

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,**

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**Senate Committees**

Finance

**House Committees**

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**A BILL FOR AN ACT**

101

**CONCERNING HOMEOWNER NATURAL DISASTER MITIGATION.**

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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://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.

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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.