

NOTE: This bill has been prepared for the signatures of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.

An Act

HOUSE BILL 22-1007

BY REPRESENTATIVE(S) Valdez D. and Lynch, Cutter, Will, Amabile, Bacon, Benavidez, Bernett, Bird, Boesenecker, Carver, Esgar, Exum, Froelich, Gonzales-Gutierrez, Herod, Hooton, Jodeh, Kipp, Lindsay, Lontine, McCluskie, McCormick, McLachlan, Michaelson Jenet, Mullica, Ortiz, Ricks, Roberts, Sandridge, Snyder, Titone, Weissman, Woodrow; also SENATOR(S) Simpson and Lee, Ginal, Story, Bridges, Buckner, Cooke, Danielson, Donovan, Fields, Gardner, Gonzales, Hansen, Holbert, Jaquez Lewis, Liston, Lundeen, Moreno, Pettersen, Rankin, Sonnenberg, Woodward, Fenberg.

CONCERNING WILDFIRE MITIGATION ASSISTANCE FOR LANDOWNERS.

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

SECTION 1. In Colorado Revised Statutes, 23-31-313, **amend** (10)(a)(I); and **add** (3)(b.5) and (9.7) as follows:

23-31-313. Healthy forests - vibrant communities - funds created - repeal. (3) **Definitions.** As used in this section, unless the context otherwise requires:

(b.5) "DIRECTOR" MEANS THE DIRECTOR OF THE FOREST SERVICE.

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(9.7) Wildfire mitigation resources and best practices grant program. (a) THERE IS HEREBY CREATED IN THE FOREST SERVICE THE WILDFIRE MITIGATION RESOURCES AND BEST PRACTICES GRANT PROGRAM, REFERRED TO IN THIS SECTION AS THE "GRANT PROGRAM". GRANT RECIPIENTS MAY USE THE MONEY TO CONDUCT OUTREACH AMONG LANDOWNERS TO INFORM THEM OF RESOURCES AVAILABLE FOR WILDFIRE MITIGATION AND BEST PRACTICES FOR WILDFIRE MITIGATION.

(b) THE FOREST SERVICE SHALL ADMINISTER THE GRANT PROGRAM AND, SUBJECT TO AVAILABLE APPROPRIATIONS, SHALL AWARD GRANTS AS PROVIDED IN THIS SECTION. THE FOREST SERVICE SHALL DEVELOP AND PUBLISH POLICIES AND PROCEDURES TO IMPLEMENT THE GRANT PROGRAM IN ACCORDANCE WITH THIS SECTION. AT A MINIMUM, THE POLICIES AND PROCEDURES MUST SPECIFY THE TIME FRAMES FOR APPLYING FOR GRANTS, THE FORM OF THE GRANT PROGRAM APPLICATION, AND THE GRANT PROGRAM EVALUATION AND REPORTING REQUIREMENTS FOR GRANT RECIPIENTS.

(c) TO BE ELIGIBLE TO RECEIVE A GRANT, AN ENTITY MUST BE AN AGENCY OF LOCAL GOVERNMENT, A COUNTY, A MUNICIPALITY, A SPECIAL DISTRICT, A TRIBAL AGENCY OR PROGRAM, OR A NONPROFIT ORGANIZATION THAT IS REGISTERED AND IN GOOD STANDING WITH THE SECRETARY OF STATE'S OFFICE. APPLICANTS MUST MEET ANY OTHER CRITERIA SPECIFIED IN THE FOREST SERVICE'S POLICIES AND PROCEDURES.

(d) THE FOREST SERVICE SHALL REVIEW THE APPLICATIONS RECEIVED PURSUANT TO THIS SECTION. THE FOREST SERVICE SHALL ONLY AWARD GRANTS TO APPLICANTS PROPOSING TO CONDUCT OUTREACH AMONG LANDOWNERS IN HIGH WILDFIRE HAZARD AREAS AND SHALL CONSIDER THE POTENTIAL IMPACT OF THE APPLICANTS' PROPOSED OUTREACH WHEN AWARDING GRANTS.

(e) SUBJECT TO AVAILABLE APPROPRIATIONS, NOT LATER THAN JANUARY 1, 2024, AND ON OR BEFORE JANUARY 1 EACH YEAR THEREAFTER FOR THE DURATION OF THE GRANT PROGRAM, THE DIRECTOR SHALL AWARD GRANTS AS PROVIDED IN THIS SECTION. GRANTS ARE AWARDED AT THE SOLE DISCRETION OF THE DIRECTOR IN ACCORDANCE WITH THIS SECTION.

(f) ON OR BEFORE SEPTEMBER 1, 2025, AND ON OR BEFORE SEPTEMBER 1 EACH YEAR THEREAFTER FOR THE DURATION OF THE GRANT

PROGRAM, THE FOREST SERVICE SHALL SUBMIT A REPORT TO THE WILDFIRE MATTERS REVIEW COMMITTEE, OR ANY SUCCESSOR COMMITTEE, ON THE GRANT PROGRAM. NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE REPORTING REQUIREMENT CONTINUES UNTIL THE GRANT PROGRAM IS REPEALED PURSUANT TO SUBSECTION (9) OF THIS SECTION.

(g) COMMENCING NO LATER THAN THE FISCAL YEAR THAT BEGINS ON JULY 1, 2023, THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE MONEY FROM THE GENERAL FUND TO THE HEALTHY FORESTS AND VIBRANT COMMUNITIES FUND, CREATED IN SUBSECTION (10)(a)(I) OF THIS SECTION, TO IMPLEMENT THE GRANT PROGRAM. THE FOREST SERVICE MAY USE A PORTION OF THE MONEY ANNUALLY APPROPRIATED FOR THE GRANT PROGRAM TO PAY THE DIRECT AND INDIRECT COSTS THAT THE FOREST SERVICE INCURS TO ADMINISTER THE GRANT PROGRAM.

(h) THIS SUBSECTION (9.7) IS REPEALED, EFFECTIVE JANUARY 1, 2029.

(10) Healthy forests and vibrant communities fund. (a) (I) There is hereby created in the state treasury the healthy forests and vibrant communities fund. The fund consists of all money that may be appropriated OR TRANSFERRED thereto by the general assembly and all private and public money received through gifts, grants, reimbursements, or donations that are transmitted to the state treasurer and credited to the fund. All interest earned from the investment of money in the fund is credited to the fund. The money in the fund is hereby continuously appropriated for the purposes specified in this ~~subsection (10)~~ SECTION and remains available until expended. Any money not expended at the end of the fiscal year shall remain in the fund and shall not be transferred to or revert to the general fund.

SECTION 2. In Colorado Revised Statutes, 39-22-104, **amend** (4)(n.5)(I)(A) and (4)(n.5)(IV) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts - single rate - report - legislative declaration - definitions - repeal.

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

(n.5) (I) (A) For income tax years commencing on or after January 1, 2014, but prior to January 1, 2017, and for income tax years commencing

on or after January 1, 2020, but prior to ~~January 1, 2025~~, JANUARY 1, 2026, an amount equal to fifty percent of a landowner's costs incurred in performing wildfire mitigation measures in that income tax year on his or her property located within the state; except that the amount of the deduction claimed in an income tax year shall not exceed two thousand five hundred dollars or the total amount of the landowner's federal taxable income for the income tax year for which the deduction is claimed, whichever is less.

(IV) This ~~paragraph (n.5)~~ SUBSECTION (4)(n.5) is repealed, effective ~~January 1, 2026~~ JANUARY 1, 2030.

SECTION 3. In Colorado Revised Statutes, **add** 39-22-543 as follows:

39-22-543. Credit for wildfire hazard mitigation expenses - legislative declaration - definitions - repeal. (1) THE GENERAL ASSEMBLY DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE IN THIS SECTION IS TO REIMBURSE A LANDOWNER FOR THE COSTS INCURRED IN PERFORMING WILDFIRE MITIGATION MEASURES ON THE LANDOWNER'S PROPERTY LOCATED WITHIN THE STATE.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "COSTS" MEANS ANY ACTUAL OUT-OF-POCKET EXPENSE INCURRED AND PAID BY THE LANDOWNER, DOCUMENTED BY RECEIPT, FOR PERFORMING WILDFIRE MITIGATION MEASURES. "COSTS" DOES NOT INCLUDE ANY INSPECTION OR CERTIFICATION FEES, IN-KIND CONTRIBUTIONS, DONATIONS, INCENTIVES, OR COST SHARING ASSOCIATED WITH PERFORMING WILDFIRE MITIGATION MEASURES. "COSTS" DOES NOT INCLUDE EXPENSES PAID BY THE LANDOWNER FROM ANY GRANTS AWARDED TO THE LANDOWNER FOR PERFORMING WILDFIRE MITIGATION MEASURES.

(b) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL ITEMS PAID BY ALL URBAN CONSUMERS, OR ITS APPLICABLE PREDECESSOR OR SUCCESSOR INDEX.

(c) "LANDOWNER" MEANS ANY OWNER OF RECORD OF PRIVATE LAND LOCATED WITHIN THE STATE, INCLUDING ANY EASEMENT, RIGHT-OF-WAY, OR ESTATE IN THE LAND, AND INCLUDES THE HEIRS, SUCCESSORS, AND ASSIGNS OF SUCH LAND. "LANDOWNER" SHALL NOT INCLUDE ANY PARTNERSHIP, S CORPORATION, OR OTHER SIMILAR ENTITY THAT OWNS PRIVATE LAND AS AN ENTITY, UNLESS THERE IS A DWELLING ON THAT LAND THAT IS DESIGNED FOR RESIDENTIAL OCCUPANCY.

(d) "WILDFIRE MITIGATION MEASURES" MEANS THE CREATION OF A DEFENSIBLE SPACE AROUND STRUCTURES; THE ESTABLISHMENT OF FUEL BREAKS; THE THINNING OF WOODY VEGETATION FOR THE PRIMARY PURPOSE OF REDUCING RISK TO STRUCTURES FROM WILDLAND FIRE; OR THE SECONDARY TREATMENT OF WOODY FUELS BY LOPPING AND SCATTERING, PILING, CHIPPING, REMOVING FROM THE SITE, OR PRESCRIBED BURNING; SO LONG AS SUCH ACTIVITIES MEET OR EXCEED ANY COLORADO STATE FOREST SERVICE STANDARDS OR ANY OTHER APPLICABLE STATE RULES.

(3)(a) IN THE CASE OF TWO TAXPAYERS FILING A JOINT RETURN, THE AMOUNT OF THE CREDIT SHALL NOT EXCEED SIX HUNDRED TWENTY-FIVE DOLLARS IN ANY TAXABLE YEAR. IN THE CASE OF TWO TAXPAYERS WHO MAY LEGALLY FILE A JOINT RETURN BUT ACTUALLY FILE SEPARATE RETURNS, ONLY ONE OF THE TAXPAYERS MAY CLAIM THE CREDIT SPECIFIED IN THIS SECTION.

(b) IN THE CASE OF REAL PROPERTY OWNED BY TENANTS IN COMMON OR JOINT TENANTS, THE CREDIT ALLOWED PURSUANT TO THIS SECTION IS ONLY ALLOWED FOR ONE OF THE INDIVIDUALS OF THE OWNERSHIP GROUP.

(4) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2023, BUT PRIOR TO JANUARY 1, 2026, A LANDOWNER WITH A FEDERAL TAXABLE INCOME AT OR BELOW ONE HUNDRED TWENTY THOUSAND DOLLARS FOR THE INCOME TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2023, AS ADJUSTED FOR INFLATION AND ROUNDED TO THE NEAREST HUNDRED DOLLAR AMOUNT FOR EACH INCOME TAX YEAR THEREAFTER, IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF UP TO TWO THOUSAND FIVE HUNDRED DOLLARS IN COSTS FOR WILDFIRE MITIGATION MEASURES. THE MAXIMUM TOTAL CREDIT IN A TAXABLE YEAR IS SIX HUNDRED TWENTY-FIVE DOLLARS.

(5) IF THE AMOUNT OF A CREDIT UNDER THIS SECTION EXCEEDS A TAXPAYER'S ACTUAL TAX LIABILITY FOR AN INCOME TAX YEAR, THE AMOUNT OF THE CREDIT NOT USED TO OFFSET THE TAXPAYER'S INCOME TAX LIABILITY IS NOT REFUNDED TO THE TAXPAYER AND SHALL NOT BE CARRIED FORWARD AS A TAX CREDIT AGAINST THE TAXPAYER'S INCOME TAX LIABILITY IN ANY SUBSEQUENT TAX YEAR.

(6) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2030.

SECTION 4. Safety clause. The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.

Alec Garnett
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Steve Fenberg
PRESIDENT OF
THE SENATE

Robin Jones
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

APPROVED _____
(Date and Time)

Jared S. Polis
GOVERNOR OF THE STATE OF COLORADO