

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0206.01 Jed Franklin x5484

SENATE BILL 26-021

SENATE SPONSORSHIP

Mullica and Simpson, Hinrichsen, Exum

HOUSE SPONSORSHIP

Barron and Paschal, Stewart R., Lindsay, Jackson

Senate Committees

Transportation & Energy

House Committees

A BILL FOR AN ACT

101 **CONCERNING AUTHORIZING THE CLEAN FLEET ENTERPRISE TO**
102 **ENCOURAGE THE REPLACEMENT OF HIGH-EMITTING TRUCKS**
103 **WITH LOW-EMITTING TRUCKS IN MOTOR VEHICLE FLEETS.**

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/>.)

Transportation Legislation Review Committee. Currently, the clean fleet enterprise (enterprise) may provide money to help public and private owners and operators of motor vehicle fleets finance acquisitions of compressed natural gas motor vehicles that are trucks if at least 90% of the fuel for the trucks will be recovered methane. Pursuant to current

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.

law, starting on January 1, 2027, the enterprise may only provide money for this purpose so long as the enterprise determines that electric motor vehicles are not yet practically available or do not meet the operational requirements such as cargo carrying capacity and driving range for specific categories of trucks (funding limitation). The bill repeals the funding limitation.

The bill authorizes the enterprise to incentivize, support, and accelerate the replacement of a motor vehicle that uses compression ignition to start the engine, has a gross vehicle weight rating of greater than 26,000 pounds, is based in the state, and is part of a fleet with in-state annual miles driven of at least 75% of the fleet's total annual miles driven (heavy-duty truck), that is powered by a diesel-fueled internal combustion engine and is a model year of 2009 or earlier (aging heavy-duty diesel truck) with a heavy-duty truck that is a model year of 2018 or later (new heavy-duty truck) until December 31, 2031. The bill also allows the enterprise to provide funding or financing through grant programs, rebate programs, revolving loan funds, or other strategies to help owners and operators of aging heavy-duty diesel truck fleets finance the replacement of aging heavy-duty diesel trucks with new heavy-duty trucks to reduce the up-front costs of acquiring new heavy-duty trucks until December 31, 2031.

To qualify for any money provided by the enterprise for the replacement of aging heavy-duty diesel trucks with new heavy-duty trucks:

- The purchaser of the new heavy-duty truck must surrender an aging heavy-duty diesel truck to the seller of the new heavy-duty truck at the time of the transaction;
- The seller of the new heavy-duty truck must decommission the aging heavy-duty diesel truck by drilling a hole in the engine's block and cutting the chassis rails in half; and
- The seller must be an authorized dealer of new heavy-duty trucks who must certify that the new heavy-duty truck meets all state and federal emissions and safety standards for its model year.

The enterprise may use the clean fleet enterprise fund (fund) to provide money to support the replacement of aging heavy-duty diesel trucks with new heavy-duty trucks, but the enterprise is required to ensure that it does not expend more than 20% of the fund's income during a state fiscal year for the support.

The enterprise may encourage the department of public health and environment to explore whether decommissioning aging heavy-duty diesel trucks and replacing them with new heavy-duty trucks qualifies as a transportation control measure that offsets growth in emissions from growth in vehicle miles traveled or number of vehicle trips taken pursuant to the federal "Clean Air Act".

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 25-7.5-102
3 as follows:

4 **25-7.5-102. Definitions.**

5 As used in this article 7.5, unless the context otherwise requires:

6 (1) "AGING HEAVY-DUTY DIESEL TRUCK" MEANS A HEAVY-DUTY
7 DIESEL TRUCK WITH A MODEL YEAR NO LATER THAN 2009.

8 (1) (2) "Battery electric motor vehicle" means a motor vehicle that
9 is powered exclusively by a rechargeable battery pack that can be
10 recharged by being plugged into an external source of electricity and that
11 has no secondary source of propulsion.

12 (2) (3) "Board" means the governing board of the enterprise.

13 (3) (4) "Car share ride" means a prearranged ride for which the
14 rider agrees, at the time the rider requests the ride through a digital
15 network, to be transported with another rider who has separately
16 requested a prearranged ride regardless of whether or not another rider is
17 actually transported with the rider.

18 (4) (5) "Commission" means the air quality control commission
19 created in section 25-7-104.

20 (5) (6) "Compressed natural gas motor vehicle" means a vehicle
21 that is powered by an engine fueled by compressed natural gas.

22 (7) "DECOMMISSION" MEANS RENDERING INOPERABLE BOTH THE
23 ENGINE AND THE CHASSIS OF AN AGING HEAVY-DUTY DIESEL TRUCK BY
24 CUTTING A THREE-INCH HOLE THROUGH THE WALL OF THE ENGINE BLOCK
25 AND CUTTING THE CHASSIS RAILS IN HALF OR BY SIMILARLY EFFECTIVE
26 MEANS.

1 (8) "Department" means the department of public health and
2 environment created in section 24-1-119 (1).

3 (9) "Disproportionately impacted community" has the meaning
4 set forth in section 24-4-109 (2)(b)(II).

5 (10) "Electric motor vehicle" means a battery electric motor
6 vehicle, a hydrogen fuel cell motor vehicle, or a plug-in hybrid electric
7 motor vehicle.

8 (11) "Enterprise" means the clean fleet enterprise created in
9 section 25-7.5-103 (1)(a)(I).

10 (12) "Fund" means the clean fleet enterprise fund created in
11 section 25-7.5-103 (5).

12 (13) "HEAVY-DUTY DIESEL TRUCK" MEANS A HEAVY-DUTY MOTOR
13 VEHICLE THAT:

14 (a) IS POWERED BY A DIESEL-FUELED INTERNAL COMBUSTION
15 ENGINE;

16 (b) USES COMPRESSION IGNITION TO START THE DIESEL-FUELED
17 INTERNAL COMBUSTION ENGINE;

18 (c) IS BASED IN THE STATE; AND

19 (d) IS PART OF A MOTOR VEHICLE FLEET WITH IN-STATE ANNUAL
20 MILES DRIVEN OF AT LEAST SEVENTY-FIVE PERCENT OF THE MOTOR
21 VEHICLE FLEET'S TOTAL ANNUAL MILES DRIVEN.

22 (14) "Heavy-duty motor vehicle" means a motor vehicle that
23 has a gross vehicle weight rating, as defined in section 42-2-402 (6), of
24 greater than twenty-six thousand pounds.

25 (15) "Hydrogen fuel cell motor vehicle" means a motor
26 vehicle that is powered by electricity produced from a fuel cell that uses
27 hydrogen gas as fuel.

1 (13) (16) "Inflation" means the average annual percentage change
2 in the United States department of labor, bureau of labor statistics,
3 consumer price index for Denver-Aurora-Lakewood for all items and all
4 urban consumers, or its applicable predecessor or successor index, for the
5 five years ending on the last December 31 before a state fiscal year for
6 which an inflation adjustment to be made to the clean fleet per ride fee
7 imposed by section 25-7.5-103 (7) or the clean fleet retail delivery fee
8 imposed by section 25-7.5-103 (8) begins.

9 (14) (17) "Medium-duty motor vehicle" means a motor vehicle
10 that has a gross vehicle weight rating, as defined in section 42-2-402 (6),
11 of more than ten thousand pounds and not more than twenty-six thousand
12 pounds.

13 (15) (18) "Motor vehicle" has the meaning set forth in section
14 42-1-102 (58). The term does not include a personal delivery device.

15 (16) (19) "Motor vehicle fleet" means a group of motor vehicles
16 that is owned or operated:

17 (a) By a governmental entity for a public purpose including but
18 not limited to public school transportation or law enforcement; or

19 (b) By a business entity for a business if:

20 (I) The group of motor vehicles is composed primarily of
21 heavy-duty motor vehicles, medium-duty motor vehicles, or refrigerated
22 trailer units; or

23 (II) The group of motor vehicles is owned or operated by a
24 company that rents motor vehicles in the fleet to transportation network
25 company drivers for use in providing transportation network company
26 services or is owned and operated directly, or indirectly through
27 independent contractors who own or lease individual motor vehicles in

1 the group, by a transportation network company or by a retailer for the
2 purpose of making retail deliveries.

3 (20) "NEW HEAVY-DUTY TRUCK" MEANS A HEAVY-DUTY MOTOR
4 VEHICLE THAT:

5 (a) IS A MODEL YEAR OF 2018 OR LATER;
6 (b) IS BASED IN THE STATE; AND
7 (c) IS PART OF A MOTOR VEHICLE FLEET WITH IN-STATE ANNUAL
8 MILES DRIVEN OF AT LEAST SEVENTY-FIVE PERCENT OF THE MOTOR
9 VEHICLE FLEET'S TOTAL ANNUAL MILES DRIVEN.

10 (17) (21) "Personal delivery device" means an autonomously
11 operated robot that is:

12 (a) Designed and manufactured for the purpose of transporting
13 tangible personal property primarily on sidewalks, crosswalks, and other
14 public rights-of-way that are typically used by pedestrians;
15 (b) Weighs no more than five hundred fifty pounds, excluding any
16 tangible personal property being transported; and
17 (c) Operates at speeds of less than ten miles per hour when on
18 sidewalks, crosswalks, and other public rights-of-way that are typically
19 used by pedestrians.

20 (18) (22) "Plug-in hybrid electric motor vehicle" means a motor
21 vehicle that is powered by both a rechargeable battery pack that can be
22 recharged by being plugged into an external source of electricity and a
23 secondary source of propulsion such as an internal combustion engine.

24 (19) (23) "Prearranged ride" has the same meaning as set forth in
25 section 40-10.1-602 (2).

26 (20) (24) "Recovered methane" means any of the following if the
27 air pollution control division determines them to provide a net reduction

1 in greenhouse gas emissions:

2 (a) Biomethane;

3 (b) Methane derived from:

4 (I) Municipal solid waste;

5 (II) Biomass pyrolysis or enzymatic biomass; or

6 (III) Wastewater treatment; and

7 (c) Coal mine methane, as defined in section 40-2-124 (1)(a)(II).

8 (21) (25) "Retail delivery" has the same meaning as set forth in
9 section 43-4-218 (2)(e).

10 (22) (26) "Retailer" has the same meaning as set forth in section
11 39-26-102 (8).

12 (24) (27) "Rider" has the same meaning as set forth in section
13 40-10.1-602 (5).

14 (25) (28) "Tangible personal property" has the same meaning as
15 set forth in section 39-26-102 (15).

16 (26) (29) "Transportation network company" has the same
17 meaning as set forth in section 40-10.1-602 (3).

18 (27) (30) "Transportation network company driver" has the same
19 meaning as set forth in section 40-10.1-602 (4).

20 (28) (31) "Transportation network company services" has the
21 same meaning as set forth in section 40-10.1-602 (6).

22 (29) (32) "Zero emissions motor vehicle" means a battery electric
23 motor vehicle or a hydrogen fuel cell motor vehicle.

24 **SECTION 2.** In Colorado Revised Statutes, 25-7.5-103, **amend**
25 (9)(a), (9)(b)(I), and (9)(b)(XI); and **add** (9)(b)(XIII) and (9)(b)(XIV) as
26 follows:

27 **25-7.5-103. Clean fleet enterprise - creation - board - powers**

1 **and duties - fees - fund - repeal.**

2 (9) (a) In furtherance of its business purpose, and subject to the
3 requirements set forth in this subsection (9), the enterprise is authorized
4 to incentivize, support, and accelerate the adoption of electric motor
5 vehicles in motor vehicle fleets AND THE REPLACEMENT OF AGING
6 HEAVY-DUTY DIESEL TRUCKS WITH NEW HEAVY-DUTY TRUCKS.

7 (b) The enterprise may provide funding or financing through grant
8 programs, rebate programs, revolving loan funds, or such other strategies
9 as the board finds effective:

10 (I) To help public and private owners and operators of motor
11 vehicle fleets finance electric motor vehicle acquisitions to reduce the
12 up-front costs of acquiring electric motor vehicles ~~through December 31,~~
13 ~~2026;~~ AND to help public and private owners and operators of motor
14 vehicle fleets finance acquisitions of compressed natural gas motor
15 vehicles that are trucks if at least ninety percent of the fuel for the trucks
16 will be recovered ~~methane~~, and, on and after January 1, 2027, for so long
17 as ~~the enterprise determines that electric motor vehicles are not yet~~
18 ~~practically available or do not meet the operational requirements such as~~
19 ~~cargo carrying capacity and driving range for specific categories of~~
20 ~~trucks, to help public and private owners and operators of motor vehicle~~
21 ~~fleets finance acquisitions of compressed natural gas motor vehicles that~~
22 ~~are trucks if at least ninety percent of the fuel for the trucks will be~~
23 ~~recovered~~ methane;

24 (XI) To help transportation network companies provide incentives
25 for transportation network company drivers to provide prearranged rides
26 in electric motor vehicles; and

27 (XIII) TO HELP PUBLIC AND PRIVATE OWNERS AND OPERATORS OF

1 MOTOR VEHICLE FLEETS FINANCE THE REPLACEMENT OF AGING
2 HEAVY-DUTY DIESEL TRUCKS WITH NEW HEAVY-DUTY TRUCKS TO REDUCE
3 THE UP-FRONT COSTS OF ACQUIRING NEW HEAVY-DUTY TRUCKS THROUGH
4 DECEMBER 31, 2031, SUBJECT TO THE FOLLOWING:

5 (A) THE PURCHASER OF A NEW HEAVY-DUTY TRUCK MUST
6 SURRENDER AN AGING HEAVY-DUTY DIESEL TRUCK TO THE SELLER OF THE
7 NEW HEAVY-DUTY TRUCK AT THE TIME OF THE TRANSACTION;

8 (B) THE SELLER OF THE NEW HEAVY-DUTY TRUCK MUST
9 DECOMMISSION THE AGING HEAVY-DUTY DIESEL TRUCK;

10 (C) THE SELLER MUST BE AN AUTHORIZED DEALER OF NEW
11 HEAVY-DUTY TRUCKS WHO MUST CERTIFY THAT THE NEW HEAVY-DUTY
12 TRUCK MEETS ALL STATE AND FEDERAL EMISSIONS AND SAFETY
13 STANDARDS FOR ITS MODEL YEAR AND THAT THE DEALER WILL
14 DECOMMISSION THE AGING HEAVY-DUTY DIESEL TRUCK THAT THE
15 PURCHASER IS REQUIRED TO SURRENDER TO THE SELLER;

16 (D) THE ENTERPRISE SHALL NOT EXPEND MORE THAN TWENTY
17 PERCENT OF THE FUND'S INCOME DURING A STATE FISCAL YEAR TO
18 REPLACE AGING HEAVY-DUTY DIESEL TRUCKS WITH NEW HEAVY-DUTY
19 TRUCKS; AND

20 (E) THIS SUBSECTION (8)(b)(XIII) IS REPEALED EFFECTIVE JULY 1,
21 2032; AND

22 (XIV) TO ENCOURAGE THE DEPARTMENT TO EXPLORE WHETHER
23 DECOMMISSIONING AGING HEAVY-DUTY DIESEL TRUCKS AND REPLACING
24 THEM WITH NEW HEAVY-DUTY TRUCKS QUALIFIES AS A TRANSPORTATION
25 CONTROL MEASURE THAT OFFSETS THE GROWTH IN EMISSIONS FROM THE
26 GROWTH IN VEHICLE MILES TRAVELED OR THE NUMBER OF VEHICLE TRIPS
27 TAKEN PURSUANT TO THE FEDERAL "CLEAN AIR ACT", 42 U.S.C. SEC.

1 7401, ET SEQ.

2 **SECTION 3.** In Colorado Revised Statutes, 40-2-138, **amend**
3 (1)(i)(II) as follows:

4 **40-2-138. Projects for the production of clean hydrogen -**
5 **proceeding - hydrogen hub projects - rules - reports - definitions.**

6 (1) As used in this section, unless the context otherwise requires:

7 (i) "Qualified use" means the use of clean hydrogen in the state
8 for:

9 (II) The operation of a heavy-duty motor vehicle, as defined in
10 ~~section 25-7.5-102 (11)~~ SECTION 25-7.5-102 (14); and

11 **SECTION 4.** In Colorado Revised Statutes, 43-4-1203, **amend**
12 (8)(b)(IV) as follows:

13 **43-4-1203. Clean transit enterprise - creation - board - powers**
14 **and duties - rules - fees - fund.**

15 (8) (b) The enterprise may make grants, loans, or rebates to fund:

16 (IV) The replacement of motor vehicles used by public transit
17 providers that are not electric motor vehicles by electric motor vehicles,
18 or, if electric motor vehicles are not practically available, by compressed
19 natural gas motor vehicles, as defined in ~~section 25-7.5-102 (5)~~ SECTION
20 25-7.5-102 (6), if at least ninety percent of the fuel for the compressed
21 natural gas motor vehicles will be recovered methane, as defined in
22 ~~section 25-7.5-102 (20)~~ SECTION 25-7.5-102 (24).

23 **SECTION 5. Act subject to petition - effective date.** This act
24 takes effect at 12:01 a.m. on the day following the expiration of the
25 ninety-day period after final adjournment of the general assembly (August
26 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
27 referendum petition is filed pursuant to section 1 (3) of article V of the

1 state constitution against this act or an item, section, or part of this act
2 within such period, then the act, item, section, or part will not take effect
3 unless approved by the people at the general election to be held in
4 November 2026 and, in such case, will take effect on the date of the
5 official declaration of the vote thereon by the governor.