

**First Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO**

PREAMENDED

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

LLS NO. 09-0565.01 Duane Gall

HOUSE BILL 09-1126

HOUSE SPONSORSHIP

Hullinghorst, Curry

SENATE SPONSORSHIP

Shaffer B., Heath

House Committees

Transportation & Energy
Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING INCENTIVES FOR THE DEVELOPMENT OF SOLAR THERMAL**
102 **ENERGY SYSTEMS.**

Bill Summary

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

Allows local governments to provide the same incentives for solar thermal installations as may now be provided for solar electric installations. Adds a corresponding exemption from state sales and use tax.

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

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.

1 **SECTION 1.** 31-20-101.3 (2), Colorado Revised Statutes, is
2 amended to read:

3 **31-20-101.3. Incentives for installation of renewable energy**
4 **fixtures - definitions.** (2) For purposes of this section, unless the
5 context otherwise requires, "renewable energy fixture" means any fixture,
6 product, system, device, or interacting group of devices that produces
7 ENERGY, INCLUDING BUT NOT LIMITED TO ALTERNATING CURRENT
8 electricity, from renewable resources, including, but not limited to,
9 photovoltaic systems, solar thermal systems, small wind systems, biomass
10 systems, or geothermal systems.

11 **SECTION 2.** 39-26-724, Colorado Revised Statutes, is amended
12 to read:

13 **39-26-724. Components used to produce energy from a**
14 **renewable energy source - definitions.** (1) (a) For fiscal years
15 commencing on or after July 1, 2006, all sales, storage, and use of
16 components used in the production of alternating current electricity from
17 a renewable energy source, including but not limited to wind, shall be
18 exempt from taxation under ~~the provisions of~~ parts 1 and 2 of this article.

19 (b) FOR STATE FISCAL YEARS 2009-10 THROUGH 2013-14, ALL
20 SALES, STORAGE, AND USE OF COMPONENTS USED IN SOLAR THERMAL
21 SYSTEMS SHALL BE EXEMPT FROM TAXATION UNDER PARTS 1 AND 2 OF
22 THIS ARTICLE.

23 (2) As used in this section:

24 (a) "COMPONENTS USED IN SOLAR THERMAL SYSTEMS" SHALL
25 INCLUDE, BUT SHALL NOT BE LIMITED TO:

26 (I) SOLAR COLLECTORS, INCLUDING FLAT-PLATE COLLECTORS,
27 EVACUATED TUBE COLLECTORS, SOLAR AIR COLLECTORS, AND

1 CONCENTRATING SOLAR THERMAL COLLECTORS;

2 (II) TANKS FOR THE STORAGE OF GASES OR LIQUIDS THAT HAVE
3 BEEN HEATED OR COOLED BY SOLAR-GENERATED ENERGY;

4 (III) PUMPS, IMPELLERS, AND FANS FOR THE CIRCULATION OF
5 GASES OR LIQUIDS THAT HAVE BEEN HEATED OR COOLED BY
6 SOLAR-GENERATED ENERGY;

7 (IV) HEAT EXCHANGERS USED TO TRANSFER SOLAR-GENERATED
8 ENERGY;

9 (V) SUPPORT STRUCTURES, RACKS, AND FOUNDATIONS FOR ANY
10 COMPONENTS LISTED IN SUBPARAGRAPHS (I) TO (IV) OF THIS PARAGRAPH
11 (a); AND

12 (VI) ANY OTHER SYSTEM COMPONENTS SUCH AS PIPING, VALVES,
13 GAUGES, FITTINGS, INSULATION, AND CONTROLS FOR ANY COMPONENTS
14 LISTED IN SUBPARAGRAPHS (I) TO (IV) OF THIS PARAGRAPH (a).

15 (b) (I) "Components USED IN THE PRODUCTION OF ALTERNATING
16 CURRENT ELECTRICITY FROM A RENEWABLE ENERGY SOURCE" shall
17 include, but shall not be limited to, wind turbines, rotors and blades, solar
18 modules, trackers, generating equipment, supporting structures or racks,
19 inverters, towers and foundations, balance of system components such as
20 wiring, control systems, switchgears, and generator step-up transformers,
21 and concentrating solar power components that include, but are not
22 limited to, mirrors, plumbing, and heat exchangers.

23 ~~(b) (II) As used in this section,~~ "Components USED IN THE
24 PRODUCTION OF ALTERNATING CURRENT ELECTRICITY FROM A RENEWABLE
25 ENERGY SOURCE" shall not include any components beyond the point of
26 generator step-up transformers located at the production site, labor,
27 energy storage devices, or remote monitoring systems.

1 (c) "SOLAR THERMAL SYSTEM" MEANS A SYSTEM WHOSE PRIMARY
2 PURPOSE IS TO USE ENERGY FROM THE SUN TO PRODUCE HEAT OR COLD
3 FOR:

4 (I) HEATING OR COOLING A RESIDENTIAL OR COMMERCIAL
5 BUILDING;

6 (II) HEATING OR COOLING WATER; OR

7 (III) ANY INDUSTRIAL, COMMERCIAL, OR MANUFACTURING
8 PROCESS.

9 **SECTION 3.** 29-2-105 (1) (d) (I) (J), Colorado Revised Statutes,
10 is amended to read:

11 **29-2-105. Contents of sales tax ordinances and proposals.**

12 (1) The sales tax ordinance or proposal of any incorporated town, city,
13 or county adopted pursuant to this article shall be imposed on the sale of
14 tangible personal property at retail or the furnishing of services, as
15 provided in paragraph (d) of this subsection (1). Any countywide or
16 incorporated town or city sales tax ordinance or proposal shall include the
17 following provisions:

18 (d) (I) A provision that the sale of tangible personal property and
19 services taxable pursuant to this article shall be the same as the sale of
20 tangible personal property and services taxable pursuant to section
21 39-26-104, C.R.S., except as otherwise provided in this paragraph (d).
22 The sale of tangible personal property and services taxable pursuant to
23 this article shall be subject to the same sales tax exemptions as those
24 specified in part 7 of article 26 of title 39, C.R.S.; except that the sale of
25 the following may be exempted from a town, city, or county sales tax only
26 by the express inclusion of the exemption either at the time of adoption
27 of the initial sales tax ordinance or resolution or by amendment thereto:

1 (J) The exemption for sales of components used in the production
2 of ENERGY, INCLUDING BUT NOT LIMITED TO alternating current electricity,
3 from a renewable energy source ~~including but not limited to wind,~~
4 specified in section 39-26-724, C.R.S.; except that this sub-subparagraph
5 (J) shall not apply to any incorporated town, city, or county that adopted
6 the exemption specified in sub-subparagraph (A) of this subparagraph (I)
7 prior to May 27, 2008;

8 **SECTION 4.** The introductory portion to 29-2-109 (1), Colorado
9 Revised Statutes, is amended to read:

10 **29-2-109. Contents of use tax ordinances and proposals.**

11 (1) The use tax ordinance, resolution, or proposal of any town, city, or
12 county adopted pursuant to this article shall be imposed only for the
13 privilege of using or consuming in the town, city, or county any
14 construction and building materials purchased at retail or for the privilege
15 of storing, using, or consuming in the town, city, or county any motor and
16 other vehicles, purchased at retail on which registration is required, or
17 both. For the purposes of this subsection (1), the term "construction and
18 building materials" shall not include parts or materials utilized in the
19 fabrication, construction, assembly, or installation of passenger tramways,
20 as defined in section 25-5-702 (4), C.R.S., by any ski area operator, as
21 defined in section 33-44-103 (7), C.R.S., or any person fabricating,
22 constructing, assembling, or installing a passenger tramway for a ski area
23 operator. The ordinance, resolution, or proposal may recite that the use
24 tax shall not apply to the storage and use of wood from salvaged trees
25 killed or infested in Colorado by mountain pine beetles as exempted from
26 the state use tax pursuant to section 39-26-723, C.R.S. The ordinance,
27 resolution, or proposal may recite that the use tax shall not apply to the

1 storage and use of components used in the production of ENERGY,
2 INCLUDING BUT NOT LIMITED TO alternating current electricity, from a
3 renewable energy source, ~~including but not limited to wind~~, as exempted
4 from the state use tax pursuant to section 39-26-724, C.R.S. The
5 ordinance, resolution, or proposal shall recite that the use tax shall not
6 apply:

7 **SECTION 5. Effective date - applicability.** This act shall apply
8 to systems and components installed on or after January 1, 2009; except
9 that this act shall not take effect unless House Bill 09-_____ is enacted and
10 becomes law.

11 **SECTION 6. Safety clause.** The general assembly hereby finds,
12 determines, and declares that this act is necessary for the immediate
13 preservation of the public peace, health, and safety.