMP TECHNOLOGY AND THERMAL ENERGY NETWORK TAX
3 CREDIT CREATED IN SECTION 39-22-552. THE OFFICE SHALL KEEP AN
4 ACCOUNTING OF ALL MONEY EXPENDED FROM THE FUND PURSUANT TO
5 THIS SUBSECTION (7)(d) FOR PURPOSES OF CALCULATING THE REPAYMENT
6 OF THE ADMINISTRATIVE COSTS REQUIRED BY SECTION 39-29-108
7 (2)(e)(II).

8 SECTION 23. In Colorado Revised Statutes, 24-38.5-506,
9 amend (2)(a) as follows:

10 24-38.5-506. Community access to electric bicycles cash fund
11 - creation - gifts, grants, or donations - transfer - repeal.

12 (2) (a) (I) The money in the fund is continuously appropriated to the
13 office for the purposes set forth in this part 5 AND FOR THE PURPOSES SET
14 FORTH IN SUBSECTION (2)(a)(II) OF THIS SECTION. The state treasurer shall
15 credit all interest and income derived from the deposit and investment of
16 money in the fund to the fund. Any unexpended and unencumbered
17 money remaining in the fund at the end of a state fiscal year remains in
18 the fund; except that the state treasurer shall transfer any money
19 remaining in the fund at the end of the 2026-27 state fiscal year to the
20 general fund.

21 (II) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, THE OFFICE
22 AND THE DEPARTMENT OF REVENUE MAY EXPEND MONEY IN THE FUND FOR
23 THE ADMINISTRATION AND IMPLEMENTATION OF THE ELECTRIC BICYCLE
24 TAX CREDIT CREATED IN SECTION 39-22-553. THE OFFICE SHALL KEEP AN
25 ACCOUNTING OF ALL MONEY EXPENDED FROM THE FUND PURSUANT TO
26 THIS SUBSECTION (2)(a)(II) FOR PURPOSES OF CALCULATING THE
27 REPAYMENT OF THE ADMINISTRATIVE COSTS REQUIRED BY SECTION

1 39-29-108 (2)(e)(II).

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

4 **25-7-1405. Electrifying school buses grant program cash fund**
5 **- creation - gifts, grants, and donations - transfer - repeal.** (1) (a) The
6 electrifying school buses grant program cash fund is created in the state
7 treasury, and, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)(b) OF
8 THIS SECTION, the department shall administer the fund for the purposes
9 of this part 14. The fund consists of any money that the general assembly
10 may transfer or appropriate to the fund for implementation of the grant
11 program and any federal money or gifts, grants, or donations received
12 pursuant to subsection (1)(b) of this section.

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

22 (b) FOR STATE FISCAL YEARS 2023-24 AND 2024-25, AND SUBJECT
23 TO ANNUAL APPROPRIATION, THE COLORADO ENERGY OFFICE, CREATED
24 IN SECTION 24-38.5-101, AND THE DEPARTMENT OF REVENUE MAY EXPEND
25 MONEY FROM THE FUND FOR THE ADMINISTRATION AND IMPLEMENTATION
26 OF THE INNOVATIVE MOTOR VEHICLES AND INNOVATIVE TRUCKS TAX
27 CREDITS CREATED IN SECTIONS 39-22-516.7 AND 39-22-516.8 AND FOR

1 THE SALES AND USE TAX EXEMPTION FOR ELECTRIC MEDIUM-DUTY AND
2 HEAVY-DUTY TRUCKS THAT ARE PART OF A FLEET AS SET FORTH IN
3 SECTION 39-26-719 (3)(c). THE OFFICE SHALL KEEP AN ACCOUNTING OF
4 ALL MONEY EXPENDED FROM THE FUND PURSUANT TO THIS SUBSECTION
5 (2)(b) FOR PURPOSES OF CALCULATING THE REPAYMENT OF THE
6 ADMINISTRATIVE COSTS REQUIRED BY SECTION 39-29-108 (2)(e)(II).

7 **SECTION 25.** In Colorado Revised Statutes, add
8 24-38.5-119 as follows:

9 **24-38.5-119. Decarbonization tax credits administration cash**
10 **fund - definitions - repeal.** (1) AS USED IN THIS SECTION, UNLESS THE
11 CONTEXT OTHERWISE REQUIRES:

12 (a) "DECARBONIZATION TAX CREDITS" MEANS THE CREDITS
13 CREATED IN SECTIONS 39-22-516.7, 39-22-516.8, 39-22-549, 39-22-550,
14 39-22-551, 39-22-552, 39-22-553, AND 39-22-554.

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

16 (c) "FUND" MEANS THE DECARBONIZATION TAX CREDITS
17 ADMINISTRATION CASH FUND CREATED IN SUBSECTION (2) OF THIS
18 SECTION.

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

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

25 (3) SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL
26 ASSEMBLY, FOR STATE FISCAL YEARS 2024-25 THROUGH 2032-33, THE
27 OFFICE AND THE DEPARTMENT MAY EXPEND MONEY FROM THE FUND FOR

1 DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE IMPLEMENTATION
2 AND ADMINISTRATION OF THE DECARBONIZATION TAX CREDITS.

3 (4) THE STATE TREASURER SHALL TRANSFER ALL UNEXPENDED
4 AND UNENCUMBERED MONEY IN THE FUND ON JULY 1, 2033 TO THE
5 GENERAL FUND.

6 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

7 **SECTION 26.** In Colorado Revised Statutes, 39-30-104, **add** (7)
8 as follows:

9 **39-30-104. Credit against tax - investment in certain property**
10 **- definitions.** (7) A PERSON THAT CLAIMS A CREDIT PURSUANT TO
11 SECTION 39-22-549 OR 39-22-550 IS NOT ENTITLED TO CLAIM THE CREDIT
12 ALLOWED PURSUANT TO THIS SECTION WITH RESPECT TO THE
13 IMPROVEMENTS OR EXPENDITURES FOR WHICH A CREDIT WAS ALLOWED BY
14 THOSE SECTIONS.

15 **SECTION 27.** In Colorado Revised Statutes, 39-21-119.5,
16 **amend** (2)(a)(III), (2)(a)(IV), (4)(j), and (4)(k); and **add** (2)(a)(V) and
17 (4)(l) as follows:

18 **39-21-119.5. Mandatory electronic filing of returns -**
19 **mandatory electronic payment - penalty - waiver - definitions.**

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

24 (a) Any income tax return required for:

25 (III) A fiduciary pursuant to section 39-22-601 (3), including
26 withholding for nonresident beneficiaries pursuant to section 39-22-601
27 (4); and

1 (IV) A partnership pursuant to section 39-22-601 (5), including
2 composite returns filed on behalf of nonresident partners, agreements
3 filed under section 39-22-601 (5)(e), and payments made under section
4 39-22-601 (5)(h); AND

5 (V) A PERSON OR ORGANIZATION EXEMPT FROM TAX PURSUANT TO
6 SECTION 39-22-601 (7).

7 (4) Except as provided in subsection (6) of this section, on and
8 after August 2, 2019, electronic filing of returns and the payment of any
9 tax or fee by electronic funds transfer is required for the following:

10 (j) Any nicotine products tax return required to be filed and
11 payment required to be paid pursuant to article 28.6 of this title 39; ~~and~~

12 (k) Any clean fleet per ride fee and air pollution mitigation per
13 ride fee return required to be filed and payment required pursuant to
14 section 40-10.1-607.5; AND

15 (l) ANY QUARTERLY REPORT FOR THE ADVANCE PAYMENT OF AN
16 INCOME TAX CREDIT REQUIRED TO BE FILED PURSUANT TO SECTION
17 39-22-629 (2)(b).

18 **SECTION 28. Safety clause.** The general assembly hereby finds,
19 determines, and declares that this act is necessary for the immediate
20 preservation of the public peace, health, or safety.