

SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

March 27, 2012
Date

Committee on Local Government.

After consideration on the merits, the Committee recommends the following:

HB12-1160 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

1 Amend reengrossed bill, strike everything below the enacting clause and
2 substitute:

3 "SECTION 1. In Colorado Revised Statutes, 40-2-123, **amend**
4 (3.3) as follows:

5 **40-2-123. New energy technologies - consideration by**
6 **commission - incentives - demonstration projects - definitions -**
7 **legislative declaration - repeal.** (3.3) In its consideration of generation
8 acquisitions for electric utilities, the commission may give the fullest
9 possible consideration to the cost-effective implementation of new energy
10 technologies for the generation of electricity from methane produced
11 biogenically in geologic strata as a result of human intervention AND
12 FROM COAL MINE METHANE GAS CAPTURED FROM ACTIVE AND INACTIVE
13 COAL MINES.

14 **SECTION 2.** In Colorado Revised Statutes, **add** 40-2-124.5 as
15 follows:

16 **40-2-124.5. Greenhouse gas mitigation projects - coal mine**
17 **methane gas - legislative declaration - definitions.** (1) THE GENERAL
18 ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT THE MITIGATION OF
19 GREENHOUSE GAS EMISSIONS IS ESSENTIAL TO THE LONG-TERM HEALTH
20 AND WELL-BEING OF COLORADO CITIZENS. REDUCING GREENHOUSE GAS
21 EMISSIONS INTO THE ATMOSPHERE PROVIDES BENEFITS TO THE STATE'S AIR
22 QUALITY AND TO ITS ECONOMIC HEALTH BY PROVIDING NEW JOBS FOR
23 COLORADANS AND REVENUE TO LOCAL COMMUNITIES. THE CAPTURE OF
24 THE POTENT GREENHOUSE GAS METHANE FOR THIS PURPOSE REDUCES

1 GREENHOUSE GAS EMISSIONS, IMPROVES AIR QUALITY, AND PROVIDES A
2 LOCAL, CLEAN ENERGY SOURCE.

3 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
4 REQUIRES:

5 (a) "COAL MINE METHANE GAS" MEANS THE GREENHOUSE GAS
6 METHANE CAPTURED FROM ACTIVE AND INACTIVE COAL MINES, WHERE IT
7 IS DETERMINED THAT THE METHANE IS ESCAPING TO THE ATMOSPHERE. AT
8 ACTIVE MINES, ONLY METHANE VENTED IN THE NORMAL COURSE OF MINE
9 OPERATIONS AND SAFETY PROCEDURES, AND, AT INACTIVE MINES, ONLY
10 METHANE THAT IS NATURALLY ESCAPING TO THE ATMOSPHERE, IS COAL
11 MINE METHANE GAS. THE CAPTURE AND COMBUSTION OF COAL MINE
12 METHANE GAS AS A CLEAN ENERGY SOURCE MAY BE VERIFIED BY A
13 QUALIFIED THIRD PARTY FOLLOWING ESTABLISHED CARBON OFFSET
14 PROTOCOLS FOR CLIMATE PROTECTION.

15 (b) "GREENHOUSE GAS MITIGATION" MAY INCLUDE THE
16 COLLECTION AND USE OF COAL MINE METHANE GAS FOR ELECTRICITY
17 GENERATION.

18 (3) EACH KILOWATT-HOUR OF ELECTRICITY GENERATED FROM
19 COAL MINE METHANE GAS RESOURCES IN COLORADO MAY BE COUNTED AS
20 THREE-FOURTHS OF ONE KILOWATT HOUR FOR PURPOSES OF COMPLIANCE
21 WITH THE RENEWABLE ENERGY CREDIT UNDER SECTION 40-2-124 AS A
22 RENEWABLE ENERGY RESOURCE.

23 (4) ONLY GENERATION FACILITIES WITH A NAMEPLATE RATING OF
24 THIRTY MEGAWATTS OR LESS ARE ELIGIBLE FOR THE RENEWABLE ENERGY
25 CREDIT UNDER SUBSECTION (3) OF THIS SECTION.

26 **SECTION 3.** In Colorado Revised Statutes, 39-29-105, **amend**
27 (1) (b) as follows:

28 **39-29-105. Tax on severance of oil and gas.** (1) (b) In addition
29 to any other tax, there shall be levied, collected, and paid for each taxable
30 year commencing on or after January 1, 2000, a tax upon the gross
31 income attributable to the sale of oil and gas severed from the earth in this
32 state; except that oil produced from any wells that produce fifteen barrels
33 per day or less of oil and gas produced from wells that produce ninety
34 thousand cubic feet or less of gas per day for the average of all producing
35 days for such oil or gas production during the taxable year, AND ANY
36 METHANE GAS CAPTURED FROM ACTIVE OR INACTIVE COAL MINES, shall be
37 exempt from the tax. The tax for oil and gas shall be at the following rates
38 of the gross income:

39	Under \$25,000	2%
40	\$25,000 and under \$100,000	3%
41	\$100,000 and under \$300,000	4%
42	\$300,000 and over	5%

1 **SECTION 4. Act subject to petition - effective date.** This act
2 takes effect at 12:01 a.m. on the day following the expiration of the
3 ninety-day period after final adjournment of the general assembly (August
4 8, 2012, if adjournment sine die is on May 9, 2012); except that, if a
5 referendum petition is filed pursuant to section 1 (3) of article V of the
6 state constitution against this act or an item, section, or part of this act
7 within such period, then the act, item, section, or part will not take effect
8 unless approved by the people at the general election to be held in
9 November 2012 and, in such case, will take effect on the date of the
10 official declaration of the vote thereon by the governor."

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