

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

**PREAMENDED**

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

LLS NO. 12-0184.01 Chuck Brackney x2295

**HOUSE BILL 12-1160**

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**HOUSE SPONSORSHIP**

**Baumgardner,**

**SENATE SPONSORSHIP**

**Schwartz,**

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**House Committees**

Agriculture, Livestock, & Natural Resources

**Senate Committees**

Local Government

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**A BILL FOR AN ACT**

101 **CONCERNING METHANE GAS CAPTURED FROM ACTIVE AND INACTIVE**  
102 **COAL MINES.**

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**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/billsummaries>.)*

The bill adds methane gas captured from active and inactive coal mines to the definition of "biomass" for purposes of the renewable energy standard.

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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.*

HOUSE  
3rd Reading Unamended  
February 28, 2012

HOUSE  
Amended 2nd Reading  
February 27, 2012

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

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

4 **40-2-123. New energy technologies - consideration by**  
5 **commission - incentives - demonstration projects - definitions -**  
6 **legislative declaration - repeal.** (3.3) In its consideration of generation  
7 acquisitions for electric utilities, the commission may give the fullest  
8 possible consideration to the cost-effective implementation of new energy  
9 technologies for the generation of electricity from methane produced  
10 biogenically in geologic strata as a result of human intervention AND  
11 FROM COAL MINE METHANE GAS CAPTURED FROM ACTIVE AND INACTIVE  
12 COAL MINES.

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

15 **40-2-124.5. Greenhouse gas mitigation projects - coal mine**  
16 **methane gas - legislative declaration - definitions.** (1) THE GENERAL  
17 ASSEMBLY FINDS, DETERMINES, AND DECLARES THAT THE MITIGATION OF  
18 GREENHOUSE GAS EMISSIONS IS ESSENTIAL TO THE LONG-TERM HEALTH  
19 AND WELL-BEING OF COLORADO CITIZENS. REDUCING GREENHOUSE GAS  
20 EMISSIONS INTO THE ATMOSPHERE PROVIDES BENEFITS TO THE STATE'S AIR  
21 QUALITY AND TO ITS ECONOMIC HEALTH BY PROVIDING NEW JOBS FOR  
22 COLORADANS AND REVENUE TO LOCAL COMMUNITIES. THE CAPTURE OF  
23 THE POTENT GREENHOUSE GAS METHANE FOR THIS PURPOSE REDUCES  
24 GREENHOUSE GAS EMISSIONS, IMPROVES AIR QUALITY, AND PROVIDES A  
25 LOCAL, CLEAN ENERGY SOURCE.

26 **(2)** AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
27 **REQUIRES:**

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

11           (b) "GREENHOUSE GAS MITIGATION" MAY INCLUDE THE  
12           COLLECTION AND USE OF COAL MINE METHANE GAS FOR ELECTRICITY  
13           GENERATION.

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

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

22           **SECTION 3.** In Colorado Revised Statutes, 39-29-105, **amend**

23           (1) (b) as follows:

24           **39-29-105. Tax on severance of oil and gas.** (1) (b) In addition  
25           to any other tax, there shall be levied, collected, and paid for each taxable  
26           year commencing on or after January 1, 2000, a tax upon the gross  
27           income attributable to the sale of oil and gas severed from the earth in this

1 state; except that oil produced from any wells that produce fifteen barrels  
2 per day or less of oil and gas produced from wells that produce ninety  
3 thousand cubic feet or less of gas per day for the average of all producing  
4 days for such oil or gas production during the taxable year, AND ANY  
5 METHANE GAS CAPTURED FROM ACTIVE OR INACTIVE COAL MINES, shall be  
6 exempt from the tax. The tax for oil and gas shall be at the following rates  
7 of the gross income:

8	<u>Under \$25,000</u>	<u>2%</u>
9	<u>\$25,000 and under \$100,000</u>	<u>3%</u>
10	<u>\$100,000 and under \$300,000</u>	<u>4%</u>
11	<u>\$300,000 and over</u>	<u>5%</u>

12 **SECTION 4. Act subject to petition - effective date.** This act  
13 takes effect at 12:01 a.m. on the day following the expiration of the  
14 ninety-day period after final adjournment of the general assembly (August  
15 8, 2012, if adjournment sine die is on May 9, 2012); except that, if a  
16 referendum petition is filed pursuant to section 1 (3) of article V of the  
17 state constitution against this act or an item, section, or part of this act  
18 within such period, then the act, item, section, or part will not take effect  
19 unless approved by the people at the general election to be held in  
20 November 2012 and, in such case, will take effect on the date of the  
21 official declaration of the vote thereon by the governor.