

Colorado Energy & Environmental Legislation: 2022 Year in Review

This year, the Colorado General Assembly was again very active and passed numerous energy and environmental bills. This note summarizes the key legislation related to the following areas: (i) [oil and gas](#), (ii) [the electric grid and transmission](#), (iii) [energy efficiency and the built environment](#), (iv) [geothermal energy](#), (v) [air quality](#), (vi) [water use and quality](#), (vii) [wildfire and disaster mitigation and recovery](#), (viii) [recycling](#), (ix) [pollutants and contaminated lands](#), (x) [a just energy transition](#) and (xi) [consumer benefits and protections](#).

Please do not hesitate to contact us if you have questions about these developments.

OIL & GAS

Oil and Gas Reporting

[HB22-1361](#) | (Rep. Boesenecker, Sen. Lewis, Sen. Story) | *Passed May 10, 2022, Awaiting Governor's Signature*

HB22-1361 requires the Office of the State Auditor to select a random sample of oil and gas operators and conduct and prepare a performance audit of those operators. The performance audit must compare monthly production reports, quarterly conservation levies, and quarterly calibration reports submitted by the Colorado Oil and Gas Conservation Commission (COGCC) with the severance tax monthly withholding statements and annual severance tax reports. It also will compare emissions data submitted to COGCC with the oil and natural gas inventory reports submitted to the Colorado Department of Health and Environment (CDPHE). In comparing these sources of information in the performance audit, the State Auditor must identify gaps or inconsistencies in payments or reported emissions.

Orphaned Oil and Gas Wells Enterprise

[SB22-198](#) | (Sen. Fenberg, Sen. Scott, Rep. Weissman, Rep. Will) | *Passed May 10, 2022, Awaiting Governor's Signature*

SB22-198 creates an enterprise fund within the Department of Natural Resources committed to funding the plugging, remediation, and reclamation of orphan wells in Colorado. The fund is funded by revenue generated from mitigation fees imposed upon, and paid annually by, oil and gas operators for each well spud that is not plugged and abandoned. In addition, the fund will be administered by an enterprise board, in consultation with COGCC, which will be composed of the COGCC Chair; the COGCC Director; an individual with substantial experience in the oil and gas industry; a local government official; and an individual with formal training or experience in land reclamation projects.

Oversight of Chemicals Used in Oil and Gas

[HB22-1348](#) | (Rep. Froelich, Rep. Caraveo, Sen. Winter) | *Passed May 11, 2022, Awaiting Governor's Signature*

HB22-1348 requires oil and gas operators and manufacturers and distributors of chemicals used in underground oil and gas operations to disclose information related to chemical use to the COGCC.

Beginning in July 2023, operators and manufacturers and distributors of chemicals used in downhole operations must disclose: the trade name of the chemical; a list of names and chemical abstract service numbers of each chemical used; and provide a written declaration that the chemical product contains no intentionally added per- and polyfluoroalkyl substances (PFAS). (see also HB22-1345, discussed below). The bill also provides a process for manufacturers and distributors to provide some information about chemicals or constituents claimed as trade secrets. In addition, beginning in July 2023, downhole operators must disclose: the date of the commencement of downhole operations; the county of the wellsite; the unique API well number; the trade names and quantities of any chemicals the operator used in downhole operations; and a declaration that the chemical product contains no intentionally added PFAS chemicals. The COGCC must use the chemical disclosures to create a list for each well. Operators must also provide the chemical disclosure list to: all owners of minerals being developed at the site and all surface owners, schools, child care centers, police departments, fire departments, and local governments, among others, within one-half mile of the site.

ELECTRIC GRID AND TRANSMISSION

Electric Grid Resilience and Reliability Roadmap

[HB22-1249](#) | (Rep. Bernett, Rep. Hooton, Sen. Hansen, Sen. Rankin) | *Passed April 20, 2022, Awaiting Governor's Signature*

HB22-1249 requires the Colorado Energy Office (Energy Office) to produce a Grid Resilience and Reliability Roadmap (Roadmap) by March 1, 2025. The bill also: requires the Energy Office to publish a draft of the Roadmap by July 1, 2024; appropriates \$22,470 for developing the Roadmap; and mandates a thirty-day public comment period. The Roadmap will identify Colorado's microgrid goals, financial and technical needs with respect to microgrid development and deployment and will develop legislative and administrative recommendations. Accordingly, HB22-1249 requires the Roadmap to consider critical facilities and infrastructure, microgrid technologies, utility wildfire mitigation plans, and Colorado's greenhouse gas emission reductions and transition to clean energy. The bill also requires the Energy Office. To seek input from: microgrid developers; the Public Utilities Commission (PUC) and its staff; the Office of the Utility Consumer Advocate; utilities; commercial and industrial utility customers; representatives of disproportionately impacted communities; and representatives of communities at the highest risk of power outages, among others.

Microgrids For Community Resilience Grant Program

[HB22-1013](#) | (Rep. Pelton, Rep. Snyder, Sen. Hisey, Sen. Winter) | *Passed May 10, 2022, Awaiting Governor's Signature*

HB22-1013 creates the Microgrid for Community Resilience Grant Program within the Department of Local Affairs (DOLA). Under the program, cooperative electric associations and municipally owned utilities can apply for a grant to purchase microgrid resources in eligible rural communities (located within their service territories). HB22-1013 defines an eligible rural community as one "at significant risk of experiencing severe weather or natural disaster events; and in which one or more community anchor institutions [schools, libraries, hospitals, etc.] are

located.” The \$3.5 million grant program will be administered by DOLA’s Division of Local Government in collaboration with the Colorado Resiliency Office and the Energy Office. HB22-1013 requires the Division of Local Government to: (1) prioritize microgrids with a higher reliance on non-fossil-fuel-based generation when awarding grants, and (2) consider the opportunity for a utility to promote energy efficiency and demand-side management programs.

Powerline Trails

[HB22-1104](#) | (Rep. Boesenecker, Sen. Bridges, Sen. Priola) | *Signed by the Governor on April 13, 2022*

Noting that outdoor recreation is an essential component of Colorado’s identity, economy, and lifestyle, HB22-1104 encourages the development of powerline trails—multimodal recreational trails located in existing or future transmission corridors. The bill authorizes transmission providers to contract with public and private entities to construct and maintain powerline trails.

The bill also imposes various requirements on different entities. Transmission providers must discuss the potential for powerline trails when notifying local governments about plans to site or expand transmission lines, and they must also develop, maintain, and distribute information to encourage, facilitate, and streamline the construction and maintenance of such trails. Public entities must consult with the Division of Parks and Wildlife to minimize adverse impacts to species and habitats. Finally, the PUC must amend its rules to include a requirement that utilities consider and address plans for new powerline trails in coordination with local governments in each update to a 10-year transmission plan, and to demonstrate compliance with the informational requirements of the bill in their 10-year plan filings.

ENERGY EFFICIENCY AND THE BUILT ENVIRONMENT

Building Greenhouse Gas Emissions

[HB22-1362](#) | (Rep. Burnett, Rep. Validez, Sen. Hansen, Sen. Winter) | *Passed May 11, 2022, Awaiting Governor’s Signature*

HB22-1362 requires the Energy Office to identify for adoption, and local governments and certain state agencies to adopt and enforce, more energy efficient and low carbon building codes. Specifically, the bill creates an Energy Code Board tasked with developing: (1) a model electric ready and solar ready code; (2) a model low energy and carbon code; and (3) a model green energy code. In addition, counties, municipalities, and certain state agencies must adopt and enforce the model electric ready and solar ready code by January 1, 2025, and the model low energy and carbon code by January 1, 2030. The bill also requires these entities to adopt and enforce the 2021 International Energy Conservation Code by January 1, 2025. Any of these entities can enact their own code in lieu of the model codes or International Energy Conservation Code, provided their code achieves equivalent or better performance. The bill instructs the Energy Office to promote adoption of the model green code, but further states that such adoption is voluntary.

HB22-1362 also established the Clean Air Building Investments Fund to fund two new grant programs: the Building Electrification for Public Buildings Grant Program to help local

governments, districts, and state agencies install high-efficiency electric heating equipment; and the High-Efficiency Electric Heating and Appliances Grant Program to help local governments, utilities, nonprofit organizations, and housing developers install high-efficiency electric heating equipment in multiple structures within a neighborhood. The bill transfers \$22 million from the General Fund to the Clean Air Building Investments Fund to support these two programs, and it also includes another \$3 million in funding for energy code training and financial assistance to local governments to support code adoption and compliance work.

Resource Efficiency Buildings Electric Vehicles

[HB 22-1218](#) | (Rep. Valdez, Sen. Winter, Sen. Priola) | *Passed May 10, 2022, Awaiting Governor's Signature*

HB22-1218 creates a requirement for new large commercial building projects and new multifamily residential buildings of a certain size to have electric vehicle (EV) charging. For commercial buildings, twenty-five percent of the parking spaces used by the occupants of the building must be EV capable (that the parking space meets the prerequisites to have charging infrastructure installed), and ten percent must be EV ready (that the parking space has charging infrastructure installed). For multifamily residences, fifty percent of the units must have a parking space used by the occupants of the building that is EV capable, and twenty percent must have a space that is EV ready. These requirements also apply to existing buildings when fifty percent or more of the building is renovated, although the state electrical board is directed to promulgate rules regarding when the requirements can be waived for renovations. The building owner may charge the cost of complying with these requirements directly to individual tenants that use the EV ready parking spaces and infrastructure.

Policies to Reduce Emissions From Built Environment

[HB 22-051](#) | (Sen. Hansen, Rep. Sirota) | *Passed May 16, 2022, Awaiting Governor's Signature*

HB 22-051 aims to decrease carbon dioxide emissions from the built environment in Colorado by providing tax incentives for the purchase and use of certain building systems and materials that produce less carbon dioxide than conventional systems and materials. The bill establishes state income tax credits for the purchase and use and two categories of building systems: (1) residential or commercial heat pump systems and heat pump water heaters installed into real property, and (2) residential “energy storage systems,” defined broadly to mean any commercially available, customer-sited systems capable or retaining, storing, and delivering energy by chemical, thermal, mechanical, or other means. For both categories, the tax credit is equal to 10% of the purchase price paid. The tax credits may begin as early as January 1, 2023, must begin before January 1, 2025, and will sunset on January 1, 2028.

The bill also establishes exemptions from state sales, storage, and use taxes for three types of building materials. The first exemption is for “eligible decarbonizing building materials,” building materials with a maximum global warming potential, beginning July 1, 2024, and includes asphalt and asphalt mixtures, cement and concrete mixtures, glass, post-tension steel, reinforcing steel, structural steel, wood structural elements, and other similar materials. The second exemption is for air-source and ground-source heat pump systems or heat pump water heater systems used in residential or commercial buildings starting January 1, 2023. The third exemption is for energy storage systems used in a residential dwelling starting January 1, 2023.

HB 22-051 further provides that a statutory town, city, or county may exempt the same items from local taxes only by express inclusion of the exemption in the initial sales tax ordinance or resolution or by amendment thereto.

GEOTHERMAL ENERGY

Colorado Energy Office Geothermal Energy Grant Program

[HB22-1381](#) | (Rep. Titone, Rep. McKean, Sen. Winter, Sen. Woodward) | *Passed May 11, 2022, Awaiting Governor's Signature*

HB22-1381 creates Colorado's first geothermal energy grant program to facilitate the development of geothermal energy sources. The program is housed in the Energy Office and will provide three types of grants for: (1) installing a geothermal heating system as the primary heating system in a new building; (2) supporting ground-source, water-source, or multi-source thermal systems that serve more than one building; and (3) supporting development of geothermal electricity generation and hydrogen produced from geothermal energy.

The bill also creates a \$20 million geothermal grant fund administered by the Energy Office, which is responsible for developing and applying criteria for evaluating and awarding grant applications that: (a) prioritize projects in low-income, disproportionately impacted, or just transition communities; and (b) maximize the number of additional projects that would otherwise not occur without grant money.

Lastly, HB22-1381 allocates grant funding in the following percentages:

- Up to 40% may be awarded for cost-matching public-private partnerships to develop geothermal electricity generation and resource development, i.e., hydrogen generation;
- Up to 80% may be awarded for constructing new buildings, and remodeling existing ones, using geothermal heating (note: one-fourth of money must be awarded to eligible entities from, or projects in, low-income, disproportionately impacted, or just transition communities); and
- Up to 25% may be awarded to support development of district heating systems in new construction or to retrofit existing buildings.

Encourage Geothermal Energy Use

[SB22-118](#) | (Sen. Hinrichsen, Sen. Woodward, Rep. Holtorf, Rep. Valdez) | *Passed May 10, 2022, Awaiting Governor's Signature*

SB22-118 encourages the use of geothermal energy by providing it with similar treatment to solar energy, and establishes several measures in furtherance of that aim. In particular, the bill:

1. Limits the total charges and fees that the state, county, or municipality can impose and assess for installing a geothermal energy system;
2. Specifies that geothermal equipment constitutes pollution control equipment;
3. Creates community geothermal gardens (like solar gardens) from which qualifying retail utilities may purchase electricity and renewable energy credits generated from gardens;

4. Permits the Energy Office to update the greenhouse gas pollution roadmap to include geothermal energy as a renewable energy source that qualifying;
5. Specifies that capital improvements to existing single-family residential, multifamily residential, commercial, or industrial structures for the purpose of retrofitting such structures for installation of a geothermal energy system is considered a “project” for purposes of the County and Municipality Revenue Bond Act;
6. Requires the Energy Office to develop consumer education and guidance about systems that use geothermal energy for water or space heating;
7. Specifies that the addition of a device as part of a geothermal energy system is not considered a structural alteration for purposes of continuing a nonconforming use of a building, structure, or land under a county zoning resolution;
8. Classifies geothermal energy devices as a type of renewable device that cannot be prohibited in legal instruments related to the sale, or interest in, real property; and
9. Permits a county board of commissioners, regional planning commission, and municipal development commission to include methods for assuring access to appropriate conditions for geothermal energy sources in a master development plan.

AIR QUALITY

Air Quality Improvement Investments

[SB22-193](#) | (Sen. Fenberg, Sen. Gonzales, Rep. Valdez, Rep. Froelich) | *Passed May 10, 2022, Awaiting Governor’s Signature*

SB22-193 will invest \$111.25 million to improve Colorado’s air quality. Much of the funding is available through grant programs and includes:

- \$65 million to help school districts and charter schools convert and replace fossil fuel school buses with electric-powered school buses;
- \$25 million to help private entities, local governments, and public-private partnerships finance projects to reduce industrial emissions through different technologies, such as beneficial electrification, renewable energy, and methane capture;
- \$12 million to fund electric bicycle grants and rebate programs and to provide local governments, individuals, and businesses discounted e-bikes and easier access to e-bike sharing programs;
- \$1.5 million for cannabis providers to reduce energy and water use; and
- \$750,00 for increasing access to transit for state employees.

The bill also clarifies the process for legislative review of regulation constituting a state implementation plan to be submitted to the Environmental Protection Agency (EPA).

Programs To Reduce Ozone Through Increased Transit

[SB22-180](#) | (Sen. Henrichsen, Sen. Winter, Rep. Bacon, and Rep. Gray) | *Signed by the Governor on May 26, 2022*

SB22-180 establishes two statewide programs aimed at reducing ozone through increased transit use. Under the Ozone Season Transit Grant Program, the Energy Office will provide grants for free transit services during the ozone season (defined by the bill as June 1 to August 31). Under the program, the Regional Transportation District may be awarded up to \$11 million in grant funds, and other eligible transit agencies may receive up to \$3 million through transit associations. The Ozone Season Transit Grant Program will sunset July 1, 2024. The bill also creates a three-year, \$30 million pilot project within the Colorado Department of Transportation (CDOT). Under the pilot, CDOT's Division of Transit and Rail will expand and extend state-run transit services with the same goal of reducing ozone formation, increasing transit ridership, and reducing vehicles miles traveled. This pilot program sunsets July 1, 2026.

Public Protections from Toxic Air Contaminants

[HB22-1244](#) | (Rep. Kennedy, Rep. Gonzales-Gutierrez, Sen. Gonzales) | *Passed May 11, 2022, Awaiting Governor's Signature*

SB22-1244 creates a new program within CDPHE to regulate toxic air contaminants based on their adverse effects on public health. The bill permits the Air Quality Control Commission (AQCC) to adopt regulations for toxic air contaminants that are more stringent than those under the federal Clean Air Act. By October 2022, the AQCC must designate an initial list of toxic air contaminants, including those regulated by EPA. Beginning in January 2024, the AQCC must establish a monitoring program to evaluate the concentrations of toxic air contaminants in the ambient air through establishing monitoring sites across the state. Beginning in June 2024, owners and operators of major or synthetic minor sources must submit annual toxic emissions reports to CDPHE on the amount of toxic air contaminants the source emitted in the previous year. By April 2025, the AQCC must adopt rules identifying up to five priority toxic air contaminants and, by April 2026, must establish health-based standards that are protective of public health. The AQCC must determine whether to identify additional priority contaminants and adopt health-based standards by September 2029 and every 5 years thereafter. By April 2026, the AQCC will adopt emission control regulations for each priority toxic air contaminant and prioritize reductions in disproportionately impacted communities. Finally, by December 2025, CDPHE will conduct a needs assessment to administer an air permitting program to regulate new, modified, and existing sources that emit priority toxic air contaminants.

Emergency Engine Exemption Emission Regulation

[HB 22-1372](#) | (Rep. Carver, Sen. Gardner, Sen. Fields) | *Passed May 5, 2022, Awaiting Governor's Signature*

HB22-1372 establishes an exception for and authorizes the use of an emergency stationary engine if all of the following conditions are met: (1) the engine is powering U.S. military facilities; (2) the engine is in compliance with federal requirements; (3) the engine's air pollution control and monitoring equipment is installed, operated, and maintained in compliance with manufacturer standards; and (4) the engine is undergoing routine maintenance or testing or providing power during an emergency event for the duration of the emergency event. Use of the emergency stationary engine must be minimized as much as practicable. The bill recognizes that the exemption it creates requires a revision to Colorado's state implementation plan and provides that the exemption will take effect only if the revision is approved.

WATER USE AND QUALITY

Water Quality Regulation

[HB 22-1322](#) | (Rep. Benavidez, Re. Valdez A., Sen. Moreno, Sen. Gonzales) | *Passed May 11, 2022, Awaiting Governor's Signature*

This bill requires the Colorado Water Quality Control Commission to conduct outreach and gather input from disproportionately impacted communities regarding the Commission's rulemaking proceedings, licensing proceedings, and adjudicatory hearings. It also requires the Commission to utilize criteria promulgated by rule to designate waters as "use protected," *i.e.*, those waters with existing quality that is not better than necessary to support fish, shellfish, wildlife, and recreation in and on the water. Finally, the bill extends the statute of limitations to five years for bringing actions alleging violations of the Colorado Water Quality Control Act or challenges to rules promulgated or orders issued pursuant to that Act.

Turf Replacement Program

[HB 22-1151](#) | (Rep. Catlin, Rep. Roberts, Sen. Bridges, Sen. Simpson) | *Passed May 10, 2022, Awaiting Governor's Signature*

HB22-1151 requires the Colorado Water Conservation Board to develop a statewide turf replacement program to provide financial incentives for the voluntary replacement of irrigated turf with landscaping that emphasizes using plants with lower water needs. The program will provide funding to government entities and nonprofit organizations with existing or planned turf replacement programs and will also contract with third parties to administer turf replacement programs where they do not otherwise exist. The bill encourages updating irrigation systems and maintaining or creating defensible spaces to reduce wildfire risk. Turf cannot be replaced with impermeable concrete, artificial turf, water species, invasive plant species, or turf.

WILDFIRE AND DISASTER MITIGATION & RECOVERY

Increase Wildfire Risk Mitigation Outreach Efforts

[SB22-007](#) | (Sen. Story, Sen. Lee, Rep. Cutter, Rep. Snyder) | *Passed May 10, 2022, Awaiting Governor's Signature*

SB22-007 establishes processes to enhance outreach to residents in the wildland-urban interface (WUI) to provide education and motivation for residents to engage in effective wildfire risk mitigation and preparedness activities. It establishes a working group, convened by the Forest Service and including local, state, and federal partners, to coordinate enhanced outreach efforts. Such outreach efforts include: conducting enhanced outreach campaigns for Wildfire Awareness Month; distributing educational materials and information to residents in the WUI; considering other education outreach and materials; considering how to best coordinate efforts between the working group and other entities; and considering what funding or additional resources are necessary to conduct enhanced educational outreach.

Assistance Landowner Wildfire Mitigation

[HB22-1007](#) | (Rep. Valdez, Rep. Lynch, Sen. Simpson, Sen. Lee) | *Passed May 5, 2022, Awaiting Governor's Signature*

HB22-1007 creates a grant program, within the State Forest Service, for local governments, counties, municipalities, and nonprofit organizations to conduct outreach to landowners to inform them of resources available for wildfire mitigation and best practices for wildfire mitigation. The bill also creates an income tax credit for landowners' costs incurred in performing wildfire mitigation measures.

Wildfire Mitigation Incentives for Local Governments

[HB22-1011](#) | (Rep. Cutter, Rep. Snyder, Sen. Story, Sen. Lee) | *Passed May 10, 2022, Awaiting Governor's Signature*

This bill establishes the Wildfire Mitigation Incentives for Local Government grant program in the State Forest Service. The grant program will provide grant awards to match revenue raised by local governments or to expand existing programs funded by local governments for wildfire mitigation efforts or forest management.

Wildfire Mitigation and Recovery

[HB22-1012](#) | (Rep. Cutter, Rep. Valdez, Sen. Ginal, Sen. Lee) | *Passed May 10, 2022, Awaiting Governor's Signature*

HB22-1012 requires the State Forest Service to develop a publicly accessible statewide carbon accounting framework that estimates carbon stock and flux for ecosystems by county and forest cover type and wood products; the bill also requires the Forest Service to develop a forest carbon co-benefit framework for project-level forest management practices, including wildfire mitigation. In addition, the bill includes transfers from the general fund to three wildfire mitigation cash funds: the healthy forests and vibrant communities fund; the forest restoration and wildfire risk mitigation grant program cash fund; and wildfire mitigation capacity development fund.

Wildfire Prevention Watershed Restoration Funding

[HB22-1379](#) | (Rep. McCormick, Rep. Catlin, Sen. Donovan, Sen. Simpson) | *Passed April 29, 2022, Awaiting Governor's Signature*

HB 22-1379 transfers \$20 million from the economic recovery and relief cash fund (a fund created to respond to the COVID-19 public health crisis or its negative economic impacts) as follows:

- \$3 million to the healthy forests and vibrant communities fund;
- \$2 million to the wildfire mitigation capacity development fund;
- \$10 million to the Colorado Water Conservation Board (CWCB) fund; and
- \$5 million to the CWCB construction fund.

Disaster Preparedness and Recovery Resources

[SB22-206](#) | (Sen. Fenberg, Rep. Amabile) | *Signed by the Governor on May 17, 2022*

SB22-206 establishes the Disaster Resilience Rebuilding Program as a loan and grant program within DOLA, in collaboration with the Energy Office. Loans and grants through this program are available to fund eligible applicants seeking assistance as they rebuilt their community after a declared disaster; eligible applicants include: individuals who rent or own a home, or own a rental and businesses owning real or personal property; or a nonprofit that provides construction assistance to low-income households; or a local government with jurisdiction in an area affected by a declared disaster. Loans and grants may be used to subsidize costs to repair or rebuild a primary residence that is not sufficiently covered by insurance or other assistance; repair or reconstruct housing in an area affected by a declared disaster and is experiencing a housing shortage; provide operating capital to a business; rebuild neighbors or portions thereof; or reimburse governmental entities for unmet needs due to a declared disaster. The bill also creates the Sustainable Rebuilding loan and grant program within the Energy Office, in collaboration with DOLA. Loans and grants are available to certain homeowners and businesses to help rebuild high-efficiency homes and buildings after a disaster emergency.

The bill also creates the Office of Climate Preparedness within the Governor’s Office, which will coordinate disaster recovery efforts and develop and implement a statewide climate preparedness roadmap by December 2023. The climate preparedness roadmap must include information from existing state plans that address climate mitigation, adaptation, resiliency, and recovery, and must identify strategies for how the state will grow in population and develop in alignment with the state greenhouse gas reduction goals, adapts to a warming climate, maximizes resiliency for the state’s built environment, and takes into account disproportionately impacted communities.

The bill also directs the Commissioner of Insurance to conduct a study on methods to address the stability, availability, and affordability of the homeowner’s insurance market. SB22-206 also permits the governor’s office, in coordination with the Office of Emergency Management, to make financial grants to individuals to meet disaster-related expenses or serious needs which cannot otherwise be met through the development of a disaster survival portal.

RECYCLING

Producer Responsibility Program for Recycling

[HB 22-1355](#) | (Rep. Cutter, Sen. Priola, Sen. Gonzales) | *Passed May 11, 2022, Awaiting Governor’s Signature*

This bill requires producers, as defined in the bill, of packaging materials and paper products to establish a nonprofit organization responsible for obtaining an assessment of the state’s recycling needs and developing a proposal for a program to provide recycling services to covered entities in the state. The program must first provide services for residences and will later be expanded to cover non-residential locations. The program will be funded by producers through annual “producer responsibility dues.” Beginning July 1, 2025, a producer that is not participating in the program is prohibited from selling or distributing any products that use covered materials in the state; however, there are exemptions from the program, including for smaller producers,

agricultural employers, and retail food establishments. The organization will have an advisory board consisting of members from state and local government, various industries, and a nonprofit organization, as well as a member with experience in environmental justice and representing underserved communities. The organization must also develop and implement a statewide education and outreach program designed to increase recycling.

POLLUTANTS AND CONTAMINATED LANDS

Perfluoroalkyl and Polyfluoroalkyl Chemicals

[HB22-1345](#) | (Rep. Cutter, Rep. Bradfield, Sen. Gonzales, Sen. Lee) | *Passed May 9, 2022, Awaiting Governor's Signature*

HB22-1345, the “Perfluoroalkyl and Polyfluoroalkyl Chemicals Consumer Protection Act,” establishes a regulatory scheme that will prohibit the sale and distribution of certain products containing PFAS starting in 2024. The categories of PFAS-laden products whose sale and distribution will be prohibited under the new law include: carpets or rugs, cosmetics, fabric treatments, food packaging, juvenile products, oil and gas products, textile furnishings, and upholstered furniture.

In addition, manufacturers of cookware that contain intentionally added PFAS are required to: (1) list the presence of PFAS chemicals on the product label of the cookware, and (2) include a statement on the product label of the cookware that directs the consumer to a website with information about why PFAS were intentionally added to the product. Cookware manufacturers also may not make statements that their products are PFAS free unless it is true.

HB22-1345 also prohibits the release of PFAS-laden firefighting foam into the environment. As such, firefighting foams must be safely stored, and if they are ever used, the foam must be fully contained. The user is required to report certain information to the water quality spills hotline within 24 hours of use or release to the environment. The bill also authorizes the attorney general to enforce laws regulating PFAS-laden firefighting foam. Lastly, the bill extends the date of the prohibition on the use of PFAS-laden firefighting foam at FAA-designated public use airports located in the state of Colorado from January 1, 2023 to January 1, 2024.

Contaminated Land Income Tax & Property Tax

[HB22-1392](#) | (Rep. Bird, Rep. Lindsay, Sen. Moreno) | *Passed May 11, 2022, Awaiting Governor's Signature*

HB22-1392 extends the tax credit for environmental remediation of contaminated land, which was set to expire on January 1, 2023, for an additional two years, to January 1, 2025. In addition, the bill increases the annual total cap on tax credits from \$3 million to \$5 million beginning in calendar year 2022. The bill also expands the definition of “qualified entity” to include school districts, charter schools, special districts, institutions of higher education, and other quasi-governmental entities; under the current law, “qualified entity” means only a county, municipality, or private entity that is allowed an essentially identical transferable expense amount for expenses incurred in performing approved environmental remediation that can be transferred to a taxpayer as an income

tax credit. The bill also allows a taxpayer whose credit is tied to remediation of a site in a rural community to claim a credit equivalent to 50% of the first \$750,000 spent on remediation and 40% on the next \$750,000. In addition, the bill eliminates some restrictions that taxpayers have on the transferability of credits, including a restriction that requires any transfer to occur within the first two years of receiving the tax credit and the requirement that the transferee certify that the taxpayer satisfied statutory requirements. Finally, the bill requires a taxpayer and a transferee of a tax credit or transferable expense amount to jointly file a copy of the transfer agreement with CDPHE that specifies that such filing perfects the transfer, and clarifies that the transferee and department of revenue can rely upon the certification by CDPHE of the ownership and amount of tax credit being accurate.

JUST TRANSITION

Fund Just Transition Coal Workforce Programs

[HB22-1193](#) | (Rep. Herod, Rep. McCluskie, Sen. Hansen, Sen. Rankin) | *Signed by the Governor on March 7, 2022*

The Office of Just Transition in the Department of Labor and Employment (CDLE) disburses monies in the Just Transition Cash Fund (the Fund) to assist workers and communities impacted by the transition away from a coal-based economy. HB22-1193 adjusts funding for these programs. The bill makes several changes to the Coal Transition Workforce Assistance Program Account (the Account) within the Fund, including: (1) transferring \$2 million from the Account to the Fund in FY 2021-22; (2) appropriating \$500,000 in FY 2021-22 and \$2 million in FY 2022-23 to the CDLE from the Account; and (3) repealing certain requirements governing the Account's expenditures and other prior appropriations. HB22-1193 also modifies the Fund by: (1) appropriating \$1,295,000 in FY 2021-22 and \$555,000 in FY 2022-23 to the CDLE from the Fund; and (2) appropriating \$150,000 to the Carbon Ore, Rare Earth, and Critical Materials Initiative at Colorado School of Mines in FY 2021-22 from the Fund.

Fund Just Transition Community And Worker Supports

[HB22-1394](#) | (Rep. Esgar, Rep. Roberts, Sen. Donovan, Sen. Winter) | *Passed May 11, 2022, Awaiting Governor's Signature*

HB22-1394 funds the Office of Just Transition and Coal Transition Worker Assistance Programs in CDLE. The bill transfers \$5 million from the General Fund into the Just Transition Cash Fund to expand assistance for existing local business, expand private financial investment, and support site selector and technical assistance engagements. The bill also transfers \$10 million from the General Fund into the Coal Transition Worker Assistance Program Account to directly assist coal transition workers, their family members, and other household members. HB22-1394 provides that any unexpended and unencumbered money in either the Fund or the Account at the end of any fiscal year shall remain there and not be credited or transferred to the General Fund; however, the bill does require CDLE to spend the \$5 million by the close of FY 2025-26 and the \$10 million by the close of FY 2026-27. Finally, the bill also requires CDLE to annually present a report to the Joint Budget Committee on the history of expenditures from the Fund and the Account.

CONSUMER BENEFITS AND PROTECTIONS

Alternative Transportation Options Tax Credit

[HB 22-1026](#) | (Rep. Bird, Rep. Woog, Sen. Hansen, Sen. Liston) | *Passed May 11, 2022, Awaiting Governor's Signature*

This bill replaces an existing income tax deduction for expenses incurred by employers when providing alternative transportation options to employees with an income tax credit of 50% of such expenses for such employers. Alternative transportation options include ridesharing arrangements, bike sharing and electric scooter sharing programs, provision of ridesharing vans or human-powered or electric bicycles, carsharing programs, and guaranteed ride home programs. The bill creates this credit for income tax years 2023 and 2024 only.

Electric And Gas Utility Customer Protections

[HB22-1018](#) | (Rep. Kennedy, Sen. Hinrichsen, Sen. Winter) | *Signed by the Governor on April 21, 2022*

Building on previous years' efforts ([SB20-030](#), [HB21-1105](#)), HB22-1018 creates new rules to protect consumers from electric and gas disconnections. First, the bill extends the timeline for the Department of Human Services (DHS) to budget and disburse certain supplemental utility assistance payments. Second, the bill requires the PUC to adopt rules prohibiting electric and gas utilities from disconnecting a customer's service on Fridays, Saturdays, Sundays, state or federal holidays, or during emergencies—and to the greatest extent possible, on weekdays after 11:59 AM. The bill also requires the PUC to adopt rules instructing utilities, under certain circumstances, to reconnect service on the same day a consumer makes a payment or payment arrangement. Third, the bill expands access to utility assistance programs by creating three income standards for determining a household's eligibility. Qualifying households now include those at incomes at or below 200 percent of the federal poverty line, at incomes at or below eighty percent of the area median income, and at incomes meeting the income eligibility criteria that the DHS sets by rule.

ATTORNEY CONTACT INFORMATION

Tom Bloomfield

Kaplan Kirsch & Rockwell LLP
1675 Broadway, Suite 2300
Denver, CO 80202
303-825-7000 – Telephone
tbloomfield@kaplankirsch.com

Bob Randall

Kaplan Kirsch & Rockwell LLP
1675 Broadway, Suite 2300
Denver, CO 80202
303-825-7000 – Telephone
brandall@kaplankirsch.com

Sarah Keane

Kaplan Kirsch & Rockwell LLP
1675 Broadway, Suite 2300
Denver, CO 80202
303-825-7000 – Telephone
skeane@kaplankirsch.com

Sarah Judkins

Kaplan Kirsch & Rockwell LLP
1675 Broadway, Suite 2300
Denver, CO 80202
303-825-7000 – Telephone
sjudkins@kaplankirsch.com

Sam Caravello

Kaplan Kirsch & Rockwell LLP
1675 Broadway, Suite 2300
Denver, CO 80202
303-825-7000 – Telephone
scaravello@kaplankirsch.com