

**First Regular Session
Seventieth General Assembly
STATE OF COLORADO**

PREAMENDED

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

LLS NO. 15-0932.01 Esther van Mourik x4215

HOUSE BILL 15-1332

HOUSE SPONSORSHIP

Pabon,

SENATE SPONSORSHIP

(None),

House Committees

Transportation & Energy
Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING AN INCOME TAX CREDIT FOR THE PURCHASE AND**
102 **INSTALLATION OF CERTAIN DISTRIBUTED ENERGY RESOURCE**
103 **SYSTEMS.**

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://www.leg.state.co.us/bills summaries>.)

For income tax years commencing on or after January 1, 2015, but prior to January 1, 2018, the bill allows to any qualified taxpayer a one-time refundable income tax credit against the taxes due in an amount equal to the lesser of 30% of the taxpayer's total cost or \$50,000 for purchasing and installing the equipment necessary to generate electricity

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

using hydroelectricity, wind, or biomass resources. For purposes of this income tax credit, a qualified taxpayer is a resident individual or a partnership, S corporation, or other similar pass-through entity that:

- ! Is an end-use electricity customer of a cooperative electric association or a municipal electric utility; and
- ! Generates electricity on the customer's side of the meter using qualified equipment.

The bill requires the Colorado energy office to issue credit certificates up to an aggregate capped amount to taxpayers who have met all the requirements of the tax credit.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-538 as
3 follows:

4 **39-22-538. Credit for purchase and installation of certain**
5 **distributed energy resource systems - legislative declaration -**
6 **definitions - repeal.** (1) THE GENERAL ASSEMBLY DECLARES THAT:

7 (a) THE PURPOSE OF THE TAX EXPENDITURE IN THIS SECTION IS TO
8 ALLOW COLORADANS IN PORTIONS OF THE STATE SERVED BY
9 COOPERATIVE ELECTRIC ASSOCIATIONS AND MUNICIPAL ELECTRIC
10 UTILITIES TO BE ABLE TO PURCHASE AND INSTALL DISTRIBUTED ENERGY
11 RESOURCE SYSTEMS THAT USE WIND OR HYDROELECTRIC RESOURCES TO
12 HELP LOWER UTILITY COSTS FOR CONSUMERS, CREATE LOCAL JOBS AS A
13 RESULT OF THE INSTALLATION OF SUCH SYSTEMS, AND HELP STABILIZE
14 ENERGY SECURITY IN THE EVENT OF NATURAL DISASTERS SUCH AS FLOODS
15 AND FIRES THAT DAMAGE THE ELECTRIC GRID;

16 (b) DISTRIBUTED ENERGY RESOURCE SYSTEMS DO NOT REQUIRE
17 ADDITIONAL TRANSMISSION AND ARE LOCATED ON THE CUSTOMER'S SIDE
18 OF THE METER;

19 (c) INCREASED USE OF DISTRIBUTED ENERGY RESOURCE SYSTEMS
20 THAT RELY ON RENEWABLE ENERGY WILL ALSO ASSIST IN FULFILLING THE

1 STATE'S RENEWABLE ENERGY PORTFOLIO STANDARD REQUIREMENTS; AND

2 (d) A TARGETED INCOME TAX CREDIT WOULD REDUCE THE COST OF
3 THE UP-FRONT INVESTMENT OF INSTALLING THESE SPECIFIC TYPES OF
4 DISTRIBUTED ENERGY RESOURCE SYSTEMS.

5 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
6 REQUIRES:

7 (a) "COLORADO ENERGY OFFICE" OR "OFFICE" MEANS THE
8 COLORADO ENERGY OFFICE CREATED IN SECTION 24-38.5-101, C.R.S.

9 (b) "CREDIT CERTIFICATE" MEANS A STATEMENT ISSUED BY THE
10 COLORADO ENERGY OFFICE CERTIFYING THAT A GIVEN TAXPAYER HAS
11 INSTALLED, ACCORDING TO THE APPLICABLE UTILITY INTERCONNECTION
12 REQUIREMENTS, THE QUALIFIED EQUIPMENT SO THAT IT IS OPERATIONAL
13 AND SPECIFYING THE AMOUNT OF THE CREDIT ALLOWED.

14 (c) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

15 (d) "QUALIFIED EQUIPMENT" MEANS THE EQUIPMENT NECESSARY
16 TO GENERATE ELECTRICITY USING HYDROELECTRICITY OR WIND
17 RESOURCES THAT ARE ELIGIBLE UNDER SECTION 40-9.5-118, C.R.S.

18 (e) "QUALIFIED TAXPAYER" MEANS A RESIDENT INDIVIDUAL OR A
19 PARTNERSHIP, S CORPORATION, OR OTHER SIMILAR PASS-THROUGH ENTITY
20 THAT:

21 (I) IS AN END-USE ELECTRICITY CUSTOMER OF A UTILITY; AND

22 (II) GENERATES ELECTRICITY ON THE CUSTOMER'S SIDE OF THE
23 METER USING QUALIFIED EQUIPMENT.

24 (f) "TOTAL COST" INCLUDES THE RETAIL PRICE OF THE QUALIFIED
25 EQUIPMENT AND THE COST OF THE INSTALLATION.

26 (g) "UTILITY" MEANS A COOPERATIVE ELECTRIC ASSOCIATION OR
27 A MUNICIPAL ELECTRIC UTILITY.

1 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
2 JANUARY 1, 2016, BUT PRIOR TO JANUARY 1, 2019, THERE IS ALLOWED TO
3 ANY QUALIFIED TAXPAYER A ONE-TIME INCOME TAX CREDIT AGAINST THE
4 TAXES DUE UNDER THIS ARTICLE IN AN AMOUNT EQUAL TO THE LESSER OF
5 THIRTY PERCENT OF THE TAXPAYER'S TOTAL COST OF THE QUALIFIED
6 EQUIPMENT OR TWENTY-FIVE THOUSAND DOLLARS EXPENDED BY THE
7 TAXPAYER DURING THE TAX YEAR.

8 (b) THE COLORADO ENERGY OFFICE SHALL ISSUE CREDIT
9 CERTIFICATES TO QUALIFIED TAXPAYERS WHO MEET THE REQUIREMENTS
10 OF THIS SECTION. THE COLORADO ENERGY OFFICE, IN ITS DISCRETION, MAY
11 ISSUE CREDIT CERTIFICATES TOTALING UP TO TWO HUNDRED FIFTY
12 THOUSAND DOLLARS PER INCOME TAX YEAR, AND THE UNUSED PORTION
13 OF THE TWO HUNDRED FIFTY THOUSAND DOLLARS PER INCOME TAX YEAR
14 MAY BE USED BY THE OFFICE TO ISSUE MORE THAN TWO HUNDRED FIFTY
15 THOUSAND DOLLARS IN CREDIT CERTIFICATES IN FUTURE INCOME TAX
16 YEARS, SO LONG AS THE OFFICE DOES NOT ISSUE CREDIT CERTIFICATES
17 TOTALING MORE THAN SEVEN HUNDRED FIFTY THOUSAND DOLLARS
18 DURING THE INCOME TAX YEARS FOR WHICH THE CREDIT ALLOWED IN
19 PARAGRAPH (a) OF THIS SUBSECTION (3) IS AVAILABLE.

20 (c) THE COLORADO ENERGY OFFICE MAY REQUIRE A QUALIFIED
21 TAXPAYER TO PROVIDE THE OFFICE ANY DOCUMENTATION NECESSARY TO
22 ISSUE THE CREDIT CERTIFICATES.

23 (4) TO CLAIM THE INCOME TAX CREDIT ALLOWED IN THIS SECTION,
24 THE QUALIFIED TAXPAYER SHALL ATTACH A COPY OF THE CREDIT
25 CERTIFICATE TO THE TAXPAYER'S TAX RETURN. NO TAX CREDIT IS
26 ALLOWED UNDER THIS SECTION UNLESS THE TAXPAYER PROVIDES THE
27 COPY OF THE CREDIT CERTIFICATE.

1 (5) THE REQUIREMENTS FOR THE CUSTOMER-GENERATOR AND THE
2 COOPERATIVE ELECTRIC ASSOCIATION SET FORTH IN SECTION 40-9.5-118,
3 C.R.S., APPLY TO THE QUALIFIED TAXPAYER AND THE UTILITY FOR
4 PURPOSES OF THE INCOME TAX CREDIT ALLOWED IN THIS SECTION.

5 (6) IF A CREDIT ALLOWED IN THIS SECTION EXCEEDS THE INCOME
6 TAX DUE ON THE INCOME OF THE QUALIFIED TAXPAYER FOR THE TAXABLE
7 YEAR, THE EXCESS CREDIT MAY NOT BE CARRIED FORWARD AND SHALL BE
8 REFUNDED TO THE TAXPAYER.

9 (7) THE OFFICE SHALL, IN A SUFFICIENTLY TIMELY MANNER TO
10 ALLOW THE DEPARTMENT TO PROCESS RETURNS CLAIMING THE CREDIT
11 ALLOWED BY THIS SECTION, PROVIDE THE DEPARTMENT WITH AN
12 ELECTRONIC REPORT OF THE QUALIFIED TAXPAYERS RECEIVING A CREDIT
13 CERTIFICATE AS ALLOWED IN THIS SECTION FOR THE PRECEDING CALENDAR
14 YEAR THAT INCLUDES THE FOLLOWING INFORMATION:

- 15 (a) THE TAXPAYER'S NAME;
- 16 (b) THE TAXPAYER'S SOCIAL SECURITY NUMBER OR THE
17 TAXPAYER'S COLORADO ACCOUNT NUMBER AND FEDERAL EMPLOYER
18 IDENTIFICATION NUMBER; AND
- 19 (c) THE AMOUNT OF THE CREDIT ALLOWED IN THIS SECTION.

20 (8) NO LATER THAN JANUARY 5, 2018, THE COLORADO ENERGY
21 OFFICE SHALL SUBMIT A REPORT TO THE TRANSPORTATION AND ENERGY
22 AND FINANCE COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE
23 AGRICULTURE, NATURAL RESOURCES, AND ENERGY AND FINANCE
24 COMMITTEES OF THE SENATE THAT DETAILS:

- 25 (a) THE QUALITY OF THE IMPLEMENTATION OF THIS SECTION;
- 26 (b) THE AREA OF THE STATE WHERE QUALIFIED TAXPAYERS WERE
27 LOCATED;

1 (c) THE TYPE OF QUALIFIED EQUIPMENT INSTALLED AS A RESULT
2 OF THIS SECTION;

3 (d) THE VALUE OF THE TAX CREDITS ALLOWED UNDER THIS
4 SECTION; AND

5 (e) ANY PROBLEMS OR ISSUES ARISING IN THE IMPLEMENTATION OF
6 THIS SECTION.

7 (9) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2021.

8 **SECTION 2. Safety clause.** The general assembly hereby finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, and safety.