

**First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

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

LLS NO. 13-0877.01 Duane Gall x4335

**SENATE BILL 13-273**

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**SENATE SPONSORSHIP**

**Schwartz and Nicholson,**

**HOUSE SPONSORSHIP**

**Hamner and Coram,**

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**Senate Committees**

Agriculture, Natural Resources, & Energy  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING INCENTIVES FOR THE BENEFICIAL USE OF FOREST**  
102 **BIOMASS.**

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**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://www.leg.state.co.us/billsummaries>.)*

**Sections 1 and 2** of the bill declare that reducing the large amount of diseased timber in Colorado by encouraging the use of forest biomass for energy generation and material for forest industry development will reduce the risk of future catastrophic wildfires, benefit the state's economy, and address Colorado communities' long-term forest health

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.*

needs. Section 2 also directs the state forest service to collaborate with federal agencies to facilitate the use of forest biomass as feedstock for timber mills and other industries and for renewable energy generation.

**Section 3** encourages a community that adopts or updates its community wildfire protection plan (CWPP) to incorporate, as part of the CWPP, a biomass utilization plan developed in consultation with the state forest service.

**Section 6** directs the office of economic development to apply tax credits and other incentives for the use of forest biomass in forest products industries and for biomass energy generation. The incentives would apply to facilities in the "red zones" of high wildfire risk as well as in existing enterprise zones.

**Section 4** authorizes the executive director of the department of revenue to evaluate, apply, and publicize the application of economic development tax credits and other incentives described in section 6.

**Section 5** authorizes the air quality control commission to analyze equipment fueled by biomass (e.g., wood-burning stoves, etc.) for compliance with emissions standards and publish the results for units of less than 1 million BTU per hour.

**Section 7** requires the public utilities commission, when evaluating proposed new sources of supply for electric utilities, to consider the potential contributions of those sources to wildfire risk mitigation specifically, in addition to environmental protection generally.

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

2           **SECTION 1. Legislative declaration.** The general assembly  
3 finds, determines, and declares that, due to recent droughts and insect  
4 infestations, Colorado now has over four million acres of forest land that  
5 need to be selectively cut to remove potentially hazardous fuels, including  
6 diseased timber, that represent an imminent threat to our communities,  
7 public utility infrastructure, and watersheds due to the risk of catastrophic  
8 wildfires. The removal of these hazardous fuels and their use as a  
9 feedstock for renewable energy generation and forest products industries  
10 to support regional economic development will substantially promote the  
11 public safety and welfare of Colorado communities in forested areas  
12 while benefiting the state's economy and building private-sector capacity

1 to address these communities' long-term forest health needs.

2 **SECTION 2.** In Colorado Revised Statutes, 23-31-301, **amend**  
3 (2); and **add** (1) (i.5) as follows:

4 **23-31-301. Legislative declaration.** (1) The general assembly  
5 hereby finds that:

6 (i.5) THESE GOALS WILL BE FURTHER ADVANCED THROUGH THE  
7 COORDINATION OF EFFORTS TO CREATE COMMUNITY-BASED SOLUTIONS TO  
8 RESTORE COLORADO FOREST ECOSYSTEMS, PROMOTE FOREST INDUSTRIES,  
9 AND STIMULATE RURAL ECONOMIES THROUGH THE GENERATION OF CLEAN  
10 ENERGY FROM FOREST BIOMASS.

11 (2) (a) The general assembly hereby declares that it is the public  
12 policy of this state to encourage the health of forest ecosystems through  
13 responsible management of the forest land of the state and through  
14 coordination with the United States secretary of the interior and the  
15 United States secretary of agriculture to develop management plans for  
16 federal lands within the state of Colorado pursuant to 16 U.S.C. sec. 530,  
17 16 U.S.C. sec. 1604, and 43 U.S.C. sec. 1712, including THE FOLLOWING:  
18 The use of prescribed and natural ignition fires and other pre-suppression  
19 activities, such as the harvest AND PROFITABLE UTILIZATION of materials,  
20 in order to preserve forest and other natural resources; enhance the  
21 growth and maintenance of forests; conserve forest cover on watersheds;  
22 protect recreational, wildlife, and other values; promote stability of  
23 forest-using industries; and prevent loss of life and damage to property  
24 from wildfires and other conflagrations.

25 (b) IN ADDITION TO ANY OTHER POWERS AND DUTIES CONFERRED  
26 UPON THE COLORADO STATE FOREST SERVICE BY LAW, THE COLORADO  
27 STATE FOREST SERVICE MAY:

1 (I) VALUE FOREST MATERIALS ON STATE LANDS USING LOWEST  
2 MARKET VALUE AS AN INCENTIVE TO MAXIMIZE THE UTILIZATION OF THESE  
3 PRODUCTS; AND

4 (II) COLLABORATE WITH THE UNITED STATES FOREST SERVICE  
5 AND THE BUREAU OF LAND MANAGEMENT TO CONTRACT FOR A RELIABLE  
6 SOURCE OF FEEDSTOCK CONSISTENT WITH COLORADO COMMUNITIES'  
7 PLANS FOR UTILIZATION OF FOREST BIOMASS DESCRIBED IN SECTION  
8 23-31-312 (3.5).

9 **SECTION 3.** In Colorado Revised Statutes, 23-31-312, **add** (2)  
10 (c) and (3.5) as follows:

11 **23-31-312. Community wildfire protection plans - biomass**  
12 **utilization plans - county governments - guidelines and criteria -**  
13 **legislative declaration - definitions.** (2) As used in this section, unless  
14 the context otherwise requires:

15 (c) "RED ZONE" MEANS A WILDLAND-URBAN INTERFACE AREA OF  
16 HIGH WILDFIRE RISK IN COLORADO, IDENTIFIED BY THE RED ZONE MAP  
17 ORIGINALLY CREATED IN SEPTEMBER 2004 BY THE COLORADO STATE  
18 FOREST SERVICE AND PERIODICALLY UPDATED TO SHOW AREAS WHERE A  
19 HIGH RISK OF CATASTROPHIC WILDFIRE ENDANGERS HOMES, COMMUNITIES,  
20 UTILITIES, AND WATERSHEDS.

21 (3.5) WHEN A COMMUNITY WITHIN A RED ZONE ADOPTS OR  
22 UPDATES A CWPP, THE COMMUNITY IS ENCOURAGED TO INCLUDE, AS AN  
23 ELEMENT OF THE CWPP, A PLAN FOR COMMUNITY-BASED AND  
24 SUSTAINABLE UTILIZATION OF FOREST BIOMASS FOR THE PRODUCTION OF  
25 ENERGY, FUELS, FOREST PRODUCTS, AND OTHER APPLICATIONS,  
26 DEVELOPED IN CONSULTATION WITH THE COLORADO STATE FOREST  
27 SERVICE. AS PART OF THE PLAN, THE STATE FORESTER OR THE STATE

1 FORESTER'S DESIGNEE MAY OFFER ASSISTANCE TO THE COMMUNITIES IN  
2 IDENTIFYING, CONTRACTING FOR, AND SECURING PRIMARILY FROM  
3 HIGH-RISK AREAS A RELIABLE SOURCE OF FEEDSTOCK IN SUPPORT OF  
4 FOREST PRODUCTS INDUSTRIES.

5 **SECTION 4.** In Colorado Revised Statutes, 24-35-103, **add** (5)  
6 as follows:

7 **24-35-103. Powers of executive director - deputies.** (5)  
8 EFFECTIVE JULY 1, 2016, IN ADDITION TO ANY OTHER POWERS AND DUTIES  
9 CONFERRED UPON THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF  
10 REVENUE BY LAW, THE EXECUTIVE DIRECTOR MAY:

11 (a) EVALUATE AND APPLY, TO THE GREATEST EXTENT POSSIBLE,  
12 THE TAX CREDITS AND INCENTIVES AVAILABLE FOR BIOMASS UTILIZATION  
13 PROJECTS DESCRIBED IN SECTION 39-30-113, C.R.S., TO THE FOREST,  
14 AGRICULTURE, AND BIOMASS INDUSTRIES; AND

15 (b) MAKE INFORMATION ABOUT THE TAX CREDITS AND INCENTIVES  
16 PUBLICLY AVAILABLE.

17 **SECTION 5.** In Colorado Revised Statutes, 25-7-105, **add** (20)  
18 as follows:

19 **25-7-105. Duties of commission - rules.** (20) THE COMMISSION  
20 MAY, WITHIN EXISTING RESOURCES:

21 (a) ANALYZE A RANGE OF RESIDENTIAL, COMMERCIAL, AND  
22 INDUSTRIAL BIOMASS EQUIPMENT FOR AIR EMISSIONS STANDARDS;

23 (b) IDENTIFY BIOMASS EQUIPMENT THAT MEETS THE EMISSIONS  
24 STANDARDS; AND

25 (c) PUBLICLY POST A STATEMENT OF THE PARAMETERS FOR  
26 EQUIPMENT FUELED BY BIOMASS THAT IS SMALLER THAN ONE MILLION  
27 BRITISH THERMAL UNITS, AS DEFINED IN SECTION 8-20-201 (1.3), C.R.S.,

1 PER HOUR AND INCLUDE A LIST OF BIOMASS EQUIPMENT THAT MEETS THE  
2 EMISSIONS STANDARDS.

3 **SECTION 6. In Colorado Revised Statutes, 37-95-103, amend**  
4 **(4.9) as follows:**

5 **37-95-103. Definitions. As used in this article:**

6 **(4.9) "Forest health project" means:**

7 **(a) An undertaking that improves the health of a forest, including,**  
8 **but not limited to:**

9 **(a) (I) Reducing the threat of uncharacteristically large or intense**  
10 **insect diseases and epidemics;**

11 **(b) (II) Reducing the impact of uncharacteristically large or**  
12 **high-intensity wildfires;**

13 **(c) (III) Reducing the impact of undesirable nonnative species;**

14 **(d) (IV) Replanting trees in deforested areas; or**

15 **(e) (V) Improving the use of, or adding value to, small diameter**  
16 **trees; AND**

17 **(b) A PROJECT TO HARVEST WOODY VEGETATION FOR, OR USE**  
18 **WOODY VEGETATION IN, THE PRODUCTION OF ENERGY, FUELS, FOREST**  
19 **PRODUCTS, OR OTHER APPLICATIONS. THE PROJECT MAY, BUT NEED NOT,**  
20 **CONSTITUTE ALL OR PART OF A PLAN ADOPTED BY A COMMUNITY UNDER**  
21 **SECTION 23-31-312 (3.5), C.R.S.**

22 **SECTION 7. In Colorado Revised Statutes, 39-22-104, amend**  
23 **as amended by House Bill 13-1012 (4) (n.5) (I) and (4) (n.5) (II) as**  
24 **follows:**

25 **39-22-104. Income tax imposed on individuals, estates, and**  
26 **trusts - single rate - definitions - repeal. (4) There shall be subtracted**  
27 **from federal taxable income:**

1           (n.5) (I) (A) For income tax years commencing on or after January  
2           1, 2014, but prior to January 1, 2025, an amount equal to fifty percent of  
3           a landowner's costs incurred in performing wildfire mitigation measures  
4           in that income tax year on his or her property located within the state;  
5           except that the amount of the deduction claimed in an income tax year  
6           shall not exceed two thousand five hundred dollars or the total amount of  
7           the landowner's federal taxable income for the income tax year for which  
8           the deduction is claimed, whichever is less.

9           (B) FOR THE INCOME TAX YEAR COMMENCING ON JANUARY 1,  
10           2016, TWO THOUSAND FIVE HUNDRED DOLLARS OR THE TOTAL AMOUNT OF  
11           BUSINESS INCOME FOR THAT INCOME TAX YEAR, WHICHEVER IS LESS, FOR  
12           A BUSINESS THAT HARVESTS OR PROCESSES WOODY VEGETATION FOR, OR  
13           USES WOODY VEGETATION IN, THE PRODUCTION OF ENERGY, FUELS, OR  
14           FOREST PRODUCTS OR A BUSINESS THAT SELLS OR INSTALLS FURNACES  
15           FUELED BY WOODY VEGETATION AND THAT ARE SMALLER THAN ONE  
16           MILLION BRITISH THERMAL UNITS, AS DEFINED IN SECTION 8-20-201 (1.3),  
17           C.R.S.

18           ~~(B)~~ (C) In the case of two individuals filing a joint return, the  
19           amount subtracted from federal taxable income shall not exceed two  
20           thousand five hundred dollars in any taxable year. In the case of a married  
21           individual who files a separate return, only one individual in the marriage  
22           may claim the deduction specified in this paragraph (n.5).

23           ~~(C)~~ (D) In the case of real property owned as tenants in common,  
24           the deduction allowed pursuant to this paragraph (n.5) shall only be  
25           allowed to one of the individuals of the ownership group.

26           (II) A landowner who performs wildfire mitigation measures on  
27           his or her real property located within the state may claim the deduction

1 authorized by SUBPARAGRAPH (I) OF this paragraph (n.5) if the wildfire  
2 mitigation measures are performed in a wildland-urban interface area.

3 **SECTION 8.** In Colorado Revised Statutes, 39-30-103, add (1.2)  
4 as follows:

5 **39-30-103. Zones established - review - termination - repeal.**  
6 (1.2) EFFECTIVE JANUARY 1, 2016, EVERY RED ZONE, AS DEFINED IN  
7 SECTION 23-31-312, C.R.S., IS CONSIDERED AN ENTERPRISE ZONE SO THAT  
8 ANY PERSON IN THE FOREST PRODUCTS INDUSTRY, AND ANY OWNER OF A  
9 BIOMASS ENERGY PROJECT, IN A RED ZONE MAY AVAIL HIMSELF OR  
10 HERSELF OF THE TAX CREDITS SET FORTH IN THIS ARTICLE.

11 (2) INVESTMENT TAX CREDITS ARE TRANSFERABLE AMONG THE  
12 INVESTORS IN ANY PROJECT.

13 **SECTION 9.** In Colorado Revised Statutes, 40-2-123, amend (1)  
14 (a) as follows:

15 **40-2-123. New energy technologies - consideration by**  
16 **commission - incentives - demonstration projects - definitions -**  
17 **legislative declaration - repeal.** (1) (a) The commission shall give the  
18 fullest possible consideration to the cost-effective implementation of new  
19 clean energy and energy-efficient technologies in its consideration of  
20 generation acquisitions for electric utilities, bearing in mind the beneficial  
21 contributions such technologies make to Colorado's energy security,  
22 economic prosperity, INSULATION FROM FUEL PRICE INCREASES, AND  
23 environmental protection, ~~and insulation from fuel price increases~~  
24 INCLUDING RISK MITIGATION IN AREAS OF HIGH WILDFIRE RISK AS  
25 DESIGNATED BY THE STATE FOREST SERVICE. The commission shall  
26 consider utility investments in energy efficiency to be an acceptable use  
27 of ratepayer moneys.



1           **SECTION 10. 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.