



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-049: HOMEOWNER NATURAL DISASTER MITIGATION

Prime Sponsors:

Sen. Snyder; Frizell
Rep. Camacho

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill as amended by the Senate Finance Committee.

Summary Information

Overview. The bill creates an income tax deduction for contributions to a catastrophe savings account, and interest earnings in such an account.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Revenue
- TABOR Refunds

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue (General Fund)	-\$100,000	-\$200,000
State Expenditures	\$0	\$148,163
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$100,000	-\$200,000
Change in State FTE	0.0 FTE	0.8 FTE

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	-\$100,000	-\$200,000
Cash Funds	\$0	\$0
Total Revenue	-\$100,000	-\$200,000

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$130,369
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$17,794
Total Expenditures	\$0	\$148,163
Total FTE	0.0 FTE	0.8 FTE

Summary of Legislation

For tax years 2027 through 2036, the bill creates a subtraction from income tax, up to \$50,000 per tax year, for the amount a taxpayer contributes to a savings account that the taxpayer specifically establishes to pay for future costs of natural catastrophes, and interest earned in the account. The savings account may be used to cover the amount of insurance deductibles for claims stemming from hail, wildfire, or a catastrophic wind event, uninsured losses related to these events, and property-specific mitigation actions. The bill requires that the Department of Revenue (DOR), or an administrator contracted by the DOR, confirm that an account is a catastrophe savings account, maintain a list of social security numbers to identify taxpayers with these accounts, and periodically examine a sample of accounts to ensure compliance.

State Revenue

The bill is expected to decrease state General Fund revenue by \$100,000 in FY 2026-27 (a half-year impact), by \$200,000 in FY 2027-28, and by similar amounts in future years. Based on data for similar deductions available in other states, approximately 1,000 taxpayers are estimated to make qualifying contributions, totaling \$4.3 million per tax year including interest earned. To the extent that more taxpayers claim the deduction, or if the average contribution is higher than anticipated, the revenue decrease may be greater than estimated. A lower-than-expected number of claimants would result in a correspondingly lower revenue impact.

State Expenditures

The bill increases General Fund expenditures for the DOR by about \$148,000 in FY 2027-28 and about \$60,000 annually in later years. Expenditures are summarized in Table 2 and described below.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$0	\$66,592
Operating Expenses	\$0	\$1,024
Capital Outlay Costs	\$0	\$7,000
GenTax Programming	\$0	\$38,100
User Acceptance Testing	\$0	\$3,198
Data Analysis and Reporting	\$0	\$8,778
Postage	\$0	\$888
Form Changes (DPA)	\$0	\$4,789
Centrally Appropriated Costs	\$0	\$17,794
Total Costs	\$0	\$148,163
Total FTE	0.0 FTE	0.8 FTE

Staff

The DOR requires a combined 0.8 FTE, which includes 0.5 FTE auditor to review accounts for compliance and 0.3 FTE tax conferee to process protests and disputes.

Software Programming and Testing

This bill increases expenditures to program, test, and update database fields in DOR's GenTax software system. Programming costs represent about 130 hours of contract programming at a rate of \$244.19 per hour. Costs for testing at the department are estimated about 155 hours of innovation, strategy, and delivery programming support at a rate of \$41 per hour, and about 78 hours of user acceptance testing at a rate of \$41 per hour.

Data Analysis and Reporting

Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at \$8,778, representing 231 hours for data management and reporting at \$38 per hour.

Postage and Form Changes

The DOR will have additional costs for postage to administer the tax expenditure, and must make changes to tax forms to include the new deduction and process paper returns claiming the credit. New forms are a purchased service from the Department of Personnel and Administration (DPA).

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in the tables above.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by \$100,000 in FY 2026-27 and \$200,000 in FY 2027-28. This estimate assumes the March 2026 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Personnel	Revenue
Public Safety	State Auditor
Regulatory Agencies	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).