

**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. 24-1175.01 Caroline Martin x5902

SENATE BILL 24-214

SENATE SPONSORSHIP

Hansen and Cutter, Bridges, Buckner, Exum, Jaquez Lewis, Michaelson Jenet, Priola

HOUSE SPONSORSHIP

Amabile and McCormick,

Senate Committees

Transportation & Energy
Appropriations

House Committees

State, Civic, Military, & Veterans Affairs
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE IMPLEMENTATION OF STATE CLIMATE GOALS, AND,**
102 **IN CONNECTION THEREWITH, MAKING AND REDUCING AN**
103 **APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
3rd Reading Unamended
May 3, 2024

SENATE
Amended 2nd Reading
May 2, 2024

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

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

In addition, the bill requires the office of sustainability to review and coordinate state agencies' applications for elective pay funding available under the federal "Inflation Reduction Act of 2022" (act), and

to work with the office of the state controller to coordinate central submissions of elective pay applications by advising and assisting state agencies in submitting and centrally filing those applications and by providing technical assistance to state agencies on elective pay.

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

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

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

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

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

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

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

Section 7 clarifies several definitions related to the tax credit for

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

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

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

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

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

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

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

4 **PART 23**

5 **OFFICE OF SUSTAINABILITY**

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

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

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

14 (3) ENSURING STATE COMPLIANCE WITH ENVIRONMENTAL

1 MANDATES IS CRITICAL TO THE FUTURE OF OUR STATE AND OUR NATION;

2 (4) SUSTAINABLE STATE AGENCY OPERATIONS CONSERVE WATER
3 AND OFFSET THE ESTIMATED FUTURE WATER NEEDS OF UP TO SEVEN
4 HUNDRED FORTY THOUSAND ADDITIONAL ACRE FEET AS OUTLINED IN THE
5 2023 COLORADO WATER PLAN ADOPTED BY THE COLORADO WATER
6 CONSERVATION BOARD; AND

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

11 **24- 30- 2302. Definitions.** AS USED IN THIS PART 23, UNLESS THE
12 CONTEXT OTHERWISE REQUIRES:

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

14 (2) "ELECTIVE PAY APPLICATION" MEANS ANY APPLICATION FOR
15 ELECTIVE PAY FUNDING AVAILABLE UNDER THE FEDERAL "INFLATION
16 REDUCTION ACT OF 2022", PUB.L. 117-169, 136 STAT. 1818 (2022).

17 (3) "ENVIRONMENTALLY PREFERABLE PRODUCTS OR SERVICES"
18 MEANS PRODUCTS OR SERVICES THAT CREATE FEWER OR LESS SEVERE
19 NEGATIVE IMPACTS ON THE NATURAL ENVIRONMENT WHEN COMPARED TO
20 SIMILAR PRODUCTS OR SERVICES.

21 (4) "OFFICE" MEANS THE OFFICE OF SUSTAINABILITY CREATED IN
22 SECTION 24-30-2303 (1).

23 (5) "STATE AGENCY" MEANS A PRINCIPAL DEPARTMENT AS
24 DEFINED IN SECTION 24-1-110 AND ANY DIVISION, OFFICE, BOARD,
25 COMMISSION, OR ENTERPRISE WITHIN A PRINCIPAL DEPARTMENT; EXCEPT
26 THAT "STATE AGENCY" DOES NOT INCLUDE AN INSTITUTION OF HIGHER
27 EDUCATION AS DEFINED IN SECTION 23-18-102 (7).

1 (6) "SUSTAINABILITY" MEANS THE MINIMIZATION OF NEGATIVE
2 IMPACTS ON THE NATURAL ENVIRONMENT, WHICH INCLUDE BUT ARE NOT
3 LIMITED TO EMISSIONS OF GREENHOUSE GASES, CLIMATE CHANGE,
4 INCREASED WATER CONSUMPTION OR WATER WASTE, POLLUTION,
5 NONRENEWABLE ENERGY USAGE, AND OVER-CONSUMPTION OR WASTE OF
6 RESOURCES.

7 (7) "SUSTAINABLE PRACTICE" MEANS A PRACTICE THAT INCREASES
8 SUSTAINABILITY BY REDUCING ONE OR MORE NEGATIVE IMPACTS ON THE
9 NATURAL ENVIRONMENT.

10 **24-30-2303. Office of sustainability - creation - duties.** (1) THE
11 OFFICE OF SUSTAINABILITY IS HEREBY CREATED IN THE DEPARTMENT. THE
12 OFFICE IS A **TYPE 2** ENTITY, AS DEFINED IN SECTION 24-1-105, AND
13 EXERCISES ITS POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER
14 THE DEPARTMENT. THE OFFICE SHALL WORK WITH STATE AGENCIES TO
15 IMPLEMENT SUSTAINABLE PRACTICES.

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

17 (a) PROVIDING LEADERSHIP TO AND REQUIRING ACCOUNTABILITY
18 FROM STATE AGENCIES REGARDING ONGOING SUSTAINABILITY
19 INITIATIVES;

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

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

25 (d) SEEKING AND APPLYING FOR FEDERAL FUNDING AND OTHER
26 GRANT OPPORTUNITIES THAT WOULD SUPPORT STATE AGENCIES'
27 SUSTAINABLE PRACTICES;

1 (e) ASSISTING STATE AGENCIES IN IMPLEMENTING SUSTAINABLE
2 PROCUREMENT METHODS AND INTRODUCING OPTIONS FOR
3 ENVIRONMENTALLY PREFERABLE PRODUCTS OR SERVICES TO STATE
4 AGENCIES;

5 (f) ASSISTING STATE AGENCIES IN INSTALLING ENERGY-EFFICIENT
6 EQUIPMENT AND FIXTURES;

7 (g) ASSISTING STATE AGENCIES IN MEETING BUILDING
8 PERFORMANCE STANDARDS SUCH AS THOSE ADMINISTERED BY THE
9 COLORADO ENERGY OFFICE;

10 (h) COORDINATING AND ASSISTING IN PLANNING AND
11 CONSTRUCTING STATE AGENCIES' ELECTRIC VEHICLE CHARGING
12 INFRASTRUCTURE AND ENSURING UTILIZATION OF SUCH INFRASTRUCTURE;

13 (i) INSTITUTING WATER REDUCTION INITIATIVES, INCLUDING BUT
14 NOT LIMITED TO:

15 (I) THE INSTALLATION OF WATER-CONSERVING FIXTURES AND
16 WATER-WISE PLANTS ON STATE PROPERTY;

17 (II) THE CONVERSION OF NONNATIVE GRASSES TO XERISCAPE IN
18 ACCORDANCE WITH THE PRINCIPLES OF WATER-WISE LANDSCAPING, WITH
19 AN EMPHASIS ON NATIVE PLANTS, SET FORTH IN SECTION 37-60-135 (2)(1);
20 AND

21 (III) THE REDUCTION OF NONFUNCTIONAL TURF AND
22 ENCOURAGEMENT OF WATER-EFFICIENT SUSTAINABLE LANDSCAPING
23 PRACTICES AT STATE FACILITIES;

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

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

1 (l) DEVELOPING COMMUTING OPPORTUNITIES FOR STATE
2 EMPLOYEES THAT REDUCE GREENHOUSE GAS EMISSIONS AND OTHER
3 POLLUTION;

4 (m) ASSISTING STATE AGENCIES IN DEVELOPING TRAINING
5 PROGRAMS TO EDUCATE STATE EMPLOYEES ON SUSTAINABLE PRACTICES;
6 AND

7 (n) CONDUCTING OTHER ACTIVITIES AS DIRECTED BY THE GENERAL
8 ASSEMBLY OR THE GOVERNOR.

9 **24-30-2304. Revolving fund - definition.** (1) THE STATE AGENCY
10 SUSTAINABILITY REVOLVING FUND, REFERRED TO IN THIS SECTION AS THE
11 "FUND", IS CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF
12 MONEY TRANSFERRED TO THE FUND PURSUANT TO SUBSECTION (2) OF THIS
13 SECTION AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
14 APPROPRIATE OR TRANSFER TO THE FUND.

15 (2) ON JULY 1, 2024, AND ON JULY 1 EACH YEAR THEREAFTER, THE
16 STATE TREASURER SHALL TRANSFER FOUR HUNDRED THOUSAND DOLLARS
17 FROM THE GENERAL FUND TO THE FUND. THE OFFICE [REDACTED] SHALL ALLOCATE
18 THE MONEY IN THE FUND TO ASSIST IN REPLACING THE STATE'S GAS AND
19 DIESEL-POWERED EQUIPMENT THAT IS LOCATED IN OZONE
20 NONATTAINMENT AREAS AS DESIGNATED BY THE U.S. ENVIRONMENTAL
21 PROTECTION AGENCY WITH EQUIVALENT ELECTRIC EQUIPMENT, AND TO
22 OPERATE THE OFFICE [REDACTED] IN ACCORDANCE WITH THIS PART 23. ___

23 (3) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
24 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
25 FUND TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEY
26 REMAINING IN THE FUND AT THE END OF A FISCAL YEAR SHALL REMAIN IN
27 THE FUND.

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

4 (5) THE DEPARTMENT MAY SOLICIT, ACCEPT, AND EXPEND GIFTS,
5 GRANTS, AND DONATIONS FOR THE PURPOSES OF THIS PART 23. THE
6 DEPARTMENT SHALL CREDIT ANY GIFTS, GRANTS, AND DONATIONS TO THE
7 FUND.

8 **24-30-2305. Inflation reduction act elective pay - central**
9 **submission of applications - cash fund - definition.** (1) IN ADDITION TO
10 THE POWERS, DUTIES, AND FUNCTIONS OF THE OFFICE SPECIFIED IN
11 SECTION 24-30-2303, THE OFFICE SHALL REVIEW AND COORDINATE STATE
12 AGENCIES' ELECTIVE PAY APPLICATIONS AND WORK WITH THE OFFICE
13 OF THE STATE CONTROLLER TO COORDINATE CENTRAL SUBMISSIONS OF
14 ELECTIVE PAY APPLICATIONS. THE OFFICE SHALL ADVISE AND PROVIDE
15 TECHNICAL ASSISTANCE TO STATE AGENCIES ON ALL ASPECTS OF ELECTIVE
16 PAY TO THE EXTENT FEASIBLE. STATE AGENCIES SHALL SUBMIT ELECTIVE
17 PAY APPLICATIONS DIRECTLY TO THE OFFICE OF THE STATE CONTROLLER.

18 (2) (a) THE INFLATION REDUCTION ACT ELECTIVE PAY CASH FUND,
19 REFERRED TO IN THIS SECTION AS THE "CASH FUND", IS CREATED IN THE
20 STATE TREASURY. THE CASH FUND CONSISTS OF MONEY RECEIVED BY THE
21 STATE OR STATE AGENCIES PURSUANT TO THE ELECTIVE PAY PROVISIONS
22 OF THE FEDERAL "INFLATION REDUCTION ACT OF 2022", PUB.L. 117-169,
23 136 STAT. 1818 (2022), ALL OF WHICH MUST BE DEPOSITED INTO THE CASH
24 FUND, AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
25 APPROPRIATE OR TRANSFER TO THE CASH FUND.

26 (b) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
27 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE

1 CASH FUND TO THE CASH FUND. ANY UNEXPENDED AND UNENCUMBERED
2 MONEY REMAINING IN THE CASH FUND AT THE END OF A FISCAL YEAR
3 SHALL REMAIN IN THE CASH FUND.

4 (c) MONEY IN THE CASH FUND IS CONTINUOUSLY APPROPRIATED
5 TO THE DEPARTMENT TO BE USED FOR THE PURPOSES SPECIFIED IN THIS
6 PART 23.

7 (3) THE DEPARTMENT MAY SOLICIT, ACCEPT, AND EXPEND GIFTS,
8 GRANTS, AND DONATIONS FOR THE PURPOSES SPECIFIED IN THIS PART 23.
9 THE DEPARTMENT SHALL CREDIT ANY GIFTS, GRANTS, AND DONATIONS TO
10 THE CASH FUND.

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

13 **24-1-128. Department of personnel - creation.** (9) THE OFFICE
14 OF SUSTAINABILITY IS CREATED IN SECTION 24-30-2303. THE OFFICE IS A
15 **TYPE 2** ENTITY, AS DEFINED IN SECTION 24-1-105, AND EXERCISES ITS
16 POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER THE
17 DEPARTMENT OF PERSONNEL.

18 **SECTION 3.** In Colorado Revised Statutes, **add** article 7.7 to title
19 6 as follows:

20 **ARTICLE 7.7**

21 **Standards for Construction Projects**
22 **that Receive State Financial Assistance**

23 **6-7.7-101. Legislative declaration.** (1) THE GENERAL ASSEMBLY
24 FINDS THAT:

25 (a) APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM MEET
26 STRICT ENERGY EFFICIENCY AND PERFORMANCE GUIDELINES SET BY THE
27 FEDERAL ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES

1 DEPARTMENT OF ENERGY AND CAN SAVE AN ESTIMATED TWENTY TO
2 THIRTY PERCENT MORE ENERGY THAN APPLIANCES THAT ARE NOT
3 CERTIFIED BY THE ENERGY STAR PROGRAM;

4 (b) NEW BUILDING CONSTRUCTION PROJECTS THAT USE TAXPAYER
5 DOLLARS TO PURCHASE EQUIPMENT SHOULD ENSURE THAT THE EQUIPMENT
6 HAS LOWER LIFETIME COSTS TO OPERATE AND MAINTAIN;

7 (c) MANY PROJECTS THAT RECEIVE STATE FINANCIAL ASSISTANCE
8 AIM TO ASSIST VULNERABLE LOWER-INCOME HOUSEHOLDS, AND
9 INSTALLING APPLIANCES CERTIFIED BY THE ENERGY STAR PROGRAM
10 COULD LOWER THE COSTS OF THE ENERGY BILLS OF THESE HOUSEHOLDS
11 OVER TIME; AND

12 (d) SAVING ENERGY IS CRUCIAL IN:

13 (I) AVOIDING THE MOST SERIOUS EFFECTS OF CLIMATE CHANGE
14 AND PRESERVING COLORADO'S WAY OF LIFE, THE HEALTH OF
15 COMMUNITIES, AND THE NATURAL ENVIRONMENT;

16 (II) ACHIEVING THE STATEWIDE GREENHOUSE GAS EMISSION
17 REDUCTION GOALS; AND

18 (III) REDUCING COSTS FOR COLORADANS.

19 (2) THE GENERAL ASSEMBLY THEREFORE DETERMINES AND
20 DECLARES THAT IT IS IN THE PUBLIC INTEREST OF THE HEALTH AND
21 ENVIRONMENT OF THE STATE TO REQUIRE THAT NEW BUILDING
22 CONSTRUCTION PROJECTS THAT RECEIVE STATE FINANCIAL ASSISTANCE
23 USE COVERED ENERGY-CONSUMING PRODUCTS THAT ARE CERTIFIED BY
24 THE ENERGY STAR PROGRAM.

25 **6-7.7-102. Definitions.** AS USED IN THIS ARTICLE 7.7, UNLESS THE
26 CONTEXT OTHERWISE REQUIRES:

27 (1) "COVERED ENERGY-CONSUMING PRODUCT" MEANS AN

1 APPLIANCE, DEVICE, OR PIECE OF EQUIPMENT THAT IS:

2 (a) POWERED BY ELECTRICITY OR FUEL;

3 (b) DESIGNED TO PERFORM ONE OR MORE SPECIFIC TASKS INSIDE
4 A RESIDENTIAL OR COMMERCIAL BUILDING, SUCH AS COOKING, WASHING,
5 DRYING, HEATING, COOLING, PROVIDING DOMESTIC HOT WATER, PRINTING,
6 OR DIGITAL ENTERTAINMENT; AND

7 (c) COVERED WITHIN THE SCOPE OF THE ENERGY STAR PROGRAM.

8 (2) "ENERGY STAR PROGRAM" MEANS THE FEDERAL PROGRAM
9 AUTHORIZED BY 42 U.S.C. SEC. 6294a, AS AMENDED.

10 (3) "SOCIAL COST OF CARBON" MEANS THE SOCIAL COST OF
11 CARBON DIOXIDE EMISSIONS DEVELOPED BY THE PUBLIC UTILITIES
12 COMMISSION PURSUANT TO SECTION 40-3.2-106.

13 (4) "STATE FINANCIAL ASSISTANCE" MEANS ALLOCATIONS FROM
14 THE GENERAL FUND OR OTHER LEGISLATIVE ALLOCATIONS, STATE
15 TAXPAYER FUNDS, REBATES, GRANTS, OR LOANS PROVIDED OR
16 ADMINISTERED BY THE STATE.

17 **6-7.7-103. Energy-efficiency standards for certain building**
18 **construction projects that receive state financial assistance - record**
19 **retention requirements - waivers - exemptions - standardized**
20 **resources - enforcement - civil penalties. (1) ON AND AFTER JANUARY**
21 **1, 2025, EXCEPT AS SET FORTH IN SUBSECTION (3) OR (4) OF THIS SECTION,**
22 **RECIPIENTS OF STATE FINANCIAL ASSISTANCE FOR NEW BUILDING**
23 **CONSTRUCTION PROJECTS THAT INCLUDE THE SPECIFICATION, PROVISION,**
24 **OR PURCHASE OF COVERED ENERGY-CONSUMING PRODUCTS SHALL USE**
25 **COVERED ENERGY-CONSUMING PRODUCTS CERTIFIED BY THE ENERGY**
26 **STAR PROGRAM.**

27 (2) ON AND AFTER JANUARY 1, 2025, A STATE AGENCY THAT

1 PROVIDES OR ADMINISTERS STATE FINANCIAL ASSISTANCE FOR A NEW
2 BUILDING CONSTRUCTION PROJECT SHALL:

3 (a) INCLUDE THE REQUIREMENTS OF SUBSECTION (1) OF THIS
4 SECTION IN THE STATE AGENCY'S CRITERIA OR GUIDANCE FOR APPLYING
5 FOR OR RECEIVING STATE FINANCIAL ASSISTANCE FOR NEW BUILDING
6 CONSTRUCTION PROJECTS;

7 (b) REQUEST AN ATTESTATION SIGNED BY A RECIPIENT OF STATE
8 FINANCIAL ASSISTANCE FOR NEW BUILDING CONSTRUCTION PROJECTS
9 THAT DECLARES THAT:

10 (I) THE REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION HAVE
11 BEEN OR WILL BE FOLLOWED; OR

12 (II) THE RECIPIENT OF THE STATE FINANCIAL ASSISTANCE IS
13 REQUESTING A WAIVER PURSUANT TO SUBSECTION (3) OF THIS SECTION;
14 AND

15 (c) RESPOND TO WAIVER REQUESTS RECEIVED PURSUANT TO
16 SUBSECTION (3) OF THIS SECTION.

17 (3) A STATE AGENCY THAT PROVIDES OR ADMINISTERS STATE
18 FINANCIAL ASSISTANCE FOR NEW BUILDING CONSTRUCTION PROJECTS MAY
19 ISSUE A STANDARDIZED WAIVER FROM THE REQUIREMENTS OF SUBSECTION
20 (1) OF THIS SECTION FOR A NEW BUILDING CONSTRUCTION PROJECT IF THE
21 RECIPIENT DEMONSTRATES, THROUGH EVIDENCE AND ATTESTATION FROM
22 A LICENSED PROFESSIONAL ENGINEER OR DESIGN PROFESSIONAL, THAT:

23 (a) NO COVERED ENERGY-CONSUMING PRODUCT CERTIFIED BY THE
24 ENERGY STAR PROGRAM AND THAT MEETS THE FUNCTIONAL
25 REQUIREMENTS OF THE PROJECT IS REASONABLY AVAILABLE TO THE
26 APPLICANT; OR

27 (b) TAKING ENERGY COST SAVINGS AND THE SOCIAL COST OF

1 CARBON INTO ACCOUNT, NO COVERED ENERGY-CONSUMING PRODUCT
2 CERTIFIED BY THE ENERGY STAR PROGRAM IS COST-EFFECTIVE OVER THE
3 LIFE OF THE PRODUCT.

4 (4) THE FOLLOWING NEW BUILDING CONSTRUCTION PROJECTS ARE
5 EXEMPT FROM THE REQUIREMENTS OF THIS SECTION:

6 (a) PROJECTS THAT HAVE PASSED THE DESIGN PHASE BEFORE
7 JANUARY 1, 2025, AND WOULD REQUIRE SIGNIFICANT REDESIGN TO
8 INCLUDE A COVERED ENERGY-CONSUMING PRODUCT CERTIFIED BY THE
9 ENERGY STAR PROGRAM; AND

10 (b) PROJECTS THAT HAVE RECEIVED A PERMIT FROM A LOCAL
11 GOVERNMENT FOR THE USE OF A COVERED ENERGY-CONSUMING PRODUCT
12 BEFORE JANUARY 1, 2025.

13 (5) IF THE ATTORNEY GENERAL, BY A PREPONDERANCE OF THE
14 EVIDENCE, BELIEVES THAT A PERSON HAS VIOLATED OR CAUSED ANOTHER
15 PERSON TO VIOLATE SUBSECTION (1) OF THIS SECTION, THE ATTORNEY
16 GENERAL MAY BRING A CIVIL ACTION ON BEHALF OF THE STATE TO SEEK
17 THE ASSESSMENT OF A CIVIL PENALTY OF UP TO THE TOTAL AMOUNT OF
18 STATE FINANCIAL ASSISTANCE RECEIVED BY THE VIOLATOR ON OR AFTER
19 JANUARY 1, 2025, WHICH AMOUNT MUST BE TRANSMITTED TO THE STATE
20 TREASURER, WHO SHALL CREDIT THE AMOUNT TO THE ENERGY FUND
21 CREATED IN SECTION 24-38.5-102.4 (1)(a)(I).

22 **SECTION 4.** In Colorado Revised Statutes, 24-38.5-116, amend
23 (6)(b)(II) as follows:

24 **24-38.5-116. Industrial and manufacturing operations clean**
25 **air grant program - creation - eligibility - fund created - gifts, grants,**
26 **or donations - transfer - legislative declaration - definitions -**
27 **reporting - repeal.** (6) (b) (II) For state fiscal years 2023-24 and

1 2024-25, the office and, subject to annual appropriation, the department
2 of revenue may expend money from the fund for the administration and
3 implementation of the industrial clean energy tax credit created in section
4 39-22-551 and the tax credit for sustainable aviation fuel production
5 facility created in section 39-22-556. The office shall keep an accounting
6 of all money expended from the fund pursuant to this subsection (6)(b)(II)
7 for purposes of calculating the repayment of the administrative costs
8 required by section 39-29-108 (2)(c)(H) SECTION 24-38.5-120 (3).

9 **SECTION 5.** In Colorado Revised Statutes, 24-38.5-118, **amend**
10 (3)(b), (4)(a) introductory portion, (4)(b)(I), (7)(d), and (8)(b); **repeal**
11 (4)(a)(I); and **add** (8)(d) as follows:

12 **24-38.5-118. Geothermal energy grant program - creation -**
13 **procedures - fund - report - definitions - legislative declaration -**
14 **repeal.** (3) **Creation of grant program.** There is hereby created within
15 the office the geothermal energy grant program to provide grants to
16 building owners, developers, local governments, geothermal installers,
17 contractors, communities, gas or electric service public utilities, or other
18 entities approved by the office for:

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

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

24 (a) The single-structure geothermal grant, which is awarded to
25 applicants that are constructing a new building or retrofitting an existing
26 building, including a single-family or multifamily residence, and
27 installing a geothermal system for use as the primary HEATING-ONLY OR

1 COMBINED heating and cooling system for the building. A single-structure
2 geothermal grant is subject to the following limitations and qualifications:

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

6 (b) The community district heating grant, which is awarded to
7 support ground-source, water-source, or multisource thermal systems that
8 serve more than a single building. Applicants may apply for grants for a
9 scoping study, a detailed design study, projects, or a combination of these
10 options. Teams consisting of building owners, geothermal installers,
11 public utilities, political subdivisions of Colorado, consultants,
12 developers, or other entities approved by the office are eligible to submit
13 a proposal for a scoping study or a detailed design study. To qualify for
14 a grant for the project, an applicant must successfully complete a study
15 and show proof of a viable project. A community district heating grant is
16 subject to the following limitations and qualifications:

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

22 (7) Fund. (d) For state fiscal years 2023-24 and 2024-25, the
23 office and, subject to annual appropriation, the department of revenue
24 may expend money in the fund for the administration and implementation
25 of the tax credit for expenditures made in connection with a geothermal
26 energy project created in section 39-22-552, the geothermal electricity
27 generation production tax credit created in section 39-22-553, and the

1 heat pump technology and thermal energy network tax credit created in
2 section 39-22-554. The office shall keep an accounting of all money
3 expended from the fund pursuant to this subsection (7)(d) for purposes of
4 calculating the repayment of the administrative costs required by section
5 39-29-108 (2)(c)(H) SECTION 24-38.5-120 (3).

6 (8) (b) ~~The office shall award grants from the fund in accordance~~
7 ~~with the following parameters:~~ THE OFFICE SHALL AWARD AT LEAST
8 TWENTY-FIVE PERCENT OF THE GRANT MONEY AWARDED FOR
9 SINGLE-STRUCTURE GEOTHERMAL GRANTS TO ELIGIBLE ENTITIES FROM OR
10 PROJECTS IN LOW-INCOME, DISPROPORTIONATELY IMPACTED, OR JUST
11 TRANSITION COMMUNITIES. ==

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

16 ~~(II) Up to eighty percent of the total money in the fund may be~~
17 ~~awarded as single-structure geothermal grants, and one-fourth of the grant~~
18 ~~money awarded under this subsection (8)(b)(II) must be awarded to~~
19 ~~eligible entities from or projects in low-income, disproportionately~~
20 ~~impacted, or just transition communities, as those communities are~~
21 ~~defined by the office; and~~

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

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

25 ~~(B) Medical campuses;~~

26 ~~(C) Residential campuses;~~

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

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

2 (d) THE OFFICE MAY USE GRANT PROGRAM MONEY TO SUPPORT
3 EDUCATION, OUTREACH, AND ENGAGEMENT WITH THE GENERAL PUBLIC
4 AND RELEVANT STAKEHOLDERS TO FACILITATE THE GROWTH OF THE
5 GEOTHERMAL SECTOR IN COLORADO.

6 **SECTION 6. In Colorado Revised Statutes, 24-38.5-120, amend**
7 **(3) and (4) as follows:**

8 **24-38.5-120. Decarbonization tax credits administration cash**
9 **fund - definitions - repeal.** (3) (a) Subject to annual appropriation by the
10 general assembly, for state fiscal years 2023-24 through 2034-35, the
11 office and the department may expend money from the fund for direct and
12 indirect costs associated with the implementation and administration of
13 the decarbonization tax credits.

14 **(b) (I) MONEY IN THE FUND MAY ALSO BE USED TO REPAY**
15 **ADMINISTRATIVE COSTS TO THE RESPECTIVE CASH FUNDS. THE STATE**
16 **TREASURER SHALL TRANSFER MONEY FROM THE FUND IN THE AMOUNT**
17 **ATTRIBUTABLE TO ADMINISTRATIVE COSTS TO THE RESPECTIVE CASH**
18 **FUNDS SO THAT ALL ADMINISTRATIVE COSTS ARE REPAYED TO THE**
19 **RESPECTIVE CASH FUNDS ON OR BEFORE JUNE 29, 2024.**

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

22 **(A) "ADMINISTRATIVE COSTS" MEANS THE AMOUNT OF MONEY**
23 **EXPENDED FROM THE RESPECTIVE CASH FUNDS BY THE OFFICE AND THE**
24 **DEPARTMENT FOR THE ADMINISTRATION AND IMPLEMENTATION OF**
25 **CERTAIN INCOME TAX CREDITS, AS PROVIDED FOR IN SECTIONS**
26 **24-38.5-116 (6)(b)(II), 24-38.5-118 (7)(d), 24-38.5-506 (2)(b), AND OF**
27 **THE TEMPORARY SPECIFIC OWNERSHIP TAX RATE REDUCTION FOR**

1 ELECTRIC MEDIUM-DUTY AND HEAVY-DUTY TRUCKS THAT ARE PART OF A
2 FLEET AS PROVIDED FOR IN SECTION 25-7-1405(2)(b).

3 (B) "RESPECTIVE CASH FUNDS" MEANS THE INDUSTRIAL AND
4 MANUFACTURING OPERATIONS CLEAN AIR GRANT PROGRAM CASH FUND
5 CREATED IN SECTION 24-38.5-116 (6), THE GEOTHERMAL ENERGY GRANT
6 FUND CREATED IN SECTION 24-38.5-118 (7), THE COMMUNITY ACCESS TO
7 ELECTRIC BICYCLES CASH FUND CREATED IN SECTION 24-38.5-506, AND
8 THE ELECTRIFYING SCHOOL BUSES GRANT PROGRAM CASH FUND CREATED
9 IN SECTION 25-7-1405.

10 (4) The state treasurer shall transfer all unexpended and
11 unencumbered money in the fund on June 30, 2024, June 30, 2025, and
12 June 30, 2026, to the general fund; except that the balance of money
13 remaining in the fund not including expended and encumbered money
14 shall not be less than ~~one hundred thousand~~ THREE HUNDRED THOUSAND
15 dollars.

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

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

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

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

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

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

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

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

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

6 **SECTION 8.** In Colorado Revised Statutes, 24-38.5-403, **amend**
7 (3)(a)(I) and (3)(c) as follows:

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

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

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

27 **SECTION 9.** **In Colorado Revised Statutes, 24-38.5-405, amend**

1 (3)(a) as follows:

2 **24-38.5-405. High-efficiency electric heating and appliances**
3 **grant program - creation - report - legislative declaration - repeal.**

4 (3) Grantees may use the money received through the high-efficiency
5 electric heating and appliances grant program for the following purposes:

6 (a) The purchase and installation of high-efficiency electric
7 equipment for DRYING CLOTHES, space heating, water heating, or cooking
8 in multiple residential or commercial buildings located in close proximity,
9 OR FOR OTHER ELECTRIC EQUIPMENT AS DETERMINED BY THE COLORADO
10 ENERGY OFFICE;

11 **SECTION 10.** In Colorado Revised Statutes, 24-38.5-506,
12 **amend (2)(b) as follows:**

13 **24-38.5-506. Community access to electric bicycles cash fund**
14 **- creation - gifts, grants, or donations - transfer. (2) (b) For state fiscal**
15 **years 2023-24 and 2024-25, the office and, subject to annual**
16 **appropriation, the department of revenue may expend money in the fund**
17 **for the administration and implementation of the electric bicycle tax**
18 **credit created in section 39-22-555. The office shall keep an accounting**
19 **of all money expended from the fund pursuant to this subsection (2)(b)**
20 **for purposes of calculating the repayment of the administrative costs**
21 **required by section 39-29-108(2)(c)(H) SECTION 24-38.5-120 (3).**

22 **SECTION 11.** In Colorado Revised Statutes, 25-7-1405, amend
23 **(2)(b) as follows:**

24 **25-7-1405. Electrifying school buses grant program cash fund**
25 **- creation - gifts, grants, and donations - transfer. (2) (b) For state**
26 **fiscal years 2023-24 and 2024-25, and subject to annual appropriation, the**
27 **Colorado energy office, created in section 24-38.5-101, and the**

1 department of revenue may expend money from the fund for the
2 administration and implementation of the innovative motor vehicles and
3 innovative trucks tax credits created in sections 39-22-516.7 and
4 39-22-516.8 and for the specific ownership tax rate reduction for electric
5 medium-duty and heavy-duty trucks that are part of a fleet as set forth in
6 section 42-3-107(1)(a)(IV). The office shall keep an accounting of all
7 money expended from the fund pursuant to this subsection (2)(b) for
8 purposes of calculating the repayment of the administrative costs required
9 by section 39-29-108(2)(c)(H) SECTION 24-38.5-120 (3).

10 **SECTION 12.** In Colorado Revised Statutes, **add** part 16 to
11 article 7 of title 25 as follows:

12 **PART 16**

13 **AFFORDABLE APPLIANCES FOR A HEALTHY COMMUNITY**

14 **25-7-1601. Legislative declaration.** (1) THE GENERAL ASSEMBLY
15 FINDS AND DETERMINES THAT:

16 (a) RISING TEMPERATURES ARE INCREASING THE DEMAND FOR AIR
17 CONDITIONERS;

18 (b) COMMON TYPES OF AIR CONDITIONERS CAN ALSO PROVIDE
19 WINTER HEATING IF THEY ARE CONFIGURED AS HEAT PUMPS, WHICH ARE
20 A MORE ENVIRONMENTALLY FRIENDLY OPTION THAN OTHER TYPES OF
21 HEATING, VENTILATION, AND AIR CONDITIONING SYSTEMS;

22 (c) THE "INFLATION REDUCTION ACT OF 2022", THE STATE, AND
23 UTILITIES ARE OPENING UP OPPORTUNITIES TO MAKE THIS TECHNOLOGY
24 LESS EXPENSIVE THAN COOLING-ONLY SYSTEMS; AND

25 (d) COLORADO SHOULD BE PREPARED TO TAKE ADVANTAGE OF
26 NEW OPPORTUNITIES TO THE MAXIMUM EXTENT TO CREATE A MORE
27 AFFORDABLE AND ENVIRONMENTALLY FRIENDLY HOUSING MARKET AND

1 HEATING, VENTILATION, AND AIR CONDITIONING INDUSTRY.

2 (2) THE GENERAL ASSEMBLY, THEREFORE, DETERMINES AND
3 DECLARES THAT IT IS IN THE PUBLIC INTEREST FOR THE HEALTH AND
4 ENVIRONMENT OF THE STATE TO REQUIRE THAT THE COLORADO ENERGY
5 OFFICE CONDUCT A STUDY OF THE TECHNICAL VIABILITY, ECONOMIC
6 CONDITIONS, AND WORKFORCE READINESS OF STANDARDS FOR
7 CONFIGURING NEW RESIDENTIAL AIR CONDITIONERS AS HEAT PUMPS.

8 **25-7-1602. Definitions.** AS USED IN THIS PART 16, UNLESS THE
9 CONTEXT OTHERWISE REQUIRES:

10 (1) "AIR CONDITIONER" MEANS AN ELECTRICALLY POWERED
11 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO COOL AN
12 INTERIOR HABITABLE SPACE.

13 (2) "APPLICABLE AIR CONDITIONER" MEANS AN AIR CONDITIONER
14 THAT IS:

- 15 (a) NEW;
- 16 (b) POWERED BY A SINGLE-PHASE CURRENT;
- 17 (c) DESIGNED AND INTENDED FOR RESIDENTIAL USE;
- 18 (d) DESIGNED AND INTENDED FOR PERMANENT INSTALLATION; AND
- 19 (e) NOT DESIGNED OR INTENDED TO BE WINDOW MOUNTED.

20 (3) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED
21 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER
22 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.

23 (4) "HVAC" MEANS A HEATING, VENTILATION, AND AIR
24 CONDITIONING SYSTEM.

25 (5) "OFFICE" MEANS THE COLORADO ENERGY OFFICE CREATED IN
26 SECTION 24-38.5-101 (1).

27 (6) "RESIDENTIAL" MEANS ONE- AND TWO-FAMILY DWELLINGS

1 AND TOWNHOUSES, AS DEFINED IN THE MOST RECENT EDITION OF THE
2 INTERNATIONAL RESIDENTIAL CODE.

3 **25-7-1603. Colorado energy office - study - accelerated**
4 **adoption of heat pump technology.** (1) ON OR BEFORE AUGUST 1, 2024,
5 THE OFFICE SHALL COMMENCE A STUDY WITH TARGETED STAKEHOLDER
6 INPUT TO EXPLORE HOW TO ACCELERATE ADOPTION OF HEAT PUMP
7 TECHNOLOGY IN COLORADO THROUGH A TECHNICAL STANDARD FOR
8 APPLICABLE AIR CONDITIONERS.

9 (2) IN CONDUCTING THE STUDY, THE OFFICE SHALL:

10 (a) FOCUS ON A STATEWIDE POINT-OF-SALE STANDARD ON NEW
11 AND REPLACEMENT AIR CONDITIONERS;

12 (b) CONSIDER EQUIPMENT PERFORMANCE IN DIFFERENT CLIMATE
13 ZONES AND CONDITIONS;

14 (c) CONSULT WITH STAKEHOLDERS FROM MANUFACTURERS,
15 DISTRIBUTORS, CONTRACTORS, HEAT PUMP EXPERTS, GREEN BUILDERS,
16 ENVIRONMENTAL JUSTICE GROUPS, AND UTILITIES SERVING RETAIL
17 CUSTOMERS;

18 (d) USE DATA AND FINDINGS FROM RECENT PUBLIC UTILITY
19 PROCEEDINGS TO ACCELERATE DATA COLLECTION FOR THE STUDY;

20 (e) DETERMINE THE REQUIREMENTS FOR SUCCESSFUL
21 IMPLEMENTATION OF A STATEWIDE POINT-OF-SALE STANDARD; AND

22 (f) MAKE RECOMMENDATIONS ON HOW THE STATE CAN ADDRESS
23 ANY ASSOCIATED NEEDS OR GAPS BEFORE A STATEWIDE POINT-OF-SALE
24 STANDARD TAKES EFFECT.

25 (3) IN CONDUCTING THE STUDY, THE OFFICE SHALL ASSESS AND
26 DETERMINE:

27 (a) UP-FRONT COST GAPS AND ONGOING COSTS AND COST SAVINGS

1 FOR RESIDENTIAL HOMES FROM IMPLEMENTATION OF A STATEWIDE
2 POINT-OF-SALE STANDARD;

3 (b) WHETHER AND WHERE FEDERAL, STATE, LOCAL, AND UTILITY
4 INCENTIVES CAN COVER ANY IDENTIFIED COST GAPS, AND MAKE
5 RECOMMENDATIONS FOR WHAT, IF ANY, NEW INCENTIVES MAY BE NEEDED
6 FOR INCOME-QUALIFIED HOUSEHOLDS;

7 (c) ANY TECHNICAL LIMITATIONS, AND POTENTIAL REMEDIES FOR
8 THOSE LIMITATIONS, FOR A STATEWIDE POINT-OF-SALE STANDARD;

9 (d) SYSTEM CONFIGURATION OPTIONS FOR COLD-TEMPERATURE
10 PERFORMANCE;

11 (e) NECESSARY CUSTOMER INFORMATION REGARDING
12 COLD-TEMPERATURE PERFORMANCE;

13 (f) WHAT, IF ANY, EXCEPTIONS OR EXEMPTIONS MAY BE
14 NECESSARY FOR A STATEWIDE POINT-OF-SALE STANDARD AND HOW SUCH
15 EXCEPTIONS OR EXEMPTIONS COULD BE ADMINISTERED;

16 (g) POTENTIAL IMPROVEMENTS TO THE STATE INCOME TAX CREDIT
17 CREATED IN SECTION 39-22-554;

18 (h) SUPPLY CHAIN STATUS;

19 (i) CONTRACTOR TRAINING NEEDS; AND

20 (j) QUALITY ASSURANCE MEASURES.

21 (4) THE OFFICE SHALL DELIVER THE STUDY RESULTS TO THE
22 CHAIRS OF THE TRANSPORTATION AND ENERGY COMMITTEE OF THE
23 SENATE AND THE ENERGY AND ENVIRONMENT COMMITTEE OF THE HOUSE
24 OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES, ACCORDING TO
25 THE FOLLOWING SCHEDULE:

26 (a) ON OR BEFORE JANUARY 1, 2025, THE OFFICE SHALL DELIVER
27 A PROGRESS REPORT;

1 (b) ON OR BEFORE MARCH 1, 2025, THE OFFICE SHALL DELIVER
2 INTERIM RESULTS AND LEGISLATIVE RECOMMENDATIONS; AND

3 (c) ON OR BEFORE JUNE 1, 2025, THE OFFICE SHALL DELIVER THE
4 FINAL STUDY AND FINAL LEGISLATIVE RECOMMENDATIONS.

5 **25-7-1604. Repeal of part.** THIS PART 16 IS REPEALED, EFFECTIVE
6 JULY 1, 2030.

7 **SECTION 13.** In Colorado Revised Statutes, 39-22-551, **amend**
8 (2)(e) introductory portion, (2)(i), (2)(j), (3)(a)(II), and (3)(c) as follows:

9 **39-22-551. Industrial clean energy tax credit - tax preference**
10 **performance statement - definitions - report - repeal. (2) Definitions.**

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

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

14 "Greenhouse gas emissions reduction improvements" ~~also means~~ MAY
15 INCLUDE one or more of the following equipment purchases,
16 improvements, and retrofits:

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

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

26 (3) **Availability of credit and amount.** (a) For income tax years
27 commencing on or after January 1, 2024, but prior to January 1, 2033,

1 there shall be allowed a credit with respect to the income taxes imposed
2 pursuant to this article 22 to the owner of a qualified industrial facility in
3 an amount equal to:

4 (II) The applicable percentage of the capital costs paid by the
5 owner, not including the cost for design, and approved by the office for
6 certified greenhouse gas emissions reduction improvements that are
7 placed in service during the tax year in which the credit is claimed; except
8 that the credit must be claimed in an amount that is not less than
9 seventy-five thousand dollars and does not exceed ~~five~~ EIGHT million
10 dollars.

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

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

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

21 **SECTION 14.** In Colorado Revised Statutes, 39-22-552, **amend**
22 (1)(a), (2)(e), (2)(f) introductory portion, (2)(f)(VIII), and (2)(f)(IX); and
23 add (2)(f)(X), (2)(f.5), (2)(h), (2)(i), and (2)(j) as follows:

24 **39-22-552. Tax credit for expenditures made in connection**
25 **with a geothermal energy project - tax preference performance**
26 **statement - definitions - repeal.** (1) (a) In accordance with section
27 39-21-304(1), which requires each bill that creates a new tax expenditure

1 to include a tax preference performance statement as part of a statutory
2 legislative declaration, the general assembly finds and declares that the
3 purpose of the tax credit provided in this section is to induce certain
4 designated behavior by taxpayers and to provide a reduction in income
5 tax liability for certain businesses or individuals by providing a financial
6 incentive for the development of THERMAL ENERGY NETWORKS, electricity
7 generation from geothermal sources.

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

10 ==
11 (e) "Eligible taxpayer" means ~~a person engaged in a trade or~~
12 ~~business that is subject to tax pursuant to this article 22, or a person or~~
13 ~~political subdivision of this state that is exempt from tax pursuant to~~
14 ~~section 39-22-112 (1), that makes a qualified expenditure~~ ANY OF THE
15 FOLLOWING PEOPLE OR ENTITIES THAT MAKE A QUALIFIED EXPENDITURE:

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

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

20 (III) A TRIBAL GOVERNMENT.

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

26 (VIII) Coproduction of geothermal ~~energy, or~~ ENERGY INCLUDING
27 FOR INDUSTRIAL USES OR THERMAL ENERGY NETWORKS;

1 (IX) Power generation equipment; OR

2 (X) STUDIES TO IDENTIFY AND EXPLORE RESOURCES THAT MAY BE
3 SUITABLE FOR GEOTHERMAL ELECTRICITY GENERATION AND MAY INCLUDE
4 HYDROGEN GENERATION OR UTILIZATION OF DIRECT AIR CAPTURE
5 TECHNOLOGY.

6 (f.5) "GEOTHERMAL ENERGY PROJECT" MEANS A GEOTHERMAL
7 ELECTRICITY PROJECT, THERMAL ENERGY NETWORK, OR A THERMAL
8 ENERGY NETWORK STUDY.

9

==

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

12 (i) "THERMAL ENERGY NETWORK STUDY" MEANS AN ENERGY AND
13 EMISSIONS SCOPING STUDY, A FEASIBILITY STUDY, AN INVESTMENT GRADE
14 ENERGY AUDIT, A DETAILED ENGINEERING DESIGN, OR A COMBINATION OF
15 THESE OPTIONS THAT MEETS OR EXCEEDS THE STANDARDS ESTABLISHED
16 BY THE OFFICE.

17 (j) "TRIBAL GOVERNMENT" MEANS A FEDERALLY RECOGNIZED
18 INDIAN TRIBE, INCLUDING ITS BUSINESS OPERATIONS AND WHOLLY-OWNED
19 ENTITIES, WITH RESERVATION LANDS WITHIN THE STATE OF COLORADO OR
20 OPERATING WITHIN THE STATE.

21

==

22 **SECTION 15.** In Colorado Revised Statutes, 39-22-553, **amend**
23 (2)(c) and (3); and **add** (2)(d) and (3.5) as follows:

24 **39-22-553. Geothermal electricity generation production tax**
25 **credit - tax preference performance statement - definitions - repeal.**

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

1 (c) "Qualified entity" means ~~a person engaged in a trade or~~
2 ~~business that is subject to tax pursuant to this article 22 or a person or~~
3 ~~political subdivision of this state that is exempt from tax pursuant to~~
4 ~~section 39-22-112 (1), either of which produces electricity derived from~~
5 ~~geothermal energy for sale or for the person's or political subdivision's~~
6 ~~own use~~ ANY OF THE FOLLOWING PEOPLE OR ENTITIES THAT PRODUCE
7 ELECTRICITY DERIVED FROM GEOTHERMAL ENERGY FOR SALE OR USE:

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

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

12 (III) A TRIBAL GOVERNMENT.

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

17 (3) For income tax years commencing on or after January 1, 2024,
18 but before January 1, 2033, a qualified entity is allowed a credit against
19 the income taxes imposed by this article 22 in an amount equal to three
20 one-thousandths of a dollar per kilowatt hour of geothermal electricity
21 that is produced by the qualified entity in the state in the tax year. In order
22 to claim the credit, the qualified entity shall apply for and receive a tax
23 credit certificate from the office pursuant to subsection (4) of this section.
24 ~~except that the office may not issue a tax credit certificate to a qualified~~
25 ~~entity totaling more than one million dollars per income tax year.~~

26 (3.5) THE OFFICE SHALL ANNUALLY REVIEW AND EVALUATE THE
27 EFFECTIVENESS OF THE TAX CREDIT AND MAY MODIFY THE AMOUNTS SET

1 FORTH IN SUBSECTION (3) OF THIS SECTION. THE OFFICE SHALL MAINTAIN
2 THE CURRENT APPLICABLE TAX CREDIT ___ ON ITS WEBSITE AND SHALL
3 PROVIDE THE APPLICABLE TAX CREDIT ___ IN WRITING TO THE DEPARTMENT
4 NO LATER THAN DECEMBER 31, 2024, AND EACH DECEMBER 31
5 THEREAFTER THROUGH DECEMBER 31, 2031.

6 **SECTION 16.** In Colorado Revised Statutes, 39-22-554, **amend**
7 (2)(a)(I)(C), (2)(g)(I)(C), (2)(g)(I)(D), (2)(p)(I)(C), (2)(p)(I)(D),
8 (2)(q)(I)(C), (2)(p)(I)(D), (2)(q)(I)(D), (3)(c)(I) introductory portion,
9 (3)(d)(II), (3)(e), (5)(a)(II), (5)(a)(V), and (5)(d)(II)(A); **repeal**
10 (2)(a)(I)(B), (2)(a)(III), (2)(g)(III), (2)(g)(IV), (2)(p)(III), (2)(q)(III), and
11 (5)(a)(III); and **add** (2)(a)(I)(D), (2)(a)(I)(E), (2)(c.5), (2)(d.5),
12 (2)(g)(I)(E), (2)(i.5), (2)(q)(I)(E), and (5)(a)(III.5) as follows:

13 **39-22-554. Heat pump technology and thermal energy**
14 **network tax credit - tax preference performance statement -**
15 **definitions - repeal.** (2) **Definitions.** As used in this section, unless the
16 context otherwise requires:

- 17 (a) (I) "Air-source heat pump system" means a system that:
- 18 (B) ~~Has a variable speed compressor; and~~
- 19 (C) Is listed in the Air-conditioning, Heating, and Refrigeration
20 Institute directory of certified product performance as a matched system;
- 21 (D) CONFORMS TO ALL APPLICABLE MUNICIPAL, STATE, AND
22 FEDERAL CODES, STANDARDS, REGULATIONS, AND CERTIFICATIONS; AND
- 23 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
24 SPECIFICATIONS.
- 25 (III) ~~"Air-source heat pump system" includes mechanical and~~
26 ~~electrical equipment central to the operation of an air-source heat pump,~~
27 ~~including an upgraded electrical panel if necessary.~~

1 (c.5) "COLD-CLIMATE HEAT PUMP" MEANS A TYPE OF AIR-SOURCE
2 HEAT PUMP SYSTEM THAT:

3 (I) MEETS THE QUALIFICATION CRITERIA OF THE FEDERAL
4 ENVIRONMENTAL PROTECTION AGENCY'S ENERGY STAR PROGRAM'S
5 COLD-CLIMATE HEAT PUMP DESIGNATION OR MEETS THE HIGHEST TIER OF
6 THE CONSORTIUM FOR ENERGY EFFICIENCY'S NORTHERN AIR-SOURCE
7 HEAT PUMP SPECIFICATIONS, NOT INCLUDING AN ADVANCED TIER;

8 (II) IS INSTALLED WITH CONTROLS THAT SET A CROSSOVER
9 TEMPERATURE SPECIFIED BY GUIDELINES ESTABLISHED BY THE OFFICE
10 PURSUANT TO SUBSECTION (7) OF THIS SECTION;

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

13 (IV) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
14 SPECIFICATIONS; AND

15 (V) IS LISTED IN THE AIR-CONDITIONING, HEATING, AND
16 REFRIGERATION INSTITUTE DIRECTORY OF CERTIFIED PRODUCT
17 PERFORMANCE AS A MATCHED SYSTEM.

18 (d.5) "CROSSOVER TEMPERATURE" MEANS THE POINT THAT A
19 HEAT-PUMP-BASED HVAC SYSTEM SWITCHES EITHER PARTIALLY OR
20 FULLY FROM THE HEAT PUMP TO A SUPPLEMENTARY HEATING SOURCE.

21 (g) (I) "Ground-source heat pump system" means a system that:

22 (C) Has blowers that are variable speed, high-efficiency motors
23 that meet or exceed efficiency levels listed in the National Electrical
24 Manufacturers Association MG 1-1993 publication; and

25 (D) Complies with all state and local drinking water guidelines
26 and regulations and public water system requirements; AND

27 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S

1 SPECIFICATIONS.

2 (III) "Ground-source heat pump system" includes mechanical and
3 electrical equipment central to the operation of a ground-source heat
4 pump, including an upgraded electrical panel if necessary.

5 (IV) "Ground-source heat pump system" may include a heat
6 exchanger for water heating.

7 (i.5) "HEAT PUMP" MEANS AN ELECTRICALLY POWERED
8 MECHANICAL DEVICE THAT USES THE REFRIGERATION CYCLE TO TRANSFER
9 THERMAL ENERGY FROM ONE LOCATION TO ANOTHER.

10 (p) (I) "Variable refrigerant flow heat pump system" means a
11 system that:

12 (C) Has blowers that are variable speed, high-efficiency motors
13 that meet or exceed efficiency levels listed in the National Electrical
14 Manufacturers Association MGI-1993 MG 1-1993 publication; and

15 (D) Complies with all state and local drinking water guidelines
16 and regulations and public water system and wastewater system
17 requirements; AND

18 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
19 SPECIFICATIONS.

20 (III) "Variable refrigerant flow system" includes mechanical and
21 electrical equipment central to the operation of a variable refrigerant flow
22 system.

23 (q) (I) "Water-source heat pump system" means a system that:

24 (C) Has blowers that are variable speed, high-efficiency motors
25 that meet or exceed efficiency levels listed in the National Electrical
26 Manufacturers Association MG 1-1993 publication; and

27 (D) Complies with all state and local drinking water guidelines

1 and regulations and public water system and wastewater system
2 requirements; AND

3 (E) IS INSTALLED IN ACCORDANCE WITH THE MANUFACTURER'S
4 SPECIFICATIONS.

5 (III) "~~Water-source heat pump system~~" includes mechanical and
6 electrical equipment central to the operation of a water-source heat pump.

7 (3) (c) Subject to the modifications set forth in subsection (3)(d)
8 of this section and the annual review required pursuant to subsection
9 (3)(e) of this section and except as otherwise provided in subsection (3)(f)
10 of this section, the amount of the credit allowed pursuant to this section
11 is calculated as follows:

12 (I) For the installation of an air-source heat pump system THAT IS
13 NOT A COLD-CLIMATE HEAT PUMP, or FOR a variable refrigerant flow heat
14 PUMP system:

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

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

22 (e) The office shall annually review and evaluate the effectiveness
23 of the tax credits and may, FOR THE SUBSEQUENT TAX YEAR:

24 (I) Modify the amounts set forth in subsection (3)(c) of this
25 section; AND

26 (II) ESTABLISH, MODIFY, OR REMOVE LIMITS ON THE CREDITS
27 CALCULATED PURSUANT TO SUBSECTION (3)(d) OF THIS SECTION.

1 (5) (a) The office shall create, and update at least annually, a list
2 containing the names and contact information of eligible taxpayers. To
3 become an eligible taxpayer, and be included on the list described in this
4 subsection (5), a taxpayer shall demonstrate to the office that the taxpayer
5 and any of its employees who will be installing heat pump technology or
6 thermal energy networks:

7 (II) Are knowledgeable of AND AGREE TO FOLLOW the relevant
8 system requirements set forth in subsections (2)(a), ~~(2)(c.5)~~, (2)(g), (2)(h),
9 (2)(i), (2)(m), (2)(n), (2)(p), and (2)(q) of this section;

10 (III) ~~Will install heat pump technology and thermal energy~~
11 ~~networks in accordance with the national electric code and manufacturer's~~
12 ~~specifications;~~

13 (III.5) HAVE RECEIVED TRAINING PURSUANT TO THE GUIDELINES
14 ISSUED BY THE OFFICE PURSUANT TO SUBSECTION (7) OF THIS SECTION;

15 (V) Will meet any additional standards established by the office
16 in its guidelines. ~~including, if applicable, the 2021 international energy~~
17 ~~conservation code.~~

18 (d) (II) (A) The office shall ~~annually~~ PERIODICALLY examine a
19 sample of the eligible taxpayers on the list described in this subsection (5)
20 to substantiate that the eligible taxpayers are meeting the office's
21 standards and properly claiming the credit allowed by this section. Every
22 eligible taxpayer shall produce the books and records described in
23 subsection (5)(d)(I) of this section for examination at any time by the
24 office.

25 == ==

26 **SECTION 17.** In Colorado Revised Statutes, 39-22-557, **amend**
27 (2)(d) and (3)(c)(I) as follows:

1 **39-22-557. Clean hydrogen tax credit - qualified uses - tax**
2 **preference performance statement - definitions - legislative**
3 **declaration - repeal.** (2) As used in this section, unless the context
4 otherwise requires:

5 (d) "Lifecycle greenhouse gas emissions rate" means lifecycle
6 greenhouse gas emissions, as defined in 26 U.S.C. sec. 45V (c)(1)(A), as
7 amended, measured in accordance with any applicable federal internal
8 revenue service regulations or guidance, subject to the rules adopted by
9 the public utilities commission pursuant to ~~section 40-2-138 (3)(a)(I)~~
10 SECTION 40-2-138 (3)(a)(II).

11 (3) (c) (I) For income tax years commencing on and after January
12 1, 2024, but before January 1, 2026, and not before the public utilities
13 commission adopts rules pursuant to ~~section 40-2-138 (3)(a)(I)~~, SECTION
14 40-2-138 (3)(a)(II), the office shall not issue a tax credit certificate to a
15 taxpayer indicating eligibility for a tax credit for an amount exceeding
16 one million dollars in a tax year.

17 **SECTION 18.** In Colorado Revised Statutes, 39-29-108, repeal
18 (2)(e)(II), (2)(e)(III)(A), and (2)(e)(III)(C) as follows:

19 **39-29-108. Allocation of severance tax revenues - definitions**
20 **- repeal.** (2) (e) (II) ~~The state treasurer shall credit a portion of the~~
21 ~~discrete increased amount of severance tax for oil and gas production in~~
22 ~~the amount attributable to administrative costs to the respective cash~~
23 ~~funds so that all administrative costs are repaid to the respective cash~~
24 ~~funds on or before July 1, 2025.~~

25 (III) As used in this subsection (2)(e), unless the context otherwise
26 requires:

27 (A) "Administrative costs" means the amount of money expended

1 from the respective cash funds by the Colorado energy office and the
2 department of revenue for the administration and implementation of
3 certain income tax credits and a temporary specific ownership tax rate
4 reduction for electric medium-duty and heavy-duty trucks that are part of
5 a fleet as provided for in sections 24-38.5-116 (6)(b)(II), 24-38.5-118
6 (7)(d), 24-38.5-506 (2)(a)(II), and 25-7-1405 (2)(b).

7 (C) "Respective cash funds" means the industrial and
8 manufacturing operations clean air grant program cash fund created in
9 section 24-38.5-116 (6), the geothermal energy grant fund created in
10 section 24-38.5-118 (7), the community access to electric bicycles cash
11 fund created in section 24-38.5-506, or the electrifying school buses grant
12 program cash fund created in section 25-7-1405.

13 **SECTION 19.** In Colorado Revised Statutes, 40-3.2-108, amend
14 (10) introductory portion as follows:

15 **40-3.2-108. Clean heat targets - legislative declaration -**
16 **definitions - plans - rules - reports.** (10) No later than December 1,
17 2024, DECEMBER 1, 2025, the commission, in consultation with the
18 division, shall determine mass-based greenhouse gas emission reduction
19 targets for clean heat plans for 2035. In establishing these targets, the
20 commission shall:

21 **SECTION 20.** In Colorado Revised Statutes, add 40-3.2-110 as
22 follows:

23 **40-3.2-110. Requirements related to heat pumps - definitions.**

24 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
25 REQUIRES, "HEAT PUMP" MEANS AN ELECTRICALLY POWERED DEVICE THAT
26 USES THE REFRIGERATION CYCLE TO TRANSFER THERMAL ENERGY FROM
27 ONE LOCATION TO ANOTHER.

1 (2) ON OR BEFORE AUGUST 1, 2027, AN INVESTOR-OWNED UTILITY
2 THAT PROVIDES ELECTRIC OR THERMAL ENERGY SHALL, WITHIN A
3 GENERAL RATE CASE REQUEST, SUBMIT TO THE COMMISSION A PROPOSAL
4 FOR A VOLUNTARY RATE OR RATES FOR ENERGY SUPPLIED TO RESIDENTIAL
5 CUSTOMERS WHO UTILIZE A HEAT PUMP AS THEIR PRIMARY HEATING
6 SOURCE, WHICH VOLUNTARY RATE OR RATES:

7 (a) MAY BE NEW RATES, NEW OR EXISTING RIDERS, OR
8 INCORPORATED INTO AN EXISTING TIME-OF-USE RATE;

9 (b) IF COST-JUSTIFIED, ARE DESIGNED TO LOWER THE AVERAGE
10 MONTHLY ENERGY BILL OF RESIDENTIAL CUSTOMERS WHO UTILIZE A HEAT
11 PUMP AS THEIR PRIMARY HEATING SOURCE; AND

12 (c) AVOID CROSS-SUBSIDIES FROM OTHER CUSTOMERS.

13 **SECTION 21.** In Session Laws of Colorado 2023, section 4 of
14 chapter 219, amend (1) as follows:

15 Section 4. **Appropriation.** (1) For the 2023-24 state fiscal year,
16 \$370,140 is appropriated to the department of higher education. This
17 appropriation is from the oil and gas conservation and environmental
18 response fund created in section 34-60-122 (5)(a), C.R.S., and is based on
19 an assumption that the department will require an additional 3.0 FTE. To
20 implement this act, the department may use this appropriation for the
21 board of governors of the Colorado state university system for the biochar
22 in oil and gas well plugging working advisory group. ANY MONEY
23 APPROPRIATED IN THIS SECTION THAT IS NOT EXPENDED PRIOR TO JULY 1,
24 2024, IS FURTHER APPROPRIATED TO THE DEPARTMENT OF HIGHER
25 EDUCATION FOR THE 2024-25 STATE FISCAL YEAR FOR THE SAME PURPOSE.

26 **SECTION 22.** **Appropriation - adjustments to 2024 long bill.**

27 (1) To implement this act, cash funds appropriations from various

1 sources of cash funds made in the annual general appropriation act for the
2 2024-25 state fiscal year to the department of revenue are decreased as
3 follows:

4	<u>Executive Director's Office, Administration and Support</u>	
5	<u>Personal services</u>	<u>\$424,001</u>
6	<u>Operating expenses</u>	<u>\$64,770</u>
7	<u>Taxation Business Group, Administration</u>	
8	<u>Tax administration IT system (GenTax) support</u>	<u>\$765,934</u>
9	<u>Taxation Business Group, Taxation Services</u>	
10	<u>Personal services</u>	<u>\$470,940</u>
11	<u>Operating expenses</u>	<u>\$36,925</u>
12	<u>Document management</u>	<u>\$7,590</u>

13 (2) To implement this act, cash funds appropriations from the
14 decarbonization tax credits administration cash fund created in section
15 24-38.5-120 (2), C.R.S., made in the annual general appropriation act for
16 the 2024-25 state fiscal year to the department of revenue are increased
17 as follows:

18	<u>Executive Director's Office, Administration and Support</u>	
19	<u>Personal services</u>	<u>\$424,001</u>
20	<u>Operating expenses</u>	<u>\$64,770</u>
21	<u>Taxation Business Group, Administration</u>	
22	<u>Tax administration IT system (GenTax) support</u>	<u>\$765,934</u>
23	<u>Taxation Business Group, Taxation Services</u>	
24	<u>Personal services</u>	<u>\$470,940</u>
25	<u>Operating expenses</u>	<u>\$36,925</u>
26	<u>Document management</u>	<u>\$7,590</u>

27 **SECTION 23. Appropriation.** For the 2024-25 state fiscal year,

1 \$1,058,596 is appropriated to the office of the governor for use by the
2 Colorado energy office. This appropriation consists of \$100,000 from the
3 general fund and \$958,596 from the decarbonization tax credits
4 administration cash fund created in section 24-38.5-120 (2), C.R.S., and
5 is based on an assumption that the office will require an additional 3.1
6 FTE. To implement this act, the office may use this appropriation for
7 program administration.

8 **SECTION 24. Safety clause.** The general assembly finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, or safety or for appropriations for
11 the support and maintenance of the departments of the state and state
12 institutions.