

Second Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

**PREAMENDED**

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

LLS NO. 24-0910.01 Jennifer Berman x3286

**HOUSE BILL 24-1339**

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**HOUSE SPONSORSHIP**

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**SENATE SPONSORSHIP**

**Winter F.**,

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**House Committees**

Energy & Environment  
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**A BILL FOR AN ACT**

101 **CONCERNING RULE-MAKING BY THE AIR QUALITY CONTROL**  
102 **COMMISSION TO REDUCE AIR POLLUTION IN THE STATE.**

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**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>.)*

Under current law, the air quality control commission (commission) consists of 9 members. As of October 1, 2024, **section 2** of the bill increases the membership of the commission to 11 members to include:

- One member who represents a disproportionately impacted community and the interests of communities of color and

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.*

who does not derive income from an entity that the commission regulates; and

- One climate scientist employed by an organization that does not derive income from an entity that the commission regulates.

Under current law, the commission is required to adopt rules regulating greenhouse gas (GHG) emissions from the industrial and manufacturing sector (sector). **Section 3** requires the commission to adopt rules, to be implemented by January 1, 2025, that:

- Prohibit GHG emissions from the sector from increasing in the near term and require sector-wide emissions not to exceed 97 million metric tons of total carbon dioxide equivalent cumulatively between 2025 and 2030;
- Prohibit a sector source from complying with GHG emissions compliance obligations by making a payment unless the payment is made in exchange for GHG credit that is surrendered as part of a GHG credit trading program; and
- Establish source-specific GHG emission reduction requirements that must be met through direct reductions of GHG emissions for a sector source that adversely affects a disproportionately impacted community.

**Section 3** also clarifies the definition of "GHG credit", as applied to the requirement for commission rule-making, to include an allowance to emit one metric ton of carbon dioxide equivalent of GHG by a regulated source.

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

2 **SECTION 1.** In Colorado Revised Statutes, 25-7-114.4, **amend**  
3 (5)(a), (5)(b)(I), (5)(b)(II)(A), and (5)(d) as follows:

4 **25-7-114.4. Permit applications - contents - rules - definitions.**

5 **(5) Provisions for permits for sources that affect disproportionately**  
6 **impacted communities.** (a) **Rules.** (I) No later than June 1, ~~2023~~ 2025,  
7 the commission shall adopt, AND THE DIVISION SHALL IMPLEMENT, rules  
8 to implement the requirements of this subsection (5).

9 (II) The commission may set thresholds of affected pollutants  
10 below which the requirements of this section do not apply; EXCEPT THAT

1 THE THRESHOLDS MUST NOT BE HIGHER THAN THE FOLLOWING, WHERE  
2 APPLICABLE:

3 (A) FOR NEW SOURCES, EMISSIONS OF AN AFFECTED POLLUTANT,  
4 OTHER THAN A HAZARDOUS AIR POLLUTANT, THAT ARE EQUAL TO THE  
5 RATE OF EMISSIONS THAT WOULD QUALIFY AS SIGNIFICANT UNDER THE  
6 COMMISSION'S MAJOR NEW SOURCE REVIEW RULES; AND

7 (B) FOR MODIFICATIONS TO A MAJOR SOURCE, EMISSIONS OF AN  
8 AFFECTED POLLUTANT THAT ARE EQUAL TO THE LEVEL SUCH THAT A  
9 CONSTRUCTION PERMIT WOULD BE REQUIRED FOR A NEW SOURCE UNDER  
10 THE COMMISSION'S RULES.

11 (III) ~~In adopting rules to implement this subsection (5), the~~  
12 ~~commission shall identify disproportionately impacted communities~~ IN  
13 ADOPTING RULES TO IMPLEMENT THIS SUBSECTION (5), ALL PROVISIONS OF  
14 THE RULES MUST APPLY TO ALL AREAS OF ALL DISPROPORTIONATELY  
15 IMPACTED COMMUNITIES.

16 (IV) The commission shall periodically, but not less often than  
17 every three years, revisit its ~~identification of disproportionately impacted~~  
18 ~~communities and~~ determinations of affected pollutants.

19 (b) **Applicability and requirements.** (I) The requirements of this  
20 subsection (5)(b) apply to permits for sources of affected pollutants in  
21 ALL AREAS OF ALL disproportionately impacted communities.

22 (II) (A) TO IMPROVE THE RELIABILITY OF DATA ON EMISSIONS  
23 FROM AIR POLLUTION SOURCES AND TO EVALUATE THE IMPACT OF AN AIR  
24 POLLUTION SOURCE'S EMISSIONS ON SURROUNDING COMMUNITIES, the  
25 commission's rules must provide for enhanced modeling and monitoring  
26 requirements for new and modified sources of affected pollutants in  
27 disproportionately impacted communities that are identified or approved

1 at the time of permit application. In adopting the rules, the commission  
2 shall also consider requiring enhanced monitoring for existing sources of  
3 affected pollutants.

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

6 (I) "Affected pollutants" means those air pollutants as determined  
7 by the commission ~~with~~ TO HAVE the potential to cause or contribute to  
8 significant health or environmental impacts. The term includes:

9 (A) Volatile organic compounds;

10 (B) Oxides of nitrogen;

11 (C) Hazardous air pollutants, as identified by the commission,  
12 including, AT A MINIMUM, benzene, toluene, ethylbenzene, and xylene;  
13 ANY PRIORITY TOXIC AIR CONTAMINANTS THAT THE COMMISSION  
14 IDENTIFIES PURSUANT TO SECTION 25-7-109.5 (6); AND ANY HAZARDOUS  
15 AIR POLLUTANTS USED IN THE AIR TOXICS EMISSIONS INDICATOR OF THE  
16 COLORADO ENVIROSCREEN, DEFINED IN SECTION 25-8-1001 (2); and

17 (D) Particulate matter that is two and one-half microns or smaller.

18 (I.5) "ENHANCED MONITORING" MEANS SOURCE-SPECIFIC  
19 MONITORING OF THE SOURCE'S EMISSIONS OF AN AFFECTED POLLUTANT.

20 (II) "Source of affected pollutants" means a stationary source that  
21 emits any affected pollutant in an amount such that a construction permit  
22 is required under commission rules.

23 **SECTION 2.** In Colorado Revised Statutes, 25-7-105, **amend**  
24 (1)(e)(XIII)(A) and (1)(f)(I)(A); and **add** (1)(e)(XIII)(C), (1)(e)(XIII)(D),  
25 (1)(e)(XIII)(E), and (1)(e)(XIII)(F) as follows:

26 **25-7-105. Duties of commission - technical secretary - rules -**  
27 **report - legislative declaration - definitions - repeal.** (1) Except as

1 provided in sections 25-7-130 and 25-7-131, the commission shall  
2 promulgate rules that are consistent with the legislative declaration set  
3 forth in section 25-7-102 and necessary for the proper implementation  
4 and administration of this article 7, including:

5 (e) (XIII) In implementing this subsection (1)(e), the commission  
6 shall adopt rules to reduce statewide greenhouse gas emissions from the  
7 industrial and manufacturing sector in the state by at least twenty percent  
8 by 2030 below the 2015 baseline established pursuant to section 25-7-140  
9 (2)(a)(II), taking into account the factors set out in subsections (1)(e)(II)  
10 to (1)(e)(VI) of this section. The rules must include protections for  
11 disproportionately impacted communities and prioritize emission  
12 reductions that will reduce emissions of co-pollutants that adversely  
13 affect disproportionately impacted communities, be designed to accelerate  
14 near-term reductions, and secure meaningful emission reductions from  
15 this sector to be realized beginning no later than September 30, 2024. The  
16 rules must:

17 (A) Be consistent with the requirements of subsection (1)(e)(IX)  
18 of this section; and

19 (C) ON AND AFTER JANUARY 1, 2025, PROHIBIT GREENHOUSE GAS  
20 EMISSIONS FROM THE SECTOR FROM INCREASING IN THE NEAR TERM AND  
21 REQUIRE THAT SECTOR-WIDE EMISSIONS DECLINE OVER TIME SUCH THAT  
22 THOSE EMISSIONS DO NOT EXCEED NINETY-SEVEN MILLION METRIC TONS  
23 OF TOTAL CARBON DIOXIDE EQUIVALENT CUMULATIVELY BETWEEN 2025  
24 AND 2030, INCLUSIVE;

25 (D) ON AND AFTER JANUARY 1, 2025, PROHIBIT ANY SOURCE OF  
26 GREENHOUSE GAS EMISSIONS IN THE SECTOR FROM MEETING ITS  
27 COMPLIANCE OBLIGATIONS UNDER THE RULES BY MAKING A PAYMENT,

1 UNLESS THE PAYMENT IS MADE IN EXCHANGE FOR A GHG CREDIT, AS  
2 DEFINED IN SUBSECTION (1)(f)(I) OF THIS SECTION, THAT IS SURRENDERED  
3 FOR COMPLIANCE AS PART OF A TRADING PROGRAM, AS DEFINED IN  
4 SUBSECTION (1)(f)(I) OF THIS SECTION, AND THE COMMISSION HAS FIRST  
5 ESTABLISHED, BY RULE, A DECLINING LIMIT ON THE GREENHOUSE GAS  
6 EMISSIONS FROM ALL SOURCES THAT PARTICIPATE IN THE TRADING  
7 PROGRAM;

8 (E) FOR ANY SOURCE OF GREENHOUSE GAS EMISSIONS IN THE  
9 SECTOR THAT HAS ADVERSELY AFFECTED A DISPROPORTIONATELY  
10 IMPACTED COMMUNITY, ESTABLISH A SOURCE-SPECIFIC EMISSION  
11 REDUCTION REQUIREMENT THAT MUST BE MET THROUGH DIRECT  
12 REDUCTIONS IN THE SOURCE'S GREENHOUSE GAS EMISSIONS; AND

13 (F) THE AMENDMENTS MADE TO THIS SUBSECTION (1)(e)(XIII)  
14 THROUGH HOUSE BILL 24-1339, ENACTED IN 2024, DO NOT ALTER THE  
15 REQUIREMENTS OF SUBSECTION (1)(e)(IX) OF THIS SECTION.

16 (f) (I) **Definitions.** The definitions in subsection (1)(e)(XI) of this  
17 section apply to this subsection (1)(f). As used in this subsection (1)(f),  
18 unless the context requires otherwise:

19 (A) "GHG credit" means a tradeable compliance instrument in a  
20 physical or electronic format, the use of which is authorized pursuant to  
21 a regulatory program adopted by the commission that represents the  
22 reduction of one metric ton of carbon dioxide equivalent of greenhouse  
23 gas by a regulated source. "GHG CREDIT" INCLUDES AN ALLOWANCE TO  
24 EMIT ONE METRIC TON OF CARBON DIOXIDE EQUIVALENT OF GREENHOUSE  
25 GAS BY A REGULATED SOURCE.

26 **SECTION 3. Safety clause.** The general assembly finds,  
27 determines, and declares that this act is necessary for the immediate

- 1 preservation of the public peace, health, or safety or for appropriations for
- 2 the support and maintenance of the departments of the state and state
- 3 institutions.