

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 24-0791.01 Jery Payne x2157

SENATE BILL 24-095

SENATE SPONSORSHIP

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Finance
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A BILL FOR AN ACT

101 **CONCERNING MEASURES TO ADDRESS OZONE LEVELS IN AREAS THAT**
102 **DO NOT MEET FEDERAL OZONE NATIONAL AMBIENT AIR QUALITY**
103 **STANDARDS, AND, IN CONNECTION THEREWITH, ENACTING**
104 **INCENTIVE-BASED OZONE PRECURSOR EMISSIONS REDUCTION**
105 **MEASURES FOR ON-ROAD MOBILE SOURCES AND FOR LAWN**
106 **EQUIPMENT, CONDUCTING ANNUAL PHOTOCHEMICAL MODELING**
107 **STUDIES AND DATA ANALYSIS, AND MAKING AN 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>.)

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 4, 2024

SENATE
Amended 2nd Reading
May 3, 2024

Sections 1 and 2 of the bill create a high-emitter vehicle program for owners of motor vehicles that are not in compliance with emission standards and that have been issued a certification of emissions waiver (qualified vehicle). If the owner of a qualified vehicle resides in a nonattainment area for ozone and has unsuccessfully attempted to have the motor vehicle repaired to cure the noncompliance, the owner is eligible for a voucher of \$850. The vouchers may be redeemed at qualified repair facilities that will bring the vehicle into compliance. The high-emitter vehicle program is funded by using up to 20% of the money in the AIR account in the highway users tax fund.

The high-emitter vehicle program is administered by the nonattainment area air pollution mitigation enterprise, in coordination with the department of revenue, contractors that provide inspection services, and the clean screen authority. The high-emitter vehicle program repeals when Colorado meets federal ozone national ambient air quality standards (attainment).

Section 3 requires the air quality control commission (commission) to create, in coordination with the lead agency for air quality planing for the Denver metropolitan area, a garden rebate program to increase the use of small electric motors used for outdoor power equipment. The program must:

- Provide a point-of-purchase rebate of the lesser of \$150 or one-third of the price for each piece of outdoor power equipment purchased by the end user in a nonattainment area for ozone;
- Establish a registration system for qualified retailers; and
- Require the division to publicize the garden rebate program.

The division of administration in the department of public health and environment (division) administers the garden rebate program, and the commission sets standards for qualified retailers to register for the program. If the garden rebate program exceeds its appropriation, the division may pause the program. The garden rebate program repeals January 1, 2030. **Section 4** repeals the current tax credit for buying lawn and garden equipment with an electric motor.

In current law, the clean fleet enterprise (enterprise) incentivizes and supports the use of electric motor vehicles for certain fleet uses, including transportation network companies. **Sections 5 and 6:**

- Expand the program to include light-duty trucks;
- Authorize the clean fleet enterprise to provide grants of up to 80% of a local government's cost of acquiring motor vehicles that emit low levels of nitrogen oxides for the local government to use in its motor vehicle fleet; and
- Require the enterprise to prioritize making grants to local

governments.

The grant program authorization and prioritization repeal December 31, 2029.

Section 7 requires the division to regularly perform, in the nonattainment area for ozone, photochemical modeling studies and data analysis designed to determine ambient air ozone levels and the effectiveness of policies for lowering ambient air ozone levels. The division is required to publish the results to the division's website and report the results to the commission and at its "SMART Act" hearing. **Section 7** is repealed when Colorado achieves attainment.

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

1
2
3 **SECTION 1.** In Colorado Revised Statutes, 42-4-310, **add**
4 **(1)(d)(XIII) as follows:**

5 **42-4-310. Periodic emissions control inspection required.**
6 **(1) (d) (XIII) NOTWITHSTANDING SUBSECTIONS (1)(d)(I) TO (1)(d)(IX)**
7 **OF THIS SECTION, AN AUTHORIZED STATE REPRESENTATIVE SHALL NOT**
8 **ISSUE A CERTIFICATE OF EMISSIONS WAIVER TO A MOTOR VEHICLE THAT**
9 **HAS BEEN ISSUED A VOUCHER IN ACCORDANCE WITH SECTION 42-4-317**
10 **UNTIL THE MOTOR VEHICLE HAS RECEIVED THE ADDITIONAL REPAIRS**
11 **COVERED BY THE VOUCHER IN ACCORDANCE WITH THE RULES ADOPTED**
12 **UNDER SECTION 42-4-317 OR THE MOTOR VEHICLE REPAIRS HAVE**
13 **EXHAUSTED THE VOUCHER.**

14 **SECTION 2.** In Colorado Revised Statutes, **add** 42-4-317 as
15 **follows:**

16 **42-4-317. Voucher program - rules.** (1) **THE EXECUTIVE**
17 **DIRECTOR OF THE DEPARTMENT SHALL COORDINATE WITH THE**
18 **NONATTAINMENT AREA AIR POLLUTION MITIGATION ENTERPRISE CREATED**
19 **IN SECTION 43-4-1303 TO CREATE A VOUCHER PROGRAM FOR MOTOR**
20 **VEHICLES THAT HAVE RECEIVED THE REPAIRS REQUIRED IN SECTION**

1 42-4-306 BUT HAVE FAILED TO BE ISSUED A CERTIFICATE OF EMISSIONS
2 COMPLIANCE. THE VOUCHER PROGRAM MUST IDENTIFY QUALIFIED
3 VEHICLES AND THE PROCEDURE FOR ISSUING AND REDEEMING THE
4 VOUCHERS.

5 (2) THE VOUCHER PROGRAM MUST PROVIDE A VOUCHER WORTH
6 EIGHT HUNDRED FIFTY DOLLARS THAT THE OWNER OF A MOTOR VEHICLE
7 MAY REDEEM WITH A REGISTERED REPAIR FACILITY OR TECHNICIAN TO
8 PERFORM REPAIRS TO MAKE THE MOTOR VEHICLE ELIGIBLE FOR A
9 CERTIFICATE OF EMISSIONS COMPLIANCE.

10 (3) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT MAY
11 PROMULGATE RULES TO IMPLEMENT THIS SECTION.

12 (4) TO IMPLEMENT THIS SECTION, THE GENERAL ASSEMBLY SHALL
13 APPROPRIATE FUNDS FROM THE NONATTAINMENT AREA AIR POLLUTION
14 MITIGATION ENTERPRISE FUND, CREATED IN SECTION 43-4-1303 (5).

15 **SECTION 3.** In Colorado Revised Statutes, **add 25-7-146** as
16 follows:

17 **25-7-146. Appropriation to implement electric lawn**
18 **equipment program - repeal.** (1) THE GENERAL ASSEMBLY SHALL
19 APPROPRIATE ONE HUNDRED THOUSAND DOLLARS FROM THE
20 NONATTAINMENT AREA AIR POLLUTION MITIGATION ENTERPRISE FUND,
21 CREATED IN SECTION 43-4-1303 (5), TO THE DEPARTMENT OF PUBLIC
22 HEALTH AND ENVIRONMENT FOR USE BY THE LEAD AIR QUALITY PLANNING
23 AGENCY FOR THE DENVER METROPOLITAN AREA AND THE DENVER
24 METRO/NORTH FRONT RANGE OZONE NONATTAINMENT AREA IN ORDER
25 TO FUND A REBATE PROGRAM FOR THE REPLACEMENT OF GAS-POWERED
26 LAWN EQUIPMENT WITH ELECTRIC LAWN EQUIPMENT.

27 (2) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2033.

1 **SECTION 4.** In Colorado Revised Statutes, 25-7.5-102, **amend**
2 (16); and **add** (13.4) and (13.6) as follows:

3 **25-7.5-102. Definitions.** As used in this article 7.5, unless the
4 context otherwise requires:

5 (13.4) "LIGHT-DUTY VEHICLE" MEANS A MOTOR VEHICLE WITH A
6 GROSS VEHICLE WEIGHT RATING, AS DEFINED IN SECTION 42-2-402 (6), OF
7 TEN THOUSAND POUNDS OR LESS.

8 (13.6) "LOCAL GOVERNMENT" MEANS A CITY OR COUNTY.

9 (16) "Motor vehicle fleet" means a group of motor vehicles that
10 is owned or operated:

11 (a) By a governmental entity for a public purpose, including ~~but~~
12 ~~not limited to~~ public school transportation or law enforcement; or

13 (b) By a business entity for a business if:

14 (I) The group of motor vehicles is composed primarily of
15 LIGHT-DUTY VEHICLES, heavy-duty motor vehicles, medium-duty motor
16 vehicles, or refrigerated trailer units; or

17 (II) The group of motor vehicles is:

18 (A) Owned or operated by a company that rents motor vehicles in
19 the fleet to transportation network company drivers for use in providing
20 transportation network company services; or ~~is~~

21 (B) Owned and operated directly, or indirectly through
22 independent contractors who own or lease individual motor vehicles in
23 the group, by a transportation network company or by a retailer for the
24 purpose of making retail deliveries.

25 **SECTION 5.** In Colorado Revised Statutes, 25-7.5-103, **amend**
26 (6)(d); and **add** (12) as follows:

27 **25-7.5-103. Clean fleet enterprise - creation - board - powers**

1 **and duties - fees - fund - repeal.** (6) In addition to any other powers and
2 duties specified in this section, the board has the following general
3 powers and duties:

4 (d) To contract with any public or private entity, including state
5 agencies, consultants, and the attorney general's office, for professional
6 and technical assistance, office space, and administrative services, advice,
7 and other services related to the conduct of the affairs of the enterprise.
8 The enterprise is encouraged to issue grants on a STREAMLINED AND
9 competitive basis based on written criteria established by the enterprise
10 in advance of any deadlines for the submission of grant applications. The
11 board shall generally avoid using sole-source contracts.

12 (12) (a) THE ENTERPRISE MAY PROVIDE FUNDING THROUGH A
13 GRANT PROGRAM TO PROVIDE UP TO FIFTY PERCENT OF A LOCAL
14 GOVERNMENT'S COST OF ACQUIRING ELECTRIC LIGHT-DUTY VEHICLES FOR
15 THE LOCAL GOVERNMENT TO USE IN ITS MOTOR VEHICLE FLEET.

16 (b) IN IMPLEMENTING SUBSECTION (9) OF THIS SECTION AND THIS
17 SUBSECTION (12), THE BOARD SHALL PRIORITIZE MAKING GRANTS TO
18 LOCAL GOVERNMENTS.

19 (c) THIS SUBSECTION (12) IS REPEALED, EFFECTIVE DECEMBER 31,
20 2029.

21 **SECTION 6. In Colorado Revised Statutes, 25-7.5-103, amend**
22 **(9)(b)(I) as follows:**

23 **25-7.5-103. Clean fleet enterprise - creation - board - powers**
24 **and duties - fees - fund.** (9) (b) **The enterprise may provide funding or**
25 **financing through grant programs, rebate programs, revolving loan funds,**
26 **or such other strategies as the board finds effective:**

27 **(I) To help public and private owners and operators of motor**

1 vehicle fleets finance electric motor vehicle acquisitions to reduce the
2 up-front costs of acquiring electric motor vehicles, through December 31,
3 2026, to help public and private owners and operators of motor vehicle
4 fleets finance acquisitions of compressed natural gas motor vehicles that
5 are trucks if at least ninety percent of the fuel for the trucks will be EMIT
6 LOW LEVELS OF NITROGEN OXIDES WHEN USED TO POWER THE TRUCK,
7 INCLUDING recovered methane, and, on and after January 1, 2027, for so
8 long as the enterprise determines that electric motor vehicles are not yet
9 practically available or do not meet the operational requirements such as
10 cargo carrying capacity and driving range for specific categories of
11 trucks, to help public and private owners and operators of motor vehicle
12 fleets finance acquisitions of compressed natural gas motor vehicles that
13 are trucks if at least ninety percent of the fuel for the trucks will be EMIT
14 LOW LEVELS OF NITROGEN OXIDES WHEN USED TO POWER THE TRUCK,
15 INCLUDING recovered methane;

16 **SECTION 7.** In Colorado Revised Statutes, **add** 25-7-147 as
17 follows:

18 **25-7-147. Photochemical modeling required for state**
19 **implementation plan - repeal.** (1) THE COMMISSION AND DIVISION
20 SHALL USE PHOTOCHEMICAL MODELING AND DATA ANALYSIS AS THE BASIS
21 FOR REVISING THE STATE IMPLEMENTATION PLAN IN 2026. THE
22 PHOTOCHEMICAL MODELING MUST CONFORM WITH THE COMPREHENSIVE
23 AIR QUALITY MODELING SYSTEM WITH EXTENSION.

24 (2) THE COMMISSION AND DIVISION SHALL IMPLEMENT THIS
25 SECTION BY CONTRACTING WITH A RESEARCH INSTITUTION TO CONDUCT
26 THE PHOTOCHEMICAL MODELING AND DATA ANALYSIS.

27 (3) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2027. _____

1 **SECTION 8.** In Colorado Revised Statutes, 42-4-306, **amend**
2 **(3)(b)(V)(A); and add (3)(b)(V)(C) and (7)(c) as follows:**

3 **42-4-306. Powers and duties of commission - automobile**
4 **inspection and readjustment program - basic emissions program -**
5 **enhanced emissions program - clean screen program - notice to**
6 **revisor of statutes - repeal.** (3) (b) (V) (A) Notwithstanding any
7 contrary provision in the "Procurement Code", articles 101 to 112 of title
8 24, C.R.S., or this article ARTICLE 4, any contract for inspection services
9 may be renewed for a term not to exceed two years, after which the
10 contract may be renewed for a single term of up to four years or rebid;
11 except that inspection fees during any such four-year renewal contract
12 shall be as determined under ARE SUBJECT TO section 42-4-311 (6).

13 (C) NOTWITHSTANDING ANY CONTRARY PROVISION IN THE
14 "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, OR THIS
15 ARTICLE 4, THE DIVISION SHALL RENEGOTIATE OR RENEW A CONTRACT FOR
16 INSPECTION SERVICES IN EXISTENCE ON JULY 1, 2024, NO LATER THAN
17 OCTOBER 1, 2024, TO ACCOUNT FOR THE FEE ESTABLISHED IN SECTION
18 42-4-311 (6) AS IT WILL BECOME EFFECTIVE ON THE EFFECTIVE DATE OF
19 THIS SUBSECTION (3)(b)(I)(C) AND FOR A TERM NOT TO EXCEED FOUR
20 YEARS, AFTER WHICH THE CONTRACT MAY BE RENEWED FOR A SINGLE
21 TERM OF UP TO FOUR YEARS OR REBID. THE NEW CONTRACT MUST PROVIDE
22 FOR ADDING ADDITIONAL TESTING STATIONS AND EXPANDING THE CLEAN
23 SCREEN INSPECTION UNITS.

24 (7) (c) (I) THE DEPARTMENT OF PUBLIC HEALTH AND
25 ENVIRONMENT SHALL SEEK APPROVAL FROM THE ENVIRONMENTAL
26 PROTECTION AGENCY OF A PROPOSED REVISION TO THE STATE
27 IMPLEMENTATION PLAN THAT WOULD REPLACE THE EXISTING ON-BOARD

1 DIAGNOSTICS TEST WITH AN IM240 EMISSIONS TEST OR TAILPIPE
2 EMISSIONS TEST AS SPECIFIED IN GUIDANCE ISSUED BY THE
3 ENVIRONMENTAL PROTECTION AGENCY, UNLESS THE MOTOR VEHICLE
4 CANNOT BE TESTED USING THE TAILPIPE TEST OR THE TAILPIPE TEST IS
5 UNSAFE. THE DEPARTMENT SHALL SUBMIT THE PROPOSED STATE
6 IMPLEMENTATION PLAN REVISION TO THE AIR QUALITY CONTROL
7 COMMISSION BY SEPTEMBER 31, 2024; THE COMMISSION SHALL ADOPT THE
8 PROPOSAL BY DECEMBER 31, 2024; AND THE DEPARTMENT SHALL SUBMIT
9 THE PROPOSAL TO THE ENVIRONMENTAL PROTECTION AGENCY BY MAY 5,
10 2025. BEFORE SUBMITTING THE PROPOSAL TO THE COMMISSION, THE
11 DEPARTMENT SHALL PROVIDE THE OPPORTUNITY FOR WRITTEN COMMENT
12 AND SHALL HOLD A STAKEHOLDER MEETING TO SOLICIT INPUT ON THE
13 PROPOSAL. THE PROPOSAL MUST TAKE INTO CONSIDERATION ANY
14 STAKEHOLDER INPUT RECEIVED, INCLUDING FROM EMISSIONS INSPECTORS,
15 OWNERS OF VEHICLES THAT FAILED THE ON-BOARD DIAGNOSTICS TEST
16 SOLELY BECAUSE A CHECK ENGINE LIGHT WAS ILLUMINATED ON THE
17 VEHICLES' DASHBOARDS, LEGISLATORS, MOTOR VEHICLE
18 MANUFACTURERS, AND AIR QUALITY CONTROL EXPERTS.

19 (II) THIS SUBSECTION (7)(c) WILL BE REPEALED IF THE
20 ENVIRONMENTAL PROTECTION AGENCY REJECTS THE PROPOSED STATE
21 IMPLEMENTATION PLAN REVISION SUBMITTED PURSUANT TO SUBSECTION
22 (7)(c)(I) OF THIS SECTION. THE DIRECTOR OF THE DIVISION OF
23 ADMINISTRATION IN THE DEPARTMENT OF PUBLIC HEALTH AND
24 ENVIRONMENT SHALL NOTIFY THE REVISOR OF STATUTES IN WRITING OF
25 THE DATE ON WHICH THE CONDITION SPECIFIED IN THIS SUBSECTION
26 (7)(c)(II) HAS OCCURRED BY E-MAILING THE NOTICE TO
27 REVISOROFSTATUTES.GA@COLEG.GOV. THIS SUBSECTION (7)(c) IS

1 REPEALED, EFFECTIVE UPON THE DATE IDENTIFIED IN THE NOTICE THAT
2 THE CONDITION OCCURRED OR, IF THE NOTICE DOES NOT SPECIFY THAT
3 DATE, UPON THE DATE OF THE NOTICE TO THE REVISOR OF STATUTES.

4 **SECTION 9.** In Colorado Revised Statutes, 42-4-311, **amend**
5 **(4)(a)(I) and (6)(a); repeal (6)(b); and add (4)(a)(III) as follows:**

6 **42-4-311. Operation of inspection and readjustment stations**
7 **- inspection-only facilities - fleet inspection stations - motor vehicle**
8 **dealer test facilities - enhanced inspection centers.** (4) (a) (I) SUBJECT
9 TO SUBSECTION (4)(a)(III) OF THIS SECTION, a licensed inspection and
10 readjustment station, inspection-only facility, or motor vehicle dealer test
11 facility shall charge a fee not to exceed fifteen dollars for the inspection
12 of vehicles, model year 1981 and older, at facilities licensed or authorized
13 within either the basic or enhanced emissions program; except that for
14 1982 model and newer vehicles a test facility may charge a fee not to
15 exceed ~~twenty-five~~ THIRTY-FIVE dollars.

16 (III) THE DIVISION SHALL ANNUALLY ADJUST FOR INFLATION OR
17 DEFLATION THE FEES DESCRIBED IN SUBSECTION (4)(a)(I) OF THIS SECTION.
18 THE DIVISION MAY ROUND THE ADJUSTED AMOUNT UPWARD OR
19 DOWNWARD AS APPROPRIATE. INFLATION OR DEFLATION IS MEASURED BY
20 THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT
21 OF LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX, OR A
22 SUCCESSOR INDEX, FOR DENVER-AURORA-LAKEWOOD FOR ALL ITEMS
23 PAID BY URBAN CONSUMERS.

24 (6) (a) The fee charged for enhanced emissions inspections
25 performed within the enhanced emissions program area on 1982 and later
26 motor vehicles shall MUST not be any greater than that determined by the
27 contract and in no case greater than ~~twenty-five~~ THIRTY-FIVE dollars. The

1 fee charged for clean screen inspections performed on vehicles registered
2 in the basic area shall MUST not be any greater than that determined by the
3 contract and in no case greater than fifteen dollars. Such THE fee shall
4 MUST not exceed the maximum fee required to be posted by the enhanced
5 inspection center pursuant to section 42-4-305 for the inspection of any
6 motor vehicle required to be inspected under section 42-4-310.

7 (b) During the two-year renewal of the contract entered into
8 pursuant to section 42-4-307 (10), the commission shall hold a hearing to
9 determine the maximum fee that may be charged pursuant to the contract
10 for inspections during any subsequent renewal term. The maximum fee
11 must be based on estimated actual operating costs during the life of the
12 contract, determined pursuant to the proceeding, plus a percentage to be
13 determined by the commission, not to exceed ten percent and not to
14 exceed twenty-five dollars.

15 **SECTION 10. Appropriation.** (1) For the 2024-25 state fiscal
16 year, \$100,000 is appropriated to the department of public health and
17 environment for use by the air pollution control division. This
18 appropriation is from the nonattainment area air pollution mitigation
19 enterprise fund created in section 43-4-1303 (5)(a), C.R.S. To implement
20 this act, the division may use this appropriation for program costs related
21 to administration.

22 (2) For the 2024-25 state fiscal year, \$15,897 is appropriated to
23 the department of revenue. This appropriation is from the nonattainment
24 area air pollution mitigation enterprise fund created in section 43-4-1303
25 (5)(a), C.R.S. To implement this act, the department may use this
26 appropriation as follows:

27 (a) \$13,022 for use by the division of motor vehicles for personal

1 services related to vehicle services, which amount is based on an
2 assumption that the division will require an additional 0.3 FTE;

3 (b) \$1,984 for use by the division of motor vehicles for DRIVES
4 maintenance and support;

5 (c) \$384 for division of motor vehicles for operating expenses
6 related to vehicle services; and

7 (d) \$210 for the executive director's office for personal services
8 related to administration and support; and

9 (e) \$297 for the purchase of information technology services.

10 (3) For the 2024-25 state fiscal year, \$297 is appropriated to the
11 office of the governor for use by the office of information technology.
12 This appropriation is from reappropriated funds received from the
13 department of revenue under subsection (2)(e) of this section. To
14 implement this act, the office may use this appropriation to provide
15 information technology services for the department of revenue.

16 **SECTION 11. Act subject to petition - effective date -**
17 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
18 the expiration of the ninety-day period after final adjournment of the
19 general assembly; except that, if a referendum petition is filed pursuant
20 to section 1 (3) of article V of the state constitution against this act or an
21 item, section, or part of this act within such period, then the act, item,
22 section, or part will not take effect unless approved by the people at the
23 general election to be held in November 2024 and, in such case, will take
24 effect on the date of the official declaration of the vote thereon by the
25 governor.

26 (2) This act applies to taxable actions occurring on or after the
27 applicable effective date of this act.