

First Regular Session  
Sixty-sixth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 07-0240.01 Karen Epps

HOUSE BILL 07-1228

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HOUSE SPONSORSHIP

Gardner C.,

SENATE SPONSORSHIP

Shaffer,

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House Committees  
Transportation & Energy

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING RENEWABLE ENERGY, AND, IN CONNECTION THEREWITH,  
102 REQUIRING COLORADO STATE UNIVERSITY TO CONDUCT A  
103 STUDY OF WATER-LIMITED AGROECOSYSTEMS AND BIOENERGY  
104 CROPS, REQUIRING COLORADO STATE UNIVERSITY TO  
105 ESTABLISH A BIOENERGY RESEARCH PROGRAM, REQUIRING THE  
106 PETROLEUM STORAGE TANK COMMITTEE TO ESTABLISH  
107 POLICIES REGARDING ABOVEGROUND STORAGE OF RENEWABLE  
108 FUELS, REQUIRING THE PUBLIC UTILITIES COMMISSION TO  
109 ESTABLISH A BTU RENEWABLE ENERGY CREDIT PROGRAM, AND  
110 ELIMINATING THE EXCISE TAX ON GASOLINE MADE FROM AT  
111 LEAST EIGHTY-FIVE PERCENT ALTERNATIVE FUEL.

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Bill Summary

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.*

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

Requires the executive director of the department of personnel, beginning January 1, 2008, to purchase flexible fuel vehicles unless the cost of such a vehicle is more than 10% over the cost of a comparable nonflexible fuel vehicle.

Requires the agricultural experiment station at Colorado state university to conduct a study of water-limited agroecosystems and bioenergy crops. Requires the agricultural experiment station to provide the final report on such study to legislative leadership and specified legislative committees.

Requires the agricultural experiment station at Colorado state university to establish a bioenergy research program to study the unique requirements of growing crops for use as energy sources.

Requires the petroleum storage tank committee to establish procedures, practices, and policies governing the regulation of the placement of aboveground storage tanks that contain renewable fuels, with the purpose of developing a uniform statewide standard of issuing permits for aboveground storage tanks to promote the use of renewable fuels to make the process of obtaining a permit for an aboveground storage tank that contains renewable fuels more efficient and affordable.

Requires the public utilities commission to establish a Btu renewable energy credit program to allow customers who use renewable energy to calculate the Btu production and convert that production to a credit. Customers may transfer the credit to a qualifying retail utility.

Eliminates the excise tax on gasoline made from at least eighty-five percent alternative fuel.

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

2           **SECTION 1.** 24-30-1104 (2) (c) (II), Colorado Revised Statutes,  
3 is amended to read:

4           **24-30-1104. Central services functions of the department -**  
5 **repeal.** (2) In addition to the county-specific functions set forth in  
6 subsection (1) of this section, the department of personnel shall take such  
7 steps as are necessary to fully implement a central state motor vehicle  
8 fleet system by January 1, 1993. The provisions of the motor vehicle fleet

1 system created pursuant to this subsection (2) shall apply to the executive  
2 branch of the state of Colorado, its departments, its institutions, and its  
3 agencies; except that the governing board of each institution of higher  
4 education, by formal action of the board, and the Colorado commission  
5 on higher education, by formal action of the commission, may elect to be  
6 exempt from the provisions of this subsection (2) and may obtain a motor  
7 vehicle fleet system independent of the state motor vehicle fleet system.  
8 Under the direction of the executive director, the department of personnel  
9 shall perform the following functions pertaining to the motor vehicle fleet  
10 system throughout the state:

11 (c) (II) By ~~July 1, 2010~~ JANUARY 1, 2008, the executive director  
12 shall adopt a policy that at least ten percent of all state-owned bi-fueled  
13 vehicles should be fueled exclusively with an alternative fuel. To  
14 encourage compliance with this policy, ~~for one or more state fiscal years~~  
15 ~~commencing before July 1, 2010~~, the rules promulgated pursuant to this  
16 paragraph (c) may establish progressively more stringent percentage  
17 mileposts and shall, for fiscal years commencing after July 1, 2004,  
18 require the collection of data concerning the annual percentage of  
19 state-owned bi-fueled vehicles that were fueled exclusively with an  
20 alternative fuel. BEGINNING JANUARY 1, 2008, THE EXECUTIVE DIRECTOR  
21 SHALL PURCHASE FLEXIBLE FUEL VEHICLES, SUBJECT TO AVAILABILITY,  
22 UNLESS THE INCREASED COST OF SUCH VEHICLE IS MORE THAN TEN  
23 PERCENT OVER THE COST OF A COMPARABLE NONFLEXIBLE FUEL VEHICLE.  
24 THE EXECUTIVE DIRECTOR SHALL ADOPT A POLICY TO ALLOW SOME  
25 VEHICLES TO BE EXEMPTED FROM THIS REQUIREMENT.

26 **SECTION 2.** Article 33 of title 23, Colorado Revised Statutes, is  
27 amended BY THE ADDITION OF THE FOLLOWING NEW

1 SECTIONS to read:

2 **23-33-124. Study of water limited agroecosystems and**  
3 **bioenergy crops.** (1) THE AGRICULTURAL EXPERIMENT STATION AT  
4 COLORADO STATE UNIVERSITY, ALSO REFERRED TO IN THIS SECTION AS  
5 THE "STATION", SHALL CONDUCT AN INDEPENDENT AND OBJECTIVE STUDY  
6 FOR THE PURPOSE OF STUDYING WATER LIMITED AGROECOSYSTEMS AND  
7 BIOENERGY CROPS.

8 (2) UPON COMPLETION OF THE STUDY, THE STATION SHALL SUBMIT  
9 A REPORT CONTAINING THE CONCLUSIONS OF THE STUDY TO THE  
10 PRESIDENT OF THE SENATE, THE MAJORITY LEADER OF THE SENATE, THE  
11 MINORITY LEADER OF THE SENATE, THE SPEAKER OF THE HOUSE OF  
12 REPRESENTATIVES, THE MAJORITY LEADER OF THE HOUSE OF  
13 REPRESENTATIVES, THE MINORITY LEADER OF THE HOUSE OF  
14 REPRESENTATIVES, AND TO THE CHAIRS OF THE AGRICULTURE, NATURAL  
15 RESOURCES, AND ENERGY COMMITTEE OF THE SENATE AND THE  
16 AGRICULTURE, LIVESTOCK, AND NATURAL RESOURCES COMMITTEE OF THE  
17 HOUSE OF REPRESENTATIVES OR THEIR SUCCESSOR COMMITTEES.

18 (3) IF THE FUNDING NECESSARY TO COMPLY WITH SUBSECTIONS (1)  
19 AND (2) OF THIS SECTION IS NOT APPROPRIATED TO THE COLORADO STATE  
20 UNIVERSITY, THE STATION SHALL NOT BE REQUIRED TO COMPLY WITH  
21 SUBSECTIONS (1) AND (2) OF THIS SECTION UNTIL SUCH FUNDING IS  
22 RESTORED.

23 **23-33-125. Bioenergy research program.** (1) THE  
24 AGRICULTURAL EXPERIMENT STATION AT COLORADO STATE UNIVERSITY  
25 SHALL ESTABLISH A BIOENERGY RESEARCH PROGRAM TO STUDY THE  
26 UNIQUE REQUIREMENTS OF GROWING CROPS FOR USE AS ENERGY SOURCES.

27 (2) IF THE FUNDING NECESSARY TO COMPLY WITH SUBSECTION (1)

1 OF THIS SECTION IS NOT APPROPRIATED TO THE COLORADO STATE  
2 UNIVERSITY, THE AGRICULTURAL EXPERIMENT STATION SHALL NOT BE  
3 REQUIRED TO COMPLY WITH SUBSECTION (1) OF THIS SECTION UNTIL SUCH  
4 FUNDING IS RESTORED.

5 **SECTION 3.** 8-20.5-104 (4), Colorado Revised Statutes, is  
6 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

7 **8-20.5-104. Rules - petroleum storage tank committee.**

8 (4) The committee shall be required to meet no more than twice in any  
9 month. The committee shall recommend all regulatory actions proposed  
10 by the committee to the director of the division of oil and public safety for  
11 adoption or ratification. The committee shall conduct the following  
12 activities in accordance with section 24-4-105, C.R.S., as its routine  
13 business:

14 (b.5) WITHIN ONE HUNDRED TWENTY DAYS AFTER JANUARY 1,  
15 2008, ESTABLISH PROCEDURES, PRACTICES, AND POLICIES GOVERNING THE  
16 REGULATION OF THE PLACEMENT OF ABOVEGROUND STORAGE TANKS THAT  
17 CONTAIN RENEWABLE FUELS, WITH THE PURPOSE OF DEVELOPING A  
18 UNIFORM STATEWIDE STANDARD OF ISSUING PERMITS FOR ABOVEGROUND  
19 STORAGE TANKS TO PROMOTE THE USE OF RENEWABLE FUELS TO MAKE  
20 THE PROCESS OF OBTAINING A PERMIT FOR AN ABOVEGROUND STORAGE  
21 TANK THAT CONTAINS RENEWABLE FUELS MORE EFFICIENT AND  
22 AFFORDABLE.

23 **SECTION 4.** Article 2 of title 40, Colorado Revised Statutes, is  
24 amended BY THE ADDITION OF A NEW SECTION to read:

25 **40-2-126. Renewable energy standard - transfer of credits -**  
26 **rules - definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT  
27 OTHERWISE REQUIRES:

1 (a) "BIOMASS THERMAL SYSTEM" MEANS A SYSTEM PRODUCING  
2 THERMAL ENERGY USING ANY RAW OR PROCESSED PLANT-DERIVED  
3 ORGANIC MATTER AVAILABLE ON A RENEWABLE BASIS, INCLUDING, BUT  
4 NOT LIMITED TO, DEDICATED ENERGY CROPS AND TREES; AGRICULTURAL  
5 FOOD AND FEED CROPS; AGRICULTURAL CROP WASTES AND RESIDUES;  
6 WOOD WASTES AND RESIDUES, INCLUDING LANDSCAPE WASTE,  
7 RIGHT-OF-WAY TREE TRIMMINGS, OR SMALL-DIAMETER FOREST THINNINGS  
8 THAT ARE TWELVE INCHES IN DIAMETER OR LESS; DEAD AND DOWNED  
9 FOREST PRODUCTS; AQUATIC PLANTS; NONNATIVE PHREATOPHYTES;  
10 ANIMAL WASTES; OTHER VEGETATIVE WASTE MATERIALS; NONHAZARDOUS  
11 PLANT MATTER WASTE MATERIAL THAT IS SEGREGATED FROM OTHER  
12 WASTE; FOREST-RELATED RESOURCES, SUCH AS HARVESTING AND MILL  
13 RESIDUE, PRE-COMMERCIAL THINNINGS, SLASH, AND BRUSH;  
14 MISCELLANEOUS WASTE, SUCH AS WASTE PALLETS, CRATES, AND  
15 DUNNAGE; AND RECYCLED PAPER FIBERS THAT ARE NO LONGER SUITABLE  
16 FOR RECYCLED PAPER PRODUCTION, BUT NOT INCLUDING PAINTED,  
17 TREATED, OR PRESSURIZED WOOD, WOOD CONTAMINATED WITH PLASTICS  
18 OR METALS, TIRES, OR RECYCLABLE POST-CONSUMER WASTE PAPER. SUCH  
19 SYSTEMS SHALL COMPLY WITH ENVIRONMENTAL PROTECTION AGENCY  
20 CERTIFICATION PROGRAMS OR SHALL BE PERMITTED BY STATE, COUNTY,  
21 OR LOCAL AIR QUALITY AUTHORITIES.

22 (b) "BTU" MEANS BRITISH THERMAL UNIT.

23 (c) "BTU RENEWABLE ENERGY CREDIT" MEANS A TRANSFERRABLE  
24 CREDIT THAT IS CREATED FOR EACH THREE THOUSAND FOUR HUNDRED  
25 FIFTEEN BTUS OF HEAT PRODUCED BY A BIOMASS THERMAL SYSTEM OR  
26 GEOTHERMAL SPACE HEATING AND PROCESS HEATING SYSTEM.

27 (d) "GEOTHERMAL SPACE HEATING AND PROCESS HEATING

1 SYSTEM" MEANS A SYSTEM THAT USES HEAT FROM WITHIN THE EARTH'S  
2 SURFACE FOR SPACE HEATING OR FOR PROCESS HEATING.

3 (2) THE COMMISSION SHALL ESTABLISH A BTU RENEWABLE  
4 ENERGY CREDIT PROGRAM TO ALLOW CUSTOMERS WHO USE RENEWABLE  
5 ENERGY IN FORMS, INCLUDING, BUT NOT LIMITED TO, A BIOMASS THERMAL  
6 SYSTEM OR A GEOTHERMAL SPACE HEATING AND PROCESS HEATING  
7 SYSTEM, TO CALCULATE THE BTU PRODUCTION AND CONVERT THE BTU  
8 PRODUCTION TO A BTU RENEWABLE ENERGY CREDIT.

9 (3) EACH BTU RENEWABLE ENERGY CREDIT SHALL COUNT AS ONE  
10 AND ONE-HALF KILOWATT-HOURS OF RENEWABLE ENERGY, AS SET FORTH  
11 IN SECTION 40-2-124 (1) (c) AND (1) (d).

12 (4) A CUSTOMER WHO OBTAINS A BTU RENEWABLE ENERGY  
13 CREDIT MAY TRANSFER SUCH CREDIT TO A QUALIFYING RETAIL UTILITY,  
14 WHO MAY USE SUCH CREDIT TOWARD THE RENEWABLE ENERGY  
15 REQUIREMENTS OF SECTION 40-2-124 (1) (c) AND (1) (d).

16 (5) THE COMMISSION SHALL PROMULGATE REASONABLE RULES AS  
17 NECESSARY TO IMPLEMENT THIS SECTION.

18 **SECTION 5.** 39-27-102 (1) (a) (II), Colorado Revised Statutes,  
19 is amended BY THE ADDITION OF A NEW SUB-SUBPARAGRAPH  
20 to read:

21 **39-27-102. Tax imposed on gasoline and special fuel - deposits**  
22 **- penalties.** (1) (a) (II) (C) THIS SUBPARAGRAPH (II) SHALL NOT APPLY  
23 TO MOTOR VEHICLE FUELS MADE FROM AT LEAST EIGHTY-FIVE PERCENT  
24 ALTERNATIVE FUEL, AND MOTOR VEHICLE FUELS MADE FROM AT LEAST  
25 EIGHTY-FIVE PERCENT ALTERNATIVE FUEL SHALL BE EXEMPT FROM PAYING  
26 ANY EXCISE TAX IMPOSED ON GASOLINE.

27 **SECTION 6. Effective date.** This act shall take effect January

1 1, 2008.

2           **SECTION 7. Safety clause.** The general assembly hereby finds,  
3 determines, and declares that this act is necessary for the immediate  
4 preservation of the public peace, health, and safety.