

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0507.02 Sam Anderson x4218

SENATE BILL 26-049

SENATE SPONSORSHIP

Snyder and Frizell,

HOUSE SPONSORSHIP

Camacho,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING HOMEOWNER NATURAL DISASTER MITIGATION.

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 bill adds individuals and homeowners' associations as eligible recipients of assistance from the natural disaster mitigation enterprise fund. The bill also provides that natural disaster mitigation includes installation of "impact-resistant roofing materials" and other "property-specific mitigation action" and provides definitions of the same.

Additionally, the bill creates an income tax deduction for contributions to a catastrophe savings account (CSA), which is a savings account that a homeowner may use to cover the amount of insurance

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.

deductibles for claims stemming from hail, wildfire, or a catastrophic wind event, uninsured losses related to the same, and property-specific mitigation actions. The bill also exempts interest earned by CSAs from income tax.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-33.5-1619,
3 **amend** (2)(b), (3)(a), and (7)(b) introductory portion; and **add** (2)(f.5),
4 (2)(h), and (3)(c)(III.5) as follows:

5 **24-33.5-1619. Natural disaster mitigation enterprise - fund -**
6 **goals - grant program - gifts, grants, or donations - legislative**
7 **declaration - definitions - repeal.**

8 (2) **Definitions.** As used in this section, unless the context
9 otherwise requires:

10 (b) "Eligible entity" means:

11 (I) A governing subdivision of the state, including counties,
12 municipalities, school districts, and special districts, that implements or
13 intends to implement natural disaster mitigation measures, or that is
14 applying for a federal grant that both requires matching funds and is
15 dedicated to assisting in the implementation of pre-disaster natural
16 disaster mitigation measures; OR

17 (II) A HOMEOWNERS' ASSOCIATION OR AN INDIVIDUAL
18 HOMEOWNER THAT IMPLEMENTS OR INTENDS TO IMPLEMENT NATURAL
19 DISASTER MITIGATION MEASURES.

20 (f.5) "IMPACT-RESISTANT ROOFING MATERIAL" MEANS A ROOFING
21 MATERIAL THAT HAS BEEN TESTED AND CERTIFIED THROUGH THE
22 UNDERWRITERS LABORATORIES 2218 STANDARD FOR IMPACT
23 RESISTANCE OF PREPARED ROOF COVERING MATERIALS AS A CLASS FOUR

1 MATERIAL AND DESIGNED FOR HAIL RESISTANCE.

2 (h) "PROPERTY-SPECIFIC MITIGATION ACTION" MEANS A
3 SCIENCE-BASED MITIGATION ACTION AS DEMONSTRATED BY THE
4 "WILDFIRE PREPARED HOME" DESIGNATION FROM THE INSURANCE
5 INSTITUTE FOR BUSINESS AND HOME SAFETY OR BY A SIMILAR
6 MITIGATION PROGRAM THAT INCLUDES A VERIFICATION AND
7 CERTIFICATION PROCESS.

8 (3) **Enterprise.**

9 (a) There is hereby created in the department the natural disaster
10 mitigation enterprise. The enterprise is and operates as a
11 government-owned business within the department for the business
12 purpose of collecting the fee charged to certain insurers, and utilizing the
13 fee revenue to administer the grant program and to provide local
14 governments, HOMEOWNERS' ASSOCIATIONS, AND INDIVIDUAL
15 HOMEOWNERS technical assistance on natural disaster mitigation. The
16 enterprise exercises its powers and performs its duties and functions
17 under the department as if transferred to the department by a **type 2**
18 transfer, as defined in the "Administrative Organization Act of 1968",
19 article 1 of this title 24.

20 (c) The enterprise's primary powers and duties are to:

21 (III.5) PROVIDE GRANTS TO HOMEOWNERS' ASSOCIATIONS AND
22 INDIVIDUAL HOMEOWNERS TO INSTALL IMPACT-RESISTANT ROOFING AND
23 COMPLETE PROPERTY-SPECIFIC MITIGATION ACTIONS.

24 (7) **Grant program.**

25 (b) The purpose of the grant program is to achieve the goals
26 specified in subsection (6) of this section by assisting entities that are
27 implementing disaster mitigation measures, or that have applied for

1 federal grants that both require matching funds and are dedicated to
2 assisting in the implementation of pre-disaster natural disaster mitigation
3 measures. The board may not award grants for renewable energy
4 generation projects, resources, or technologies. The board may award
5 grants for projects that include slope stabilization, watershed restoration,
6 fuels mitigation, drought mitigation, IMPACT-RESISTANT ROOFING
7 MATERIALS INSTALLATION, PROPERTY-SPECIFIC MITIGATION ACTIONS, and
8 similar activities that directly reduce risks to communities, lives, and
9 property. The board shall establish criteria to evaluate and prioritize
10 applications for grants, based on:

11 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **add**
12 (4)(ff) as follows:

13 **39-22-104. Income tax imposed on individuals, estates, and**
14 **trusts - single rate - report - tax preference performance statement**
15 **- legislative declaration - definitions - repeal.**

16 (4) There shall be subtracted from federal taxable income:

17 (ff) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
18 JANUARY 1, 2027, BUT PRIOR TO JANUARY 1, 2037, AN AMOUNT EQUAL TO
19 THE AMOUNT THAT A TAXPAYER CONTRIBUTED TO A CATASTROPHE
20 SAVINGS ACCOUNT DURING THE INCOME TAX YEAR, NOT TO EXCEED FIFTY
21 THOUSAND DOLLARS.

22 (II) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
23 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
24 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
25 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
26 DECLARES THAT:

27 (A) THE PURPOSE OF THE INCOME TAX SUBTRACTION CREATED IN

1 THIS SUBSECTION (4)(ff) IS TO PROVIDE TAX RELIEF FOR CERTAIN
2 INDIVIDUALS, SPECIFICALLY TAXPAYERS WHO INVEST IN NATURAL
3 DISASTER MITIGATION; AND

4 (B) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
5 MEASURE THE EFFECTIVENESS OF THE SUBTRACTION IN ACHIEVING THE
6 PURPOSE SPECIFIED IN THIS SUBSECTION (4)(ff) BASED ON THE NUMBER
7 AND AGGREGATE AMOUNT OF SUBTRACTIONS CLAIMED.

8 (III) A CATASTROPHE SAVINGS ACCOUNT IS NOT SUBJECT TO
9 ATTACHMENT, LEVY, GARNISHMENT, OR LEGAL PROCESS IN THE STATE.

10 (IV) INTEREST INCOME EARNED BY A CATASTROPHE SAVINGS
11 ACCOUNT SHALL BE EXEMPT FROM TAXATION.

12 (V) AS USED IN THIS SUBSECTION (4)(ff), UNLESS THE CONTEXT
13 OTHERWISE REQUIRES:

14 (A) "CATASTROPHE SAVINGS ACCOUNT" MEANS A REGULAR
15 SAVINGS ACCOUNT OR MONEY MARKET ACCOUNT ESTABLISHED BY: A
16 TAXPAYER WHO IS AN INSURANCE POLICYHOLDER FOR RESIDENTIAL
17 PROPERTY IN COLORADO TO COVER AN INSURANCE DEDUCTIBLE UNDER AN
18 INSURANCE POLICY FOR THE TAXPAYER'S LEGAL RESIDENCE THAT COVERS
19 ROOF REPLACEMENT WITH IMPACT-RESISTANT ROOFING MATERIALS,
20 PROPERTY-SPECIFIC MITIGATION ACTION, HAIL, WILDFIRE, OR OTHER
21 CATASTROPHIC WIND EVENT DAMAGE; BY A TAXPAYER TO COVER
22 SELF-INSURED LOSSES FOR THE TAXPAYER'S LEGAL RESIDENCE FROM HAIL,
23 WILDFIRE, OR OTHER CATASTROPHIC WIND EVENT; OR A TAXPAYER TO PAY
24 A QUALIFIED CATASTROPHE EXPENSE. A TAXPAYER MAY ESTABLISH ONLY
25 ONE CATASTROPHE SAVINGS ACCOUNT. THE SOLE PURPOSE OF THE
26 ACCOUNT, INCLUDING EARNED INTEREST, IS TO COVER THE AMOUNT OF
27 INSURANCE DEDUCTIBLES AND OTHER UNINSURED PORTIONS OF RISKS OF

1 LOSS FROM HAIL, WILDFIRE, OR A CATASTROPHIC WIND EVENT OR A
2 QUALIFIED CATASTROPHE EXPENSE.

3 (B) "FORTIFIED" MEANS A HOMEBUILDING STANDARD PROGRAM
4 FROM THE INSURANCE INSTITUTE FOR BUSINESS AND HOME SAFETY OR A
5 SIMILAR ENTITY THAT RESEARCHES BUILDING MATERIALS SPECIFICALLY
6 DESIGNED TO PREVENT DAMAGE FROM NATURAL DISASTERS, INCLUDING
7 BUT NOT LIMITED TO HIGH WINDS, HURRICANES, HAILSTORMS, AND SEVERE
8 THUNDERSTORMS.

9 (C) "IMPACT-RESISTANT ROOFING MATERIALS" MEANS A ROOFING
10 MATERIAL THAT HAS BEEN TESTED AND CERTIFIED THROUGH THE
11 UNDERWRITERS LABORATORIES 2218 STANDARD FOR IMPACT
12 RESISTANCE OF PREPARED ROOF COVERING MATERIALS AS A CLASS FOUR
13 MATERIAL AND DESIGNED FOR HAIL RESISTANCE.

14 (D) "LEGAL RESIDENCE" MEANS THE RESIDENCE OF AN INDIVIDUAL
15 THAT IS THE PRINCIPAL OR PRIMARY HOME OR PLACE OF ABODE OF THE
16 INDIVIDUAL AND IS THE PLACE IN WHICH THE INDIVIDUAL'S HABITATION IS
17 FIXED. A LEGAL RESIDENCE MUST BE A PERMANENT BUILDING OR PART OF
18 A BUILDING AND MAY INCLUDE A HOUSE OR CONDOMINIUM. A VACANT
19 LOT OR BUSINESS ADDRESS IS NOT A LEGAL RESIDENCE.

20 (E) "PROPERTY-SPECIFIC MITIGATION ACTION" MEANS A
21 SCIENCE-BASED MITIGATION ACTION AS DEMONSTRATED BY THE
22 "WILDFIRE PREPARED HOME" DESIGNATION FROM THE INSURANCE
23 INSTITUTE FOR BUSINESS AND HOME SAFETY OR BY A SIMILAR
24 MITIGATION PROGRAM THAT INCLUDES A VERIFICATION AND
25 CERTIFICATION PROCESS.

26 (F) "QUALIFIED CATASTROPHE EXPENSES" MEANS EXPENSES PAID
27 OR INCURRED BY REASON OF PREPARATION FOR OR ROOF REPLACEMENT

1 AND REPAIRS RELATED TO DAMAGE CAUSED BY HAIL, WILDFIRE, OR A
2 CATASTROPHIC WIND EVENT, INCLUDING THE ANNUAL COST OF A
3 FORTIFIED ENDORSEMENT TO SUPPLEMENT AN INSURANCE POLICY; THE
4 COST OF MITIGATION ACTIONS THAT WOULD REDUCE THE RISK OF
5 WILDFIRE, HAIL DAMAGE, OR OTHER CATASTROPHIC WIND EVENT DAMAGE;
6 OBTAINING EVALUATION SERVICES TO QUALIFY FOR A FORTIFIED
7 DESIGNATION; OR THE COST OF COMPLETING A PROPERTY-SPECIFIC
8 MITIGATION ACTION UNDER THE "WILDFIRE PREPARED HOME" PROGRAM
9 OR A SIMILAR MITIGATION PROGRAM THAT INCLUDES A VERIFICATION AND
10 CERTIFICATION PROCESS.

11 (VI) THIS SUBSECTION (4)(ff) IS REPEALED, EFFECTIVE JANUARY
12 1, 2042.

13 **SECTION 3. Act subject to petition - effective date.** This act
14 takes effect at 12:01 a.m. on the day following the expiration of the
15 ninety-day period after final adjournment of the general assembly (August
16 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
17 referendum petition is filed pursuant to section 1 (3) of article V of the
18 state constitution against this act or an item, section, or part of this act
19 within such period, then the act, item, section, or part will not take effect
20 unless approved by the people at the general election to be held in
21 November 2026 and, in such case, will take effect on the date of the
22 official declaration of the vote thereon by the governor.