



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-155: INCREASE ACCESS HOMEOWNER'S INSURANCE ENTERPRISE

**Prime Sponsors:**

Sen. Mullica  
Rep. McCluskie; Brown

**Fiscal Analyst:**

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**Fiscal note status:** This revised fiscal note reflects the introduced bill, as amended by the Senate Finance Committee and the Senate Appropriations Committee.

### Summary Information

**Overview.** The bill creates the Strengthen Colorado Homes Enterprise in the Department of Regulatory Agencies to assess a fee on insurers offering multiperil homeowner's insurance policies and assist homeowners in retrofitting residential property against extreme weather events.

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

- State Revenue
- State Expenditures
- TABOR Refunds

**Appropriations.** The Strengthen Colorado Homes Enterprise Fund is continuously appropriated to the Department of Regulatory Agencies. For FY 2026-27, the bill requires a reappropriation of \$69,235 to the Department of Law. See Table 1C and the State Appropriations section for more detail.

**Table 1  
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
State Revenue	\$30.2 million	\$15.5 million	\$16.7 million	\$17.9 million
State Expenditures	\$30.2 million	\$15.5 million	\$16.7 million	\$17.9 million
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$69,235	\$34,618	not estimated	not estimated
Change in State FTE	1.1 FTE	1.6 FTE	1.6 FTE	1.6 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>	<b>Out Year FY 2029-30</b>
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$30,196,167	\$15,552,234	\$16,687,547	\$17,905,738
<b>Total Revenue</b>	<b>\$30,196,167</b>	<b>\$15,552,234</b>	<b>\$16,687,547</b>	<b>\$17,905,738</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>	<b>Out Year FY 2029-30</b>
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$30,178,525	\$15,518,961	\$16,654,274	\$17,872,465
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$17,642	\$33,273	\$33,273	\$33,273
<b>Total Expenditures</b>	<b>\$30,196,167</b>	<b>\$15,552,234</b>	<b>\$16,687,547</b>	<b>\$17,905,738</b>
<b>Total FTE</b>	<b>1.1 FTE</b>	<b>1.6 FTE</b>	<b>1.6 FTE</b>	<b>1.6 FTE</b>

**Table 1C  
Comparison of LCS Fiscal Note Estimate and  
FY 2026-27 Appropriations Included in Bill**

<b>Department</b>	<b>LCS Estimate</b>	<b>Current Appropriation</b>	<b>Difference</b>
Department of Law	\$69,235	\$0	-\$69,235
<b>Total Appropriations</b>	<b>\$69,235</b>	<b>\$0</b>	<b>-\$69,235</b>

Note: Fiscal notes reflect the nonpartisan fiscal assessment of Legislative Council Staff. However, fiscal notes are decision-making tools for the General Assembly and it is the General Assembly that determines how much funding is appropriated to state agencies. Table 1C highlights the differences between the LCS estimate identified in this fiscal note and appropriation decisions made by the General Assembly for the bill thus far in the legislative process.

## **Summary of Legislation**

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The bill establishes the Strengthen Colorado Homes Enterprise in the Division of Insurance (DOI) in the Department of Regulatory Agencies (DORA) to assist homeowners in retrofitting residential property against extreme weather events.

### **Enterprise Governance**

The enterprise is a Type 1 entity governed by a seven-member board, who must adopt rules, administer the new program, and assess fees on insurance companies that offer multiperil homeowner's insurance policies in the state. The enterprise may contract with DORA for office space and administrative staff, and must use the Department of Law for legal services.

### **Fee Assessment**

Beginning in 2027, the bill directs the enterprise to impose an annual fee on certain insurance companies, equal to 0.5 percent of the premiums collected by the insurer on multiperil homeowner's insurance policies during the previous year. Fee revenue is deposited into the newly created Strengthen Colorado Homes Enterprise Fund, which is continuously appropriated to the enterprise. The enterprise may also issue revenue bonds and accept gifts, grants, and donations for program administration.

### **Strengthen Colorado Homes Enterprise Grant Program**

The bill creates the Strengthen Colorado Homes Enterprise Grant Program to award grants to homeowners for retrofitting residential property against extreme weather events. The enterprise may develop policies, determine eligibility, contract with a third-party administering entity, perform audits on applications, and award grants. The board may also award up to 25 percent of available grant funding to individuals for resilient roof installation training and certification.

Homeowners receiving grants must have an insured residential property, obtain construction permits, comply with building codes, arrange inspections, construct a roof with resilient materials that meet certain standards, and use a licensed contractor. Recipients may also use awards to repair roof damage caused by an extreme weather event.

### **Reporting**

Beginning July 1, 2028, and each year thereafter, the enterprise must provide a report to the General Assembly with certain information, including the amount of fees collected and the number of grants awarded.

## **Study of Insurance in High-Risk Wildfire Areas**

The enterprise must contract with DOI to conduct a study that analyzes the insurance risk in high-risk wildfire areas of the state, and the impact of a high-risk program on insurer losses and homeowner's insurance availability. The study must also include recommendations for a high-risk program, funding mechanisms, and ways to avoid competition with the private market. Further, the DOI must submit the study to the General Assembly and publish it on its website.

## **Rate Filings**

Beginning January 1, 2027, insurance companies offering multiperil homeowner's insurance must submit an annual filing to the DOI including certain information related to resilient roof installations and discounts.

## **Background and Assumptions**

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### **Enterprise Revenue Cap**

Proposition 117, approved by voters in 2020, requires voter approval for a state enterprise to be created if its projected or actual revenue exceeds \$100 million in its first five fiscal years. State law requires that an enterprise stop collecting fees or surcharges if the collection of additional fees or surcharges would cause it to exceed this limit, and voters have not previously approved such collections. The bill authorizes the enterprise to reduce or cease fee collection to remain under the statutory cap; therefore, the fiscal note assumes that fees will be adjusted and revenue between FY 2026-27 and FY 2030-31 will be \$100 million or less.

### **Study Contractor**

The bill requires the enterprise to contract with DOI to conduct the study, who may subsequently contract with a third-party vendor. The fiscal note assumes that that DOI will outsource this study to a contractor. However, if DOI conducts the study and receives funds from the enterprise, fee revenue expended for these purposes will become subject to TABOR.

### **State Revenue**

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The bill increases state revenue by \$30.2 million in FY 2026-27, \$15.6 million in FY 2027-28, and an increasing amount in future years from fee revenue to the Strengthen Colorado Homes Enterprise. Additional revenue may be received from interest income, the issuance of bonds, or gifts, grants, and donations. All sources of revenue are exempt from TABOR, except as described in the TABOR Refund section. These impacts are shown in Table 2 and discussed below.

**Table 2**  
**Strengthen Colorado Homes Enterprise Revenue**

<b>Fiscal Year</b>	<b>Estimated Premiums Written</b>	<b>Estimated Fee Rate</b>	<b>Total Fee Impact</b>
FY 2026-27	\$6.04 billion	0.50%	\$30.2 million
FY 2027-28	\$6.48 billion	0.24%	\$15.6 million
FY 2028-29	\$6.95 billion	0.24%	\$16.7 million
FY 2029-30	\$7.46 billion	0.24%	\$17.9 million
FY 2030-31	\$8.01 billion	0.24%	\$19.2 million
<b>5-Year Total</b>			<b>\$99.6 million</b>

Estimated premiums written are calculated on actual reported homeowners multiperil premiums in 2024 and an annual increase of 7.3 percent based on the March 2026 LCS revenue forecast.

### **Fees on Insurance Companies**

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. The Strengthen Colorado Homes Enterprise must collect fees from insurers equal to 0.5 percent of premiums collected on multiperil homeowner's insurance policies in the prior year. In 2024, insurers in the state reported approximately \$5.2 billion in homeowners multiperil premiums.<sup>1</sup> Assuming a 7.3 percent growth rate based on the March 2026 LCS revenue forecast for total insurance premiums, homeowners multiperil premiums subject to the fee are estimated at approximately \$6.0 billion in FY 2026-27. Because a forecast of state revenue is not available beyond FY 2027-28, the fiscal note assumes this growth rate continues in subsequent years.

To remain under the \$100 million statutory cap over the first five years, the fiscal note assumes the enterprise will apply the 0.5 percent effective fee rate in FY 2026-27 and then reduce it to 0.24 percent beginning in FY 2027-28. Based on these assumptions, fee revenue is estimated at \$30.2 million in the first year, \$15.6 million in the second year, and an increasing amount annually thereafter. These proposed fees are estimates only; actual fees will be determined administratively by the enterprise based on total premiums written, cumulative revenue collected, and other relevant factors.

### **Bond Issuances**

The enterprise is allowed to issue revenue bonds. The decision to issue bonds and the amount of any bonds will be made by the enterprise board; thus, bond revenue, if any, cannot be estimated by the fiscal note.

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<sup>1</sup> Colorado Department of Regulatory Agencies, [Colorado Insurance Industry Statistical Report](#), 2025.

**Interest Income**

The enterprise is permitted to invest revenue from bonds and fees to provide additional funding for the resilient roofing program, which is credited directly to the Strengthen Colorado Homes Enterprise Fund. In addition, any money held in these funds will also accrue interest.

**Gifts, Grants, and Donations**

The bill potentially increases state revenue to the Strengthen Colorado Homes Enterprise Fund from gifts, grants, or donations; however, no sources have been identified at this time.

**State Expenditures**

The bill increases state expenditures in DORA by \$30.2 million in FY 2026-27, \$15.6 million in FY 2027-28, and an increasing amount in future years. These costs, paid from the Strengthen Colorado Homes Enterprise Fund, are summarized in Table 3 and discussed below. The bill also increases workload in several other state agencies.

**Department of Regulatory Agencies**

DORA will have staff, contractor, grants, and legal service costs beginning in FY 2026-27 to implement the bill.

**Table 3  
State Expenditures  
Department of Regulatory Agencies**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>	<b>Out Year FY 2029-30</b>
Personal Services	\$64,962	\$123,885	\$123,885	\$123,885
Operating Expenses	\$1,024	\$1,920	\$1,920	\$1,920
Capital Outlay Costs	\$14,000	\$0	\$0	\$0
Insurance Study	\$125,000	\$125,000	\$0	\$0
Enterprise Grants	\$29,904,304	\$15,233,538	\$16,493,851	\$17,712,042
Legal Services	\$69,235	\$34,618	\$34,618	\$34,618
Centrally Appropriated Costs	\$17,642	\$33,273	\$33,273	\$33,273
FTE – Personal Services	0.8 FTE	1.5 FTE	1.5 FTE	1.5 FTE
FTE – Legal Services	0.3 FTE	0.1 FTE	0.1 FTE	0.1 FTE
<b>Total Costs</b>	<b>\$30,196,167</b>	<b>\$15,552,234</b>	<b>\$16,687,547</b>	<b>\$17,905,738</b>
<b>Total FTE</b>	<b>1.1 FTE</b>	<b>1.6 FTE</b>	<b>1.6 FTE</b>	<b>1.6 FTE</b>

## Staff

Starting in FY 2026-27, DORA requires 1.0 FTE Rate/Financial Analyst IV and 0.5 FTE Program Assistant to manage the enterprise, collaborate with insurers and policyholders, determine program eligibility, promulgate rules, establish fee collection and bond issuances, and generate annual reports. Staff costs and FTE have been prorated in the first year based on a January 1, 2027 start date.

## Insurance in High-Risk Wildfire Areas Study

Between FY 2026-27 and FY 2027-28, expenditures will increase by an estimated \$250,000 to hire a contractor that will study insurance risk in high-risk wildfire areas of the state, and the impact of a high-risk program on insurer losses and homeowner's insurance availability. Actual costs will be determined through the contracting process and may shift years depending on decisions made by the enterprise.

## Enterprise Grants

After the enterprise's administrative and study costs, about \$29.9 million is expected to be available for the grant program in FY 2026-27, \$15.2 million in FY 2027-28, and an increasing amount in future years. Of this amount, an estimated 75 percent will be awarded to homeowner's and 25 percent will be awarded to individuals seeking resilient roof installation training and certification. The number of grants issued will depend on the number of applicants, size of awards, and actual revenue collected. The fiscal note assumes that available grant funds will be expended in full each year. However, the bill does not require grants to be awarded within a specific timeframe; therefore, expenditures from awarding grants could be greater or less each year.

## Legal Services

DORA requires 500 hours of legal services in FY 2026-27 and 250 hours in future years for rulemaking, program implementation, and ongoing administration. Legal services are provided by the Department of Law at a rate of \$138.47 per hour.

## 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 Table 3 above.

## **Governor's Office**

Workload will minimally increase for the Governor's Office of Boards and Commissions to make the required enterprise board appointments under the bill. This work can be accomplished within existing appropriations.

## **Cash Fund Creation – Department of Personnel and Treasury**

Workload will increase for the Departments of Personnel and Administration (DPA) and Treasury to manage and perform accounting for the cash fund created in the bill. While no appropriation is required at this time, these departments may seek additional funding through the annual budget process based on the cumulative impact of all cash funds created through legislation.

## **TABOR Refunds**

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As a general matter, revenue collected and retained or spent by a TABOR-exempt enterprise is not subject to the state revenue limit. However, when an enterprise uses its revenue to purchase services from state government outside the enterprise (e.g., legal services, fleet management, information technology support), these payments become subject to the TABOR revenue limit.

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$69,235 in FY 2026-27 and \$34,618 in FY 2027-28 from enterprise payments to the Department of Law for legal services. 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, increased cash fund revenue will reduce the amount of General Fund 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**

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

## **State Appropriations**

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The Strengthen Colorado Homes Enterprise Fund is continuously appropriated to the Department of Regulatory Agencies. For FY 2026-27, the bill requires, but does not include, a reappropriation of \$69,235 to the Department of Law, with 0.3 FTE.

## State and Local Government Contacts

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Boards and Commissions

Personnel

Law

Regulatory Agencies