

Second Regular Session  
Sixty-fifth General Assembly  
STATE OF COLORADO

**PREAMENDED**

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

LLS NO. 06-0848.01 Duane Gall

**HOUSE BILL 06-1322**

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**HOUSE SPONSORSHIP**

**Buescher,**

**SENATE SPONSORSHIP**

**Tapia,**

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**House Committees**

Finance  
Appropriations

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING SUPPORT FOR THE DEVELOPMENT OF CLEAN ENERGY**  
102 **RESOURCES USING PROCEEDS OF THE OPERATIONAL ACCOUNT**  
103 **OF THE SEVERANCE TAX TRUST FUND, AND MAKING AN**  
104 **APPROPRIATION IN CONNECTION THEREWITH.**

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**Bill Summary**

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

Transfers \$6 million per year for 3 years from the operational account of the severance tax trust fund into a newly created clean energy development fund, to be administered by the governor's office of energy management and conservation for the following purposes:

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.*

To support the study, engineering, and development of an integrated gasification combined-cycle generation facility that will demonstrate the feasibility of new technologies that use Colorado or other western coal, or both, and that will capture and sequester a portion of the facility's carbon dioxide emissions (funded at up to \$3 million of the \$6 million per year);

As seed money for the development of new energy technologies that rely upon renewable or other clean energy resources for the production of electrical energy or liquid fuels suitable for use in the transportation sector; and

To facilitate the development of renewable energy or energy efficiency resources at public schools, public hospitals, state government agencies, county and municipal governments, and other public entities.

Directs the office of energy management and conservation to develop criteria for awarding grants from the clean energy development fund. Requires annual reports to the governor and the general assembly.

Repeals the program after 3 years, with any unexpended and unencumbered moneys then reverting to the general fund.

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

2           **SECTION 1.** 39-29-109, Colorado Revised Statutes, is amended  
3 BY THE ADDITION OF A NEW SUBSECTION to read:

4           **39-29-109. Severance tax trust fund - created - administration**  
5 **- use of moneys - definitions - repeal.** (1.7) (a) NOTWITHSTANDING  
6 ANY PROVISION IN THIS SECTION TO THE CONTRARY, FOR THREE STATE  
7 FISCAL YEARS BEGINNING WITH THE STATE FISCAL YEAR COMMENCING ON  
8 JULY 1, 2005, A PORTION OF THE OPERATIONAL ACCOUNT OF THE  
9 SEVERANCE TAX TRUST FUND SHALL BE TRANSFERRED TO THE CLEAN  
10 ENERGY DEVELOPMENT FUND CREATED IN SECTION 24-22-118, C.R.S. THE  
11 AMOUNT TRANSFERRED SHALL BE SIX MILLION DOLLARS PER YEAR,  
12 SUBJECT TO THE LIMITATIONS STATED IN SAID SECTION.

13           (b) THIS SUBSECTION (1.7) IS REPEALED, EFFECTIVE JULY 1, 2008.

14           **SECTION 2.** Article 22 of title 24, Colorado Revised Statutes, is

1 amended BY THE ADDITION OF A NEW SECTION to read:

2 **24-22-118. Clean energy development fund - creation - use of**

3 **moneys - repeal.** (1) THERE IS HEREBY CREATED IN THE STATE  
4 TREASURY THE CLEAN ENERGY DEVELOPMENT FUND, ALSO REFERRED TO  
5 IN THIS SECTION AS THE "FUND". THE PURPOSES OF THE FUND ARE TO  
6 PROVIDE FINANCIAL SUPPORT FOR THE STUDY, ENGINEERING, AND  
7 DEVELOPMENT OF AN INTEGRATED GASIFICATION COMBINED-CYCLE  
8 ELECTRIC GENERATION FACILITY THAT WILL DEMONSTRATE THE  
9 FEASIBILITY OF ADVANCED CLEAN COAL TECHNOLOGIES, AS WELL AS TO  
10 FUND OTHER RENEWABLE ENERGY AND ENERGY CONSERVATION EFFORTS,  
11 IN A MANNER CONSISTENT WITH THIS SECTION.

12 (2) FOR THE STATE FISCAL YEAR COMMENCING ON JULY 1, 2005,  
13 AND IN EACH OF THE STATE FISCAL YEARS COMMENCING ON JULY 1, 2006,  
14 AND JULY 1, 2007, THE GENERAL ASSEMBLY SHALL APPROPRIATE SIX  
15 MILLION DOLLARS FROM THE FUND AS FOLLOWS:

16 (a) THREE MILLION DOLLARS, OR SO MUCH THEREOF AS IS  
17 NECESSARY, SHALL BE APPROPRIATED TO THE GOVERNOR'S OFFICE OF  
18 ENERGY MANAGEMENT AND CONSERVATION FOR THE STUDY,  
19 ENGINEERING, AND DEVELOPMENT OF AN INTEGRATED GASIFICATION  
20 COMBINED-CYCLE ELECTRIC GENERATION FACILITY THAT WILL  
21 DEMONSTRATE THE FEASIBILITY OF USING ADVANCED CLEAN COAL  
22 TECHNOLOGY AND THAT WILL DEMONSTRATE THE CAPTURE AND  
23 SEQUESTRATION OF A PORTION OF THE FACILITY'S CARBON DIOXIDE  
24 EMISSIONS USING COLORADO OR OTHER WESTERN COAL, OR BOTH, AS  
25 CONTEMPLATED BY SECTION 40-2-123 (2), C.R.S.;

26 (b) THREE MILLION DOLLARS, PLUS ANY UNENCUMBERED AND  
27 UNEXPENDED BALANCE REMAINING FROM THE THREE MILLION DOLLARS

1 IDENTIFIED IN PARAGRAPH (a) OF THIS SUBSECTION (2), SHALL BE  
2 APPROPRIATED TO THE OFFICE OF THE GOVERNOR TO BE USED BY THE  
3 OFFICE OF ENERGY MANAGEMENT AND CONSERVATION TO MAKE GRANTS  
4 IN ACCORDANCE WITH SUBSECTION (3) OF THIS SECTION.

5 (3) (a) THE OFFICE OF ENERGY MANAGEMENT AND CONSERVATION  
6 SHALL USE MONEYS IT RECEIVES PURSUANT TO PARAGRAPH (b) OF  
7 SUBSECTION (2) OF THIS SECTION TO PROVIDE:

8 (I) SEED MONEY FOR THE DEVELOPMENT OF NEW ENERGY  
9 TECHNOLOGIES THAT RELY UPON RENEWABLE OR OTHER CLEAN ENERGY  
10 RESOURCES FOR THE PRODUCTION OF ELECTRICAL ENERGY OR ■■■ FUELS  
11 SUITABLE FOR USE IN THE TRANSPORTATION SECTOR; AND

12 (II) FINANCIAL SUPPORT FOR THE DEVELOPMENT OF RENEWABLE  
13 ENERGY OR ENERGY EFFICIENCY MEASURES AT PUBLIC SCHOOLS, PUBLIC  
14 HOSPITALS, STATE GOVERNMENT AGENCIES, COUNTY AND MUNICIPAL  
15 GOVERNMENTS, AND OTHER PUBLIC ENTITIES.

16 (b) THE OFFICE OF ENERGY MANAGEMENT AND CONSERVATION  
17 SHALL DEVELOP AND ADMINISTER A PROCESS BY WHICH PERSONS AND  
18 ENTITIES MAY APPLY FOR GRANTS FROM THE FUND. SUCH PROCESS SHALL  
19 INCLUDE OBJECTIVE CRITERIA FOR THE CONSIDERATION OF COMPETING  
20 PROPOSALS.

21 (c) FOR EACH FISCAL YEAR IN WHICH MONEYS ARE EXPENDED  
22 PURSUANT TO THIS SECTION, THE OFFICE OF ENERGY MANAGEMENT AND  
23 CONSERVATION SHALL PREPARE AND SUBMIT TO THE GENERAL ASSEMBLY  
24 AN ANNUAL REPORT THAT SPECIFIES:

25 (I) HOW THE MONEYS WERE EXPENDED;

26 (II) THE EXPECTED ENERGY SAVINGS AND OTHER BENEFITS FROM  
27 PROPOSALS THAT WERE FUNDED; AND

1 (III) RECOMMENDATIONS FOR ANY FUTURE PROGRAMS OF THIS  
2 NATURE.

3 (d) IF, IN ANY FISCAL YEAR, THE OFFICE OF ENERGY MANAGEMENT  
4 AND CONSERVATION DETERMINES THAT IT CANNOT USE ALL OF THE  
5 MONEYS IT RECEIVES PURSUANT TO THIS SECTION, THE OFFICE SHALL  
6 NOTIFY THE GOVERNOR AND THE JOINT BUDGET COMMITTEE OF THE  
7 GENERAL ASSEMBLY OF SUCH FACT. UPON NOTIFICATION, THE GENERAL  
8 ASSEMBLY MAY MAKE A SUPPLEMENTAL APPROPRIATION TO REDUCE THE  
9 AMOUNT APPROPRIATED TO THE OFFICE AND INCREASE THE AMOUNT  
10 APPROPRIATED FOR OTHER ENERGY CONSERVATION OR ENERGY  
11 EFFICIENCY MEASURES.

12 (e) FOR THE STATE FISCAL YEAR COMMENCING ON JULY 1, 2005,  
13 ONE MILLION DOLLARS SHALL BE APPROPRIATED TO THE UNIVERSITY OF  
14 COLORADO FOR THE PURPOSES OF ESTABLISHMENT OF A RESEARCH  
15 INSTITUTE FOR RENEWABLE ENERGY AND A REGIONAL ENERGY CENTER IN  
16 COLORADO TO DEVELOP AND PROMOTE RENEWABLE ENERGY  
17 ALTERNATIVES, EFFICIENT LIGHTING, HEATING AND COOLING, AND  
18 BUILDING DESIGN. FUNDS APPROPRIATED SHALL BE USED TO DEVELOP  
19 ARCHITECTURAL DRAWINGS, DESIGN AND DEVELOPMENT OF GRANTS FOR  
20 THE ESTABLISHMENT OF SUCH A RESEARCH INSTITUTE .

21 (f) FOR THE STATE FISCAL YEAR COMMENCING ON JULY 1, 2005,  
22 FIVE HUNDRED THOUSAND DOLLARS SHALL BE APPROPRIATED TO MESA  
23 STATE COLLEGE FOR THE PURPOSES OF ESTABLISHING AN INSTITUTE TO  
24 ADDRESS IMPACTS OF ENERGY DEVELOPMENT AND TO TRAIN AND EQUIP  
25 STUDENTS FOR CAREERS IN ENERGY RELATED INDUSTRIES. FUNDS  
26 APPROPRIATED SHALL BE USED TO DEVELOP ARCHITECTURAL DRAWINGS,  
27 DESIGN AND DEVELOPMENT OF GRANTS FOR THE ESTABLISHMENT OF SUCH

1 A RESEARCH INSTITUTE .

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

4 (a) "ENERGY EFFICIENCY MEASURES" MEANS MEASURES THAT  
5 REDUCE CONSUMPTION OF [REDACTED] FUELS OR ELECTRICITY.

6 (b) "OFFICE OF ENERGY MANAGEMENT AND CONSERVATION"  
7 MEANS THE OFFICE OF ENERGY MANAGEMENT AND CONSERVATION WITHIN  
8 THE OFFICE OF THE GOVERNOR, OR ANY SUCCESSOR OFFICE THAT IS  
9 CREATED WITHIN THE OFFICE OF THE GOVERNOR FOR THE PURPOSE OF  
10 PROMOTING ENERGY MANAGEMENT OR CONSERVATION.

11 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2008. ANY  
12 UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE CLEAN  
13 ENERGY DEVELOPMENT FUND AS OF JUNE 30, 2008, SHALL REVERT TO THE  
14 OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND CREATED IN  
15 SECTION 39-29-109, C.R.S.

16 **SECTION 3. Appropriation.** (1) In addition to any other  
17 appropriation, there is hereby appropriated, out of any moneys in the  
18 clean energy development fund created in section 24-22-118 (1),  
19 Colorado Revised Statutes, not otherwise appropriated, to the office of  
20 the governor, office of energy management and conservation, for the  
21 fiscal year beginning July 1, 2005, the sum of six million dollars  
22 (\$6,000,000), or so much thereof as may be necessary, for the  
23 implementation of this act. Of said sum, three million dollars  
24 (\$3,000,000) shall be for the study, engineering, and development of an  
25 integrated gasification combined-cycle electric generation facility  
26 authorized by section 24-22-118 (2) (a), Colorado Revised Statutes, and  
27 three million dollars (\$3,000,000) shall be for grants pursuant to section

1 24-22-118 (3), Colorado Revised Statutes.

2 (2) In addition to any other appropriation, there is hereby  
3 appropriated to the department of higher education, governing boards,  
4 regents of the university of Colorado, for the fiscal year beginning July  
5 1, 2005, the sum of one million dollars (\$1,000,000). Said sum shall be  
6 from cash funds exempt received out of the appropriation made in  
7 subsection (1) of this section pursuant to section 24-22-118 (3) (e),  
8 Colorado Revised Statutes.

9 (3) In addition to any other appropriation, there is hereby  
10 appropriated to the department of higher education, governing boards,  
11 trustees of mesa state college, for the fiscal year beginning July 1, 2005,  
12 the sum of five hundred thousand dollars (\$500,000). Said sum shall be  
13 from cash funds exempt received out of the appropriation made in  
14 subsection (1) of this section pursuant to section 24-22-118 (3) (f),  
15 Colorado Revised Statutes.

16 (4) In addition to any other appropriation, there is hereby  
17 appropriated, out of any moneys in the clean energy development fund  
18 created in section 24-22-118 (1), Colorado Revised Statutes, not  
19 otherwise appropriated, to the office of the governor, office of energy  
20 management and conservation, for the fiscal year beginning July 1, 2006,  
21 the sum of six million dollars (\$6,000,000), or so much thereof as may be  
22 necessary, for the implementation of this act. Of said sum, three million  
23 dollars (\$3,000,000) shall be for the study, engineering, and development  
24 of an integrated gasification combined-cycle electric generation facility  
25 authorized by section 24-22-118 (2) (a), Colorado Revised Statutes and  
26 three million dollars (\$3,000,000) shall be for grants pursuant to section  
27 24-22-118 (3) (b), Colorado Revised Statutes.

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