

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0910.01 Jennifer Berman x3286

HOUSE BILL 24-1339

HOUSE SPONSORSHIP

Weissman and Rutinel, Willford, Kipp

SENATE SPONSORSHIP

Winter F.,

House Committees
Energy & Environment

Senate Committees

A BILL FOR AN ACT

101 CONCERNING MEASURES TO BE TAKEN BY THE AIR QUALITY CONTROL
102 COMMISSION TO REDUCE AIR POLLUTION IN THE STATE.

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://leg.colorado.gov>.)

Under current law, the air quality control commission (commission) consists of 9 members. As of October 1, 2024, **section 2** of the bill increases the membership of the commission to 11 members to include:

- One member who represents a disproportionately impacted community and the interests of communities of color and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

who does not derive income from an entity that the commission regulates; and

- One climate scientist employed by an organization that does not derive income from an entity that the commission regulates.

Under current law, the commission is required to adopt rules regulating greenhouse gas (GHG) emissions from the industrial and manufacturing sector (sector). **Section 3** requires the commission to adopt rules, to be implemented by January 1, 2025, that:

- Prohibit GHG emissions from the sector from increasing in the near term and require sector-wide emissions not to exceed 97 million metric tons of total carbon dioxide equivalent cumulatively between 2025 and 2030;
- Prohibit a sector source from complying with GHG emissions compliance obligations by making a payment unless the payment is made in exchange for GHG credit that is surrendered as part of a GHG credit trading program; and
- Establish source-specific GHG emission reduction requirements that must be met through direct reductions of GHG emissions for a sector source that adversely affects a disproportionately impacted community.

Section 3 also clarifies the definition of "GHG credit", as applied to the requirement for commission rule-making, to include an allowance to emit one metric ton of carbon dioxide equivalent of GHG by a regulated source.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that:

4 (a) Climate change is already having severe impacts on
5 Coloradans across the state, including via more frequent and intense
6 wildfire, drought, and extreme heat. These impacts disproportionately
7 burden certain communities, including those with residents who are
8 Black, Indigenous, Latino, or other people of color.

9 (b) The general assembly previously established pollution
10 reduction goals for the industrial and manufacturing sector in House Bill

1 21-1266, the "Environmental Justice Act", enacted in 2021, but the state
2 does not yet have air pollution rules in place that will meet those goals;
3 and

4 (c) With every year the state fails to keep pace with its greenhouse
5 gas pollution reduction goals, Coloradans will face more severe impacts
6 from climate change and localized health-harming pollution.

7 (2) The general assembly determines that:

8 (a) To protect Coloradans from the impacts of climate change, the
9 state must minimize the cumulative buildup of greenhouse gases in the
10 atmosphere;

11 (b) To advance environmental justice, it is critical to rapidly
12 reduce pollution in disproportionately impacted communities; and

13 (c) The state must swiftly finalize air pollution rules that rapidly
14 and equitably reduce greenhouse gas pollution, including from the
15 industrial and manufacturing sector.

16 (3) The general assembly declares that:

17 (a) State action, including air pollution rules that rapidly reduce
18 greenhouse gas pollution from the industrial and manufacturing sector,
19 that specifically reduces pollution in disproportionately impacted
20 communities is essential to achieve the state's climate goals and advance
21 environmental justice in the state;

22 (b) The air quality control commission must adopt rules that
23 reduce greenhouse gas emissions from the industrial and manufacturing
24 sector in the near-term, including reductions from emission levels for
25 which the state has the most up-to-date data, beginning no later than 2025
26 and continuing through 2030;

27 (c) It is the general assembly's intent that all industrial and

1 manufacturing sources in the state directly reduce greenhouse gas
2 emissions on site, unless the sources participate in a program that meets
3 certain statutory requirements intended to maintain the environmental
4 integrity of those reductions and protect disproportionately impacted
5 communities; and

6 (d) To protect disproportionately impacted communities from
7 health-harming air pollution, individual greenhouse gas
8 emission-reduction requirements are necessary for some sources.

9 **SECTION 2.** In Colorado Revised Statutes, 25-7-104, **amend** (1)
10 and (2) as follows:

11 **25-7-104. Air quality control commission created - repeal.**

12 (1) (a) (I) There is created in the department of public health and
13 environment the air quality control commission, which consists of nine
14 citizens of this state appointed by the governor with the consent of the
15 senate. The air quality control commission is a **type 1** entity, as defined
16 in section 24-1-105.

17 (II) THIS SUBSECTION (1)(a) IS REPEALED, EFFECTIVE OCTOBER 1,
18 2024.

19 (b) THERE IS CREATED IN THE DEPARTMENT OF PUBLIC HEALTH
20 AND ENVIRONMENT THE AIR QUALITY CONTROL COMMISSION, WHICH
21 CONSISTS OF ELEVEN CITIZENS OF THIS STATE APPOINTED BY THE
22 GOVERNOR WITH THE CONSENT OF THE SENATE. THE AIR QUALITY
23 CONTROL COMMISSION IS A **TYPE 1** ENTITY, AS DEFINED IN SECTION
24 24-1-105.

25 (2) (a) (I) Appointments to the commission shall be made so as to
26 include persons with appropriate scientific, technical, industrial, labor,
27 agricultural, and legal training or with experience on the commission;

1 although no specific number of its members shall be required to be so
2 trained or experienced, three members shall have appropriate private
3 sector, technical, or industrial employment experience. No more than five
4 commissioners shall be members of one political party.

5 (II) THIS SUBSECTION (2)(a) IS REPEALED, EFFECTIVE OCTOBER 1,
6 2024.

7 (b) (I) APPOINTMENTS TO THE COMMISSION SHALL BE MADE SO AS
8 TO INCLUDE INDIVIDUALS WITH APPROPRIATE SCIENTIFIC, TECHNICAL,
9 INDUSTRIAL, LABOR, AGRICULTURAL, AND LEGAL TRAINING OR WITH
10 EXPERIENCE ON THE COMMISSION; ALTHOUGH NO SPECIFIC NUMBER OF ITS
11 MEMBERS ARE REQUIRED TO BE SO TRAINED OR EXPERIENCED, THREE
12 MEMBERS MUST HAVE APPROPRIATE PRIVATE SECTOR, TECHNICAL, OR
13 INDUSTRIAL EMPLOYMENT EXPERIENCE.

14 (II) ONE MEMBER OF THE COMMISSION MUST BE A
15 REPRESENTATIVE OF A DISPROPORTIONATELY IMPACTED COMMUNITY WHO
16 DOES NOT DERIVE INCOME FROM AN ENTITY THAT THE COMMISSION
17 REGULATES AND WHO REPRESENTS THE INTERESTS OF COMMUNITIES OF
18 COLOR.

19 (III) ONE MEMBER OF THE COMMISSION MUST BE A CLIMATE
20 SCIENTIST EMPLOYED BY AN ORGANIZATION THAT DOES NOT DERIVE
21 INCOME FROM AN ENTITY THAT THE COMMISSION REGULATES.

22 (IV) NO MORE THAN SIX COMMISSIONERS SHALL BE MEMBERS OF
23 ONE POLITICAL PARTY.

24 (V) (A) COMMISSIONERS APPOINTED BEFORE OCTOBER 1, 2024,
25 MAY CONTINUE TO SERVE THE REMAINDER OF THEIR TERMS ON AND AFTER
26 OCTOBER 1, 2024.

27 (B) THIS SUBSECTION (2)(b)(V) IS REPEALED, EFFECTIVE JULY 1,

1 2027.

2 **SECTION 3.** In Colorado Revised Statutes, 25-7-105, **amend**
3 (1)(e)(XIII)(A) and (1)(f)(I)(A); and **add** (1)(e)(XIII)(C), (1)(e)(XIII)(D),
4 (1)(e)(XIII)(E), and (1)(e)(XIII)(F) as follows:

5 **25-7-105. Duties of commission - technical secretary - rules -**
6 **report - legislative declaration - definitions - repeal.** (1) Except as
7 provided in sections 25-7-130 and 25-7-131, the commission shall
8 promulgate rules that are consistent with the legislative declaration set
9 forth in section 25-7-102 and necessary for the proper implementation
10 and administration of this article 7, including:

11 (e) (XIII) In implementing this subsection (1)(e), the commission
12 shall adopt rules to reduce statewide greenhouse gas emissions from the
13 industrial and manufacturing sector in the state by at least twenty percent,
14 by 2030, below the 2015 baseline established pursuant to section
15 25-7-140 (2)(a)(II), taking into account the factors set out in subsections
16 (1)(e)(II) to (1)(e)(VI) of this section. The rules must include protections
17 for disproportionately impacted communities and prioritize emission
18 reductions that will reduce emissions of co-pollutants that adversely
19 affect disproportionately impacted communities, be designed to accelerate
20 near-term reductions, and secure meaningful emission reductions from
21 this sector to be realized beginning no later than September 30, 2024. The
22 rules must:

23 (A) Be consistent with the requirements of subsection (1)(e)(IX)
24 of this section; **and**

25 (C) ON AND AFTER JANUARY 1, 2025, PROHIBIT GREENHOUSE GAS
26 EMISSIONS FROM THE SECTOR FROM INCREASING IN THE NEAR TERM AND
27 REQUIRE THAT SECTOR-WIDE EMISSIONS DECLINE OVER TIME SUCH THAT

1 THOSE EMISSIONS DO NOT EXCEED NINETY-SEVEN MILLION METRIC TONS
2 OF TOTAL CARBON DIOXIDE EQUIVALENT CUMULATIVELY BETWEEN 2025
3 AND 2030, INCLUSIVE;

4 (D) ON AND AFTER JANUARY 1, 2025, PROHIBIT ANY SOURCE OF
5 GREENHOUSE GAS EMISSIONS IN THE SECTOR FROM MEETING ITS
6 COMPLIANCE OBLIGATIONS UNDER THE RULES BY MAKING A PAYMENT,
7 UNLESS THE PAYMENT IS MADE IN EXCHANGE FOR A GHG CREDIT, AS
8 DEFINED IN SUBSECTION (1)(f)(I) OF THIS SECTION, THAT IS SURRENDERED
9 FOR COMPLIANCE AS PART OF A TRADING PROGRAM, AS DEFINED IN
10 SUBSECTION (1)(f)(I) OF THIS SECTION, AND THE COMMISSION HAS FIRST
11 ESTABLISHED, BY RULE, A DECLINING LIMIT ON THE GREENHOUSE GAS
12 EMISSIONS FROM ALL SOURCES THAT PARTICIPATE IN THE TRADING
13 PROGRAM;

14 (E) FOR ANY SOURCE OF GREENHOUSE GAS EMISSIONS IN THE
15 SECTOR THAT HAS ADVERSELY AFFECTED A DISPROPORTIONATELY
16 IMPACTED COMMUNITY, ESTABLISH A SOURCE-SPECIFIC EMISSION
17 REDUCTION REQUIREMENT THAT MUST BE MET THROUGH DIRECT
18 REDUCTIONS IN THE SOURCE'S GREENHOUSE GAS EMISSIONS; AND

19 (F) THE AMENDMENTS MADE TO THIS SUBSECTION (1)(e)(XIII)
20 THROUGH THIS HOUSE BILL 24-____, ENACTED IN 2024, DO NOT ALTER
21 THE REQUIREMENTS OF SUBSECTION (1)(e)(IX) OF THIS SECTION.

22 (f) (I) **Definitions.** The definitions in subsection (1)(e)(XI) of this
23 section apply to this subsection (1)(f). As used in this subsection (1)(f),
24 unless the context requires otherwise:

25 (A) "GHG credit" means a tradeable compliance instrument in a
26 physical or electronic format, the use of which is authorized pursuant to
27 a regulatory program adopted by the commission that represents the

1 reduction of one metric ton of carbon dioxide equivalent of greenhouse
2 gas by a regulated source. "GHG CREDIT" INCLUDES AN ALLOWANCE TO
3 EMIT ONE METRIC TON OF CARBON DIOXIDE EQUIVALENT OF GREENHOUSE
4 GAS BY A REGULATED SOURCE.

5 **SECTION 4. Effective date.** This act takes effect upon passage;
6 except that section 25-7-104 (1)(b) and (2)(b), Colorado Revised Statutes,
7 as enacted in section 2 of this act, takes effect October 1, 2024.

8 **SECTION 5. Safety clause.** The general assembly finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, or safety or for appropriations for
11 the support and maintenance of the departments of the state and state
12 institutions.