

CHAPTER 277

HEALTH AND ENVIRONMENT

SENATE BILL 25-182

BY SENATOR(S) Ball and Simpson, Amabile, Bridges, Cutter, Daugherty, Exum, Kipp, Winter F.;
also REPRESENTATIVE(S) Brown and Weinberg, Bacon, Boesenecker, Clifford, Froelich, Paschal, Rutinel, Smith, Valdez.

AN ACT

CONCERNING ENCOURAGING THE REDUCTION OF EMBODIED CARBON.

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

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that nothing in Senate Bill 25-182 impacts the ability of a local governmental entity to review or approve eligible materials for installations or modifications to real property.

SECTION 2. In Colorado Revised Statutes, 32-20-103, **amend** the introductory portion and (7); and **add** (4.5) as follows:

32-20-103. Definitions. As used in this ~~article~~ ARTICLE 20, unless the context otherwise requires:

(4.5) "EMBODIED CARBON IMPROVEMENT" MEANS ONE OR MORE INSTALLATIONS OR MODIFICATIONS TO REAL PROPERTY USING ELIGIBLE MATERIALS, AS DEFINED IN SECTION 24-92-118 (2)(b), THAT RESULT IN THE REDUCTION OF THE INSTALLATION'S OR MODIFICATION'S EMBODIED EMISSIONS AS ESTABLISHED IN POLICIES CREATED BY THE COLORADO ENERGY OFFICE, CREATED IN SECTION 24-38.5-101, AND IN CONSULTATION WITH THE OFFICE OF THE STATE ARCHITECT.

(7) "New energy improvement" means one or more on-site energy efficiency improvements, EMBODIED CARBON IMPROVEMENTS, renewable energy improvements, resiliency improvements, or water efficiency improvements made to eligible real property that will reduce the energy consumption of or add energy produced from renewable energy sources with regard to any portion of the eligible real property.

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

SECTION 3. In Colorado Revised Statutes, 39-22-551, **amend** (2)(e) introductory portion and (2)(e)(XVIII); and **add** (2)(e)(XVIII.5) as follows:

39-22-551. Industrial clean energy tax credit - tax preference performance statement - definitions - report - repeal. (2) **Definitions.** As used in this section, unless the context otherwise requires:

(e) "Greenhouse gas emissions reduction improvements" means improvements that help to measurably reduce greenhouse gas emissions. "Greenhouse gas emissions reduction improvements" may include one or more of the following equipment purchases, improvements, ~~and retrofits~~ RETROFITS, OR INVESTMENTS:

(XVIII) Material substitutions within industrial processes to reduce industrial process greenhouse gas emissions by a minimum of fifteen percent when compared to existing production practices; ~~and~~

(XVIII.5) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2026, EMBODIED CARBON INVESTMENTS, WHICH ARE INVESTMENTS IN THE PRODUCTION OF ELIGIBLE MATERIALS, AS DEFINED IN SECTION 24-92-118 (2)(b), THAT RESULT IN THE REDUCTION OF THE ELIGIBLE MATERIALS' CRADLE-TO-GATE EMBODIED EMISSIONS, AS ESTABLISHED IN POLICIES CREATED BY THE COLORADO ENERGY OFFICE, CREATED IN SECTION 24-38.5-101, AND IN CONSULTATION WITH THE OFFICE OF THE STATE ARCHITECT. TO QUALIFY AS AN EMBODIED CARBON INVESTMENT, AN INVESTMENT MUST RESULT IN A FIFTEEN PERCENT OR GREATER REDUCTION IN CRADLE-TO-GATE EMBODIED EMISSIONS OF THE ELIGIBLE MATERIALS WHEN COMPARED TO THE ELIGIBLE MATERIALS' CRADLE-TO-GATE BASELINE AS ESTABLISHED IN STANDARDS AND GUIDELINES CREATED BY THE COLORADO ENERGY OFFICE AND IN CONSULTATION WITH THE OFFICE OF THE STATE ARCHITECT. A CRADLE-TO-GATE MEASUREMENT OR BASELINE CONSIDERS THE LIFE CYCLE STAGES FOR A PRODUCT INCLUDING, BUT NOT LIMITED TO, THE RAW MATERIAL EXTRACTION AND PROCESSING RELATED TO THE PRODUCT, AND THE TRANSPORT TO THE MANUFACTURER AND MANUFACTURING OF THE PRODUCT.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 28, 2025