

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 25-0446.03 Jed Franklin x5484

SENATE BILL 25-037

SENATE SPONSORSHIP

Roberts and Kirkmeyer, Amabile, Bridges, Catlin, Coleman, Daugherty, Exum, Hinrichsen, Jodeh, Kipp, Mullica, Pelton B., Pelton R., Simpson, Weissman, Winter F.

HOUSE SPONSORSHIP

Taggart and Mauro,

Senate Committees

Business, Labor, & Technology
Appropriations

House Committees

Business Affairs & Labor

A BILL FOR AN ACT

101 **CONCERNING ASSISTANCE FOR COMMUNITIES EXPERIENCING ENERGY**
102 **TRANSITION.**

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>.)

The office of just transition (office) in the department of labor and employment provides money to support programs that implement the just transition plan, provide supplemental funding for targeted investment in coal transition communities, and provide grants and other support to coal transition communities. The bill requires the office to coordinate with councils of government representing regions established by the

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.

HOUSE
Amended 2nd Reading
April 29, 2025

SENATE
3rd Reading Unamended
February 20, 2025

SENATE
Amended 2nd Reading
February 19, 2025

department of local affairs (department) that have coal transition communities, employee associations that represent workers in coal transition communities, and economic development councils formed by the department to implement the most effective projects and programs for those communities.

A public entity may invest public funds only as allowed by law. The bill specifies that the investment of a payment or settlement to offset the socioeconomic impacts to a community or government from the closure of a coal mine or coal power generating station is not subject to these investment limitations.

Currently, 70% of the money credited to the local government severance tax fund (fund) must be distributed to political subdivisions that are socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels subject to taxation and used for the planning, construction, and maintenance of public facilities and for the provision of public services, and to compensate political subdivisions for loss of property tax revenue resulting from the deduction of severance taxes paid in the determination of the valuation for assessment of producing mines. The bill requires the executive director of the department (executive director) to annually expend this money as follows:

- First, an amount equal to the least of \$15 million, the total amount of money available, or the amount of compensation applied for to compensate political subdivisions for the loss of property tax revenue resulting from the deduction of severance taxes paid in the determination of the valuation for assessment of producing mines; or incurred by political subdivisions that are coal transition communities created as due to the closure of coal-fired power plants. The executive director must consider the economic needs of a political subdivision when granting money and must not require a political subdivision to contribute money to be eligible for a grant.
- Second, an amount equal to the least of \$75 million, the total remaining amount of money available, or the amount of grants applied for through 3 grant cycles per year for grants to political subdivisions socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels subject to severance taxation and used for the planning, construction, and maintenance of public facilities and for the provision of public services; and
- Third, any remaining money in excess of the lesser of \$90 million or the total amount of compensation and grants actually awarded as described above must be distributed

annually by the executive director to political subdivisions based upon community need as determined in consultation with the Colorado Municipal League, Colorado Counties, Inc., and the Special District Association of Colorado, and to other recipients as provided by existing law.

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

SECTION 1. In Colorado Revised Statutes, 8-83-503, **amend**
(3)(b) and (3)(c); and add (3)(d) as follows:

8-83-503. Just transition office - advisory committee - repeal.

(3) It is the purpose of the office to:

(b) Provide administrative, logistical, research, and policy support
to the just transition advisory committee's work as outlined in subsection
(6) of this section; and

(c) Participate in the department's presentation to the general
assembly during the "State Measurement for Accountable, Responsive,
and Transparent (SMART) Government Act" hearings, held pursuant to
part 2 of article 7 of title 2, regarding requirements for financing
components of the just transition plan, the administration of this part 5,
and the expected results; AND

(d) REPORT TO THE ANNUAL "STATE MEASUREMENT FOR
ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART)
GOVERNMENT ACT" HEARINGS, HELD PURSUANT TO PART 2 OF ARTICLE 7
OF TITLE 2, OF THE SENATE LOCAL GOVERNMENT AND HOUSING
COMMITTEE AND THE HOUSE TRANSPORTATION, HOUSING, AND LOCAL
GOVERNMENT COMMITTEE, OR THEIR SUCCESSOR COMMITTEES, ABOUT THE
GRANTS AWARDED BY THE OFFICE DURING THE PRECEDING FISCAL YEAR,
THEIR RECIPIENTS, AND THE PURPOSE FOR WHICH THEY WERE AWARDED.

SECTION 2. In Colorado Revised Statutes, 8-83-504, **amend**

1 (4)(a)(II) introductory portion, (4)(a)(II)(C), and (4)(a)(II)(D); and add
2 (4)(a)(II)(E) and (4)(a)(II.5) as follows:

3 **8-83-504. Just transition cash fund - transfer from general**
4 **fund - transfer from account - definition - use of money.**

5 (4) (a) (II) Subject to annual appropriation by the general assembly, the
6 office shall expend the money transferred to the fund pursuant to this
7 subsection (4)(a) to implement the just transition plan for Colorado
8 prepared as required by section 8-83-503 (4), to provide supplemental
9 funding for existing state programs that the office identifies as the most
10 effective vehicles for targeted investment in coal transition communities,
11 and to provide grants and other support directly to coal transition
12 communities and other eligible entities. In expending money from the
13 fund, the office shall place a heavy emphasis on investment in tier one
14 AND TIER TWO COAL transition communities and shall PRIORITIZE
15 COMMUNITIES EXPERIENCING SOCIOECONOMIC IMPACTS OF COAL
16 CLOSURES, OPPORTUNITIES FOR ECONOMIC DIVERSIFICATION, LOCAL
17 COMMUNITY INPUT, FEASIBILITY STUDIES OF SPECIFIC PROPOSED PROJECTS,
18 AND NEEDS ASSESSMENTS. THE OFFICE SHALL support programs AND BASE
19 FUNDING DECISIONS ON FACTORS that:

20 (C) Support infrastructure projects and workforce development
21 programs; ~~or~~

22 (D) Are consistent with the goals and strategies outlined in the just
23 transition plan; OR

24 ==

25 (E) FOR MONEY APPROPRIATED TO THE FUND AFTER JULY 1, 2025,
26 SUPPORT TARGETED INVESTMENT IN COAL TRANSITION COMMUNITIES BY
27 COLLABORATING WITH COAL TRANSITION COMMUNITIES AND ELIGIBLE

1 ENTITIES, STATE AND REGIONALLY RECOGNIZED GOVERNMENTAL AND
2 ECONOMIC DEVELOPMENT ENTITIES, EMPLOYEE ORGANIZATIONS THAT
3 REPRESENT COAL TRANSITION WORKERS, AND WORKERS WHO ARE NOT
4 AFFILIATED WITH EMPLOYEE ORGANIZATIONS TO IMPLEMENT EFFECTIVE
5 PROJECTS AND PROGRAMS FOR THOSE COMMUNITIES CONSISTENT WITH
6 THIS PART 5.

7 (II.5) (A) THE OFFICE SHALL ESTABLISH A TIMELINE FOR
8 REVIEWING PROJECT PROPOSALS AND APPLICATIONS AND SHALL PROMPTLY
9 NOTIFY APPLICANTS OF ANY DEFICIENCIES OR INCOMPLETENESS THAT MAY
10 BE REMEDIED PRIOR TO A FINAL FUNDING DETERMINATION. APPLICANTS
11 MUST BE ALLOWED FIFTEEN DAYS TO MAKE CHANGES OR ADD
12 SUPPLEMENTARY DOCUMENTATION.

13 (B) PROJECT FUNDING DECISIONS MUST BE ISSUED WITHIN NINETY
14 DAYS OF RECEIVING A FINAL PROJECT PROPOSAL. IF A DECISION IS NOT
15 POSSIBLE WITHIN NINETY DAYS, THE OFFICE SHALL PROVIDE A STATUS
16 UPDATE TO THE APPLICANT AT THAT TIME. ALL FUNDING DECISIONS MUST
17 BE PUBLICLY ACCESSIBLE WITH PUBLISHED REASONS FOR DENIAL OF A
18 PROJECT PROPOSAL ALONG WITH RECOMMENDATIONS FOR IMPROVEMENT.

19 (C) AT THE EARLIEST REGULARLY SCHEDULED MEETING OF THE
20 JOINT BUDGET COMMITTEE FOLLOWING THE CLOSE OF A FISCAL YEAR, THE
21 OFFICE SHALL REPORT TO THE JOINT BUDGET COMMITTEE ABOUT THE
22 GRANTS AWARDED BY THE OFFICE DURING THE PRECEDING FISCAL YEAR,
23 THEIR RECIPIENTS, AND THE PURPOSE FOR WHICH THEY WERE AWARDED
24 AND MAKE THE SAME PRESENTATION AT THE ANNUAL SMART ACT
25 HEARINGS OF THE SENATE LOCAL GOVERNMENT AND HOUSING COMMITTEE
26 AND THE HOUSE TRANSPORTATION, HOUSING, AND LOCAL GOVERNMENT
27 COMMITTEE.

1 **SECTION 3.** In Colorado Revised Statutes, 8-83-504.5, **amend**
2 **(1)(e)** as follows:

3 **8-83-504.5. Additional coal transition workforce assistance**
4 **program funding - coal transition workforce assistance program**
5 **account.** (1) (e) The department shall expend OR ENCUMBER the money
6 transferred to the account pursuant to subsection (1)(a)(II)(B) of this
7 section by the close of state fiscal ~~year 2026-27~~ YEAR 2029-2030."

8 **SECTION 4.** In Colorado Revised Statutes, 8-83-506, **amend**
9 **(2)(a)** as follows:

10 **8-83-506. Report - recommendations - repeal.** (2) (a) Between
11 September 1 and November 15, 2022, and between September 1 and
12 November 15 of each year thereafter, the director shall present a report
13 to the joint budget committee of the general assembly on the history of
14 expenditures from the fund and the account and the purposes for which
15 the money in the fund and in the account has been expended or
16 encumbered in the immediately preceding state fiscal year, specifying the
17 programs described in sections 8-83-504 and 8-83-504.5 for which money
18 has been expended, encumbered, or otherwise allocated. THE REPORT
19 MUST INCLUDE INFORMATION ABOUT THE GRANTS AWARDED BY THE
20 OFFICE DURING THE PRECEDING FISCAL YEAR, THEIR RECIPIENTS, AND THE
21 PURPOSE FOR WHICH THEY WERE AWARDED.

22 **SECTION 5.** In Colorado Revised Statutes, 24-75-601.1, **add** (5)
23 as follows:

24 **24-75-601.1. Legal investments of public funds - definition.**
25 (5) NOTHING IN THIS SECTION APPLIES TO PUBLIC FUNDS HELD OR
26 INVESTED AS PART OF ANY PAYMENT OR SETTLEMENT TO OFFSET THE
27 SOCIOECONOMIC IMPACTS TO A COMMUNITY OR GOVERNMENT FROM THE

1 CLOSURE OF A COAL MINE OR COAL POWER GENERATING STATION.

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3 **SECTION 6. In Colorado Revised Statutes, 39-29-110, amend**

4 (1)(b)(I) and (1)(b)(II)(A) as follows:

5 **39-29-110. Local government severance tax fund - creation -**

6 **administration - definitions - repeal.** (1) (b) (I) Seventy percent of the

7 funds ~~from~~ IN the local government severance tax fund shall be

8 distributed to those political subdivisions socially or economically

9 impacted by the development, processing, or energy conversion of

10 minerals and mineral fuels subject to taxation under this article and used

11 for the planning, construction, and maintenance of public facilities and

12 for the provision of public services. Such funds shall also be distributed

13 to political subdivisions to compensate them for loss of property tax

14 revenue resulting from the deduction of severance taxes paid in the

15 determination of the valuation for assessment of producing mines. The

16 executive director of the department of local affairs shall consider the

17 economic needs of a political subdivision for purposes of making

18 distributions pursuant to this ~~subparagraph (I)~~ SUBSECTION (1)(b)(I). THE

19 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS MAY

20 ESTABLISH AN ADMINISTRATIVE POLICY FOR A PREFERENCE TO JUST

21 TRANSITION COAL COMMUNITIES. THIS PREFERENCE WILL BE AVAILABLE

22 FOR A THREE-YEAR PERIOD BEGINNING JANUARY 1, 2026."

23 (II) (A) In addition to the distribution of ~~moneys~~ MONEY

24 authorized under ~~subparagraph (I) of this paragraph (b)~~ SUBSECTION

25 (1)(b)(I) OF THIS SECTION, the executive director may distribute ~~moneys~~

26 MONEY or make loans, or any combination thereof, to ~~such~~ THE political

27 subdivisions for the planning, design, construction, erection, building,

1 acquisition, alteration, modernization, reconstruction, improvement, or
2 expansion of domestic wastewater treatment works or potable water
3 treatment facilities. Any loan made by the executive director under the
4 authority of this section shall only be made under such terms as will
5 insure repayment of the loan with interest assessed and collected at an
6 interest rate of not less than five percent COMMENSURATE WITH AN
7 AA-RATED TEN-YEAR MUNICIPAL BOND RATE AVERAGED OVER THE
8 PREVIOUS SIX MONTHS, AT THE TIME OF APPLICATION.

9 **SECTION 7. In Colorado Revised Statutes, 24-38.5-121, amend**
10 **(5) as follows:**

11 **24-38.5-121. Assessment of advanced energy solutions in rural**
12 **Colorado - northwestern and west end of Montrose county Colorado**
13 **study - southeastern Colorado study - report - legislative declaration**
14 **- definitions - repeal. (5) IF THE DIRECTOR HAS SUFFICIENT FEDERAL**
15 **MONEY TO SUPPORT THE SUBMITTAL OF THE FINDINGS AND CONCLUSIONS**
16 **OF THE STUDY REQUIRED IN SUBSECTION (3) OF THIS SECTION, ON OR**
17 **BEFORE DECEMBER 19, 2025, the director shall submit the findings and**
18 **conclusions of the northwestern and west end of Montrose county**
19 **Colorado study and the southeastern Colorado study required in**
20 **subsection (3) of this section to the house of representatives energy and**
21 **environment committee and the senate transportation and energy**
22 **committee, or their successor committees and to the just transition office**
23 **created in section 8-83-503 (1). The findings and conclusions submitted**
24 **must include any recommendations including administrative or legislative**
25 **action needed to assist northwestern and west end of Montrose county,**
26 **Colorado, in the transition to firm energy generation sources and to assist**
27 **southeastern Colorado in the development of new energy resources.**

1 **SECTION 8.** In Colorado Revised Statutes, 31-15-707, **amend**
2 (1)(a)(I) as follows:

3 **31-15-707. Municipal utilities.** (1) The governing body of each
4 municipality has the power:

5 (a) (I) To acquire waterworks, gasworks, and gas distribution
6 systems for the distribution of gas of any kind or electric light and power
7 works and distribution systems, or heating and cooling works and
8 distribution systems for the distribution of heat and cooling obtained from
9 geothermal resources, solar or wind energy, hydroelectric or renewable
10 biomass resources, including waste and cogenerated heat, and all
11 appurtenances necessary to any of ~~said~~ THE works or systems or to
12 authorize the erection, ownership, operation, and maintenance of ~~such~~
13 THE works and systems by others. No ~~such works or systems, except~~
14 ~~waterworks,~~ GASWORKS, GAS DISTRIBUTION SYSTEMS FOR THE
15 DISTRIBUTION OF GAS OF ANY KIND, OR ELECTRIC POWER WORKS AND
16 DISTRIBUTION SYSTEMS shall be acquired or erected by a municipality
17 until the question of acquiring or erecting the same is submitted at a
18 regular or special election and approved in the manner provided for
19 authorization of bonded indebtedness by section 31-15-302 (1)(d) and in
20 accordance with the requirements of law, including requirements of law
21 relating to the acquisition and financing of public utilities by
22 municipalities. The question of acquiring or erecting a waterworks, ~~need~~
23 ~~not be so~~ ELECTRIC LIGHT WORKS, HEATING AND COOLING WORKS, AND
24 DISTRIBUTION SYSTEMS FOR THE DISTRIBUTION OF HEATING AND COOLING
25 OBTAINED FROM GEOTHERMAL RESOURCES, SOLAR OR WIND ENERGY,
26 HYDROELECTRIC, OR RENEWABLE BIOMASS RESOURCES IS NOT REQUIRED
27 TO BE submitted and approved at an election.

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