

SENATE COMMITTEE OF REFERENCE REPORT

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Chair of Committee

April 14, 2026  
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

SB26-049 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and  
2 substitute:

3 "SECTION 1. In Colorado Revised Statutes, 39-22-104, add  
4 (3)(v), (3)(w), (3)(x), and (4)(ff) as follows:

5 **39-22-104. Income tax imposed on individuals, estates, and**  
6 **trusts - single rate - report - tax preference performance statement**  
7 **- legislative declaration - definitions - repeal.**

8 (3) There shall be added to the federal taxable income:

9 (v) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
10 1, 2025, AN AMOUNT EQUAL TO THE AMOUNT OF EMPLOYER CONTRIBUTION  
11 THAT AN EMPLOYEE FORFEITS PURSUANT TO SECTION 39-22-558 (3)(c)  
12 AND THAT THE TAXPAYER HAD PREVIOUSLY SUBTRACTED FROM THE  
13 TAXPAYER'S FEDERAL TAXABLE INCOME PURSUANT TO SUBSECTION (4)(bb)  
14 OF THIS SECTION;

15 (w) THE AMOUNT OF ANY OVERTIME COMPENSATION EXCLUDED OR  
16 DEDUCTED FROM FEDERAL GROSS INCOME; AND

17 (x) (I) THE AMOUNT RECAPTURED PURSUANT TO SECTION  
18 39-22-572 (4).

19 (II) THIS SUBSECTION (3)(x) IS REPEALED, EFFECTIVE DECEMBER  
20 31, 2047.

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

22 (ff) (I) CONTRIBUTIONS TO A CATASTROPHE SAVINGS ACCOUNT  
23 AND THE INTEREST INCOME REALIZED THEREON TO THE EXTENT  
24 PERMITTED BY SECTION 39-22-572 (3).

25 (II) THIS SUBSECTION (4)(ff) IS REPEALED, EFFECTIVE DECEMBER  
26 31, 2047.

27 **SECTION 2.** In Colorado Revised Statutes, add 39-22-572 as

1 follows:

2 **39-22-572. Catastrophe savings account - legislative**  
3 **declaration - tax preference performance statement - definitions -**  
4 **repeal.**

5 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
6 REQUIRES:

7 (a) "ADMINISTRATOR" MEANS THE DEPARTMENT, A THIRD PARTY  
8 SELECTED BY THE DEPARTMENT, OR A THIRD PARTY WITH THE  
9 DEPARTMENT TO ADMINISTER THE SUBTRACTION CREATED IN SECTION  
10 39-22-104 (4)(ff).

11 (b) "CATASTROPHE SAVINGS ACCOUNT" MEANS A REGULAR  
12 SAVINGS OR MONEY MARKET ACCOUNT ESTABLISHED BY A TAXPAYER  
13 EXCLUSIVELY FOR THE PURPOSE OF ACCEPTING CONTRIBUTIONS THAT  
14 QUALIFY FOR THE SUBTRACTION ALLOWED BY THIS SECTION.

15 (c) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

16 (d) "FORTIFIED" MEANS A HOMEBUILDING STANDARD PROGRAM  
17 FROM THE INSURANCE INSTITUTE FOR BUSINESS AND HOME SAFETY OR A  
18 SIMILAR ENTITY DESIGNATED BY THE ADMINISTRATOR THAT RESEARCHES  
19 BUILDING MATERIALS SPECIFICALLY DESIGNED TO PREVENT DAMAGE FROM  
20 NATURAL DISASTERS.

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

26 (f) "LEGAL RESIDENCE" MEANS THE RESIDENCE OF AN INDIVIDUAL  
27 THAT IS THE PRINCIPAL OR PRIMARY HOME OR PLACE OF ABODE OF THE  
28 INDIVIDUAL AND IS THE PLACE IN WHICH THE INDIVIDUAL'S HABITATION IS  
29 FIXED. A LEGAL RESIDENCE MAY INCLUDE A HOUSE OR CONDOMINIUM. A  
30 VACANT LOT OR BUSINESS ADDRESS IS NOT A LEGAL RESIDENCE.

31 (g) "NATURAL DISASTER" MEANS A HAIL, WILDFIRE, OR A  
32 CATASTROPHIC WIND EVENT.

33 (h) "PROPERTY-SPECIFIC MITIGATION ACTION" MEANS A  
34 SCIENCE-BASED MITIGATION ACTION AS DEMONSTRATED BY THE  
35 "WILDFIRE PREPARED HOME" DESIGNATION FROM THE INSURANCE  
36 INSTITUTE FOR BUSINESS AND HOME SAFETY OR BY A SIMILAR MITIGATION  
37 PROGRAM THAT INCLUDES A VERIFICATION AND CERTIFICATION PROCESS  
38 AS DESIGNATED BY THE ADMINISTRATOR.

39 (i) "QUALIFIED CATASTROPHE EXPENSE" MEANS THE AMOUNT PAID  
40 OR INCURRED BY A QUALIFIED INDIVIDUAL:

41 (I) TO PREPARE FOR THE REPLACEMENT OR REPAIR OR TO REPLACE  
42 OR REPAIR THE ROOF OF THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE IN  
43 THE STATE AS A RESULT OF DAMAGE CAUSED BY A NATURAL DISASTER,

1 INCLUDING THE ANNUAL COST OF A FORTIFIED ENDORSEMENT TO  
2 SUPPLEMENT AN INSURANCE POLICY;

3 (II) FOR SELF-INSURED LOSSES FROM A NATURAL DISASTER FOR  
4 THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE IN THE STATE;

5 (III) TO COVER AN INSURANCE DEDUCTIBLE UNDER AN INSURANCE  
6 POLICY FOR THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE IN THE STATE  
7 THAT COVERS ROOF REPLACEMENT WITH IMPACT-RESISTANT ROOFING  
8 MATERIALS, PROPERTY-SPECIFIC MITIGATION ACTION, OR OTHER NATURAL  
9 DISASTER DAMAGE;

10 (IV) FOR MITIGATION ACTIONS WITH RESPECT TO THE QUALIFIED  
11 TAXPAYER'S LEGAL RESIDENCE IN THE STATE THAT REDUCE THE RISK OF  
12 NATURAL DISASTER DAMAGE;

13 (V) FOR EVALUATION SERVICES TO QUALIFY FOR A FORTIFIED  
14 DESIGNATION WITH RESPECT TO THE QUALIFIED TAXPAYER'S LEGAL  
15 RESIDENCE IN THE STATE; OR

16 (VI) THE COST OF COMPLETING A PROPERTY-SPECIFIC MITIGATION  
17 ACTION WITH RESPECT TO THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE  
18 IN THE STATE.

19 (j) "QUALIFIED TAXPAYER" MEANS A RESIDENT INDIVIDUAL WHO  
20 IS AN INSURANCE POLICYHOLDER FOR A LEGAL RESIDENCE IN THE STATE.

21 (2) A QUALIFIED TAXPAYER MAY ESTABLISH A CATASTROPHE  
22 SAVINGS ACCOUNT. A CATASTROPHE SAVINGS ACCOUNT THAT IS  
23 REGISTERED PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION IS NOT  
24 SUBJECT TO ATTACHMENT OR LEGAL PROCESS IN THE STATE. A QUALIFIED  
25 TAXPAYER MAY NOT ESTABLISH MORE THAN ONE CATASTROPHE SAVINGS  
26 ACCOUNT; EXCEPT THAT TWO QUALIFIED TAXPAYERS WHO MAY LEGALLY  
27 FILE A JOINT RETURN BUT WHO FILE SEPARATE RETURNS AND WHO LIVE IN  
28 SEPARATE LEGAL RESIDENCES IN THE STATE MAY EACH ESTABLISH A  
29 CATASTROPHE SAVINGS ACCOUNT WITH RESPECT TO THEIR LEGAL  
30 RESIDENCE.

31 (3)(a) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY  
32 1, 2027, BUT PRIOR TO JANUARY 1, 2037, TO THE EXTENT INCLUDED IN  
33 FEDERAL TAXABLE INCOME, A QUALIFIED TAXPAYER MAY SUBTRACT FROM  
34 THE QUALIFIED TAXPAYER'S FEDERAL TAXABLE INCOME:

35 (I) THE AMOUNT CONTRIBUTED TO THE QUALIFIED TAXPAYER'S  
36 CATASTROPHE SAVINGS ACCOUNT DURING THE INCOME TAX YEAR;

37 (II) INTEREST INCOME REALIZED DURING THE INCOME TAX YEAR  
38 WITH RESPECT TO THE AMOUNT HELD IN THE QUALIFIED TAXPAYER'S  
39 CATASTROPHE SAVINGS ACCOUNT; AND

40 (III) ANY SUBTRACTION CARRIED FORWARD PURSUANT TO  
41 SUBSECTION (3)(c) OF THIS SECTION.

42 (b) (I) IN THE CASE OF A QUALIFIED TAXPAYER WHO FILES A SINGLE  
43 RETURN OR TWO QUALIFIED TAXPAYERS WHO FILE A JOINT RETURN, THE

1 MAXIMUM AMOUNT THAT MAY BE SUBTRACTED PURSUANT TO SUBSECTION  
2 (3)(a)(I) OF THIS SECTION IS FIFTY THOUSAND DOLLARS PER INCOME TAX  
3 YEAR;

4 (II) (A) EXCEPT AS PROVIDED IN SUBSECTION (3)(b)(II)(B) OF THIS  
5 SECTION, IN THE CASE OF TWO QUALIFIED TAXPAYERS WHO MAY LEGALLY  
6 FILE A JOINT RETURN BUT WHO FILE SEPARATE RETURNS, THE MAXIMUM  
7 AMOUNT THAT MAY BE SUBTRACTED BY EACH QUALIFIED TAXPAYER  
8 PURSUANT TO SUBSECTION (3)(a)(I) OF THIS SECTION IS TWENTY-FIVE  
9 THOUSAND DOLLARS PER TAX YEAR.

10 (B) IF THE QUALIFIED TAXPAYERS LIVE IN SEPARATE LEGAL  
11 RESIDENCES IN THE STATE WITH SEPARATE CATASTROPHE SAVINGS  
12 ACCOUNTS, THE MAXIMUM AMOUNT THAT MAY BE SUBTRACTED BY EACH  
13 QUALIFIED TAXPAYER PURSUANT TO SUBSECTION (3)(a)(I) OF THIS  
14 SECTION IS FIFTY THOUSAND DOLLARS PER TAX YEAR.

15 (c) IF THE SUBTRACTION ALLOWED BY SUBSECTIONS (3)(a)(I) AND  
16 (3)(a)(II) EXCEEDS THE QUALIFIED TAXPAYER'S FEDERAL TAXABLE  
17 INCOME, THE EXCESS MAY BE CARRIED FORWARD AS A SUBTRACTION FROM  
18 SUBSEQUENT YEAR'S FEDERAL TAXABLE INCOME FOR A PERIOD NOT  
19 EXCEEDING FIVE YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST  
20 INCOME TAX YEAR POSSIBLE.

21 (4) THE QUALIFIED TAXPAYER SHALL RECAPTURE A SUBTRACTION  
22 TAKEN PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION AND ADD TO THE  
23 QUALIFIED TAXPAYER'S FEDERAL TAXABLE INCOME THE AMOUNT OF ANY  
24 DISTRIBUTION, REFUND, OR OTHER WITHDRAWAL FROM THE QUALIFIED  
25 TAXPAYER'S CATASTROPHE SAVINGS ACCOUNT DURING THE INCOME TAX  
26 YEAR, EXCEPT TO THE EXTENT THE DISTRIBUTION, REFUND, OR  
27 WITHDRAWAL IS USED FOR A QUALIFIED CATASTROPHE EXPENSE.

28 (5) (a) THE QUALIFIED TAXPAYER SHALL REGISTER THE  
29 CATASTROPHE SAVINGS ACCOUNT ESTABLISHED PURSUANT TO  
30 SUBSECTION (2) OF THIS SECTION WITH THE ADMINISTRATOR. WHEN  
31 REGISTERING THE ACCOUNT, THE QUALIFIED TAXPAYER SHALL FURNISH  
32 THE ADMINISTRATOR WITH THE QUALIFIED TAXPAYER'S SOCIAL SECURITY  
33 NUMBER OR INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER AND ANY  
34 OTHER INFORMATION REQUIRED BY THE ADMINISTRATOR. THE  
35 ADMINISTRATOR SHALL CONFIRM THAT THE ACCOUNT IS A CATASTROPHE  
36 SAVINGS ACCOUNT. THE QUALIFIED TAXPAYER SHALL NOTIFY THE  
37 ADMINISTRATOR WITHIN NINETY DAYS AFTER THE QUALIFIED TAXPAYER  
38 CLOSES THE CATASTROPHE SAVINGS ACCOUNT.

39 (b) ON OR BEFORE MARCH 31, 2028, AND EACH MARCH 31  
40 THEREAFTER UNTIL MARCH 31, 2038, THE ADMINISTRATOR SHALL  
41 FURNISH THE DEPARTMENT WITH A SECURE ELECTRONIC REPORT OF THE  
42 NAME AND SOCIAL SECURITY NUMBER OR INDIVIDUAL TAXPAYER  
43 IDENTIFICATION NUMBER OF EACH QUALIFIED TAXPAYER WITH A

1 REGISTERED CATASTROPHE SAVINGS ACCOUNT.

2 (c) (I) EVERY QUALIFIED TAXPAYER SHALL KEEP AND MAINTAIN  
3 FOR A PERIOD OF FOUR YEARS ANY BOOKS AND RECORDS THAT MAY BE  
4 NECESSARY TO DETERMINE:

5 (A) THAT THE TAXPAYER IS A QUALIFIED TAXPAYER AND THE  
6 ACCOUNT IS A CATASTROPHE SAVINGS ACCOUNT;

7 (B) THE DATES AND AMOUNTS OF CONTRIBUTIONS TO THE  
8 CATASTROPHE SAVINGS ACCOUNT;

9 (C) THE AMOUNTS OF INTEREST REALIZED WITH RESPECT TO THE  
10 AMOUNT HELD IN THE CATASTROPHE SAVINGS ACCOUNT AND THE DATES  
11 WHEN THOSE AMOUNTS WERE REALIZED; AND

12 (D) THE DATES AND AMOUNTS OF ANY DISTRIBUTIONS, REFUNDS,  
13 OR OTHER WITHDRAWALS FROM THE CATASTROPHE SAVINGS ACCOUNT  
14 AND WHETHER THE AMOUNT DISTRIBUTED, REFUNDED, OR WITHDRAWN  
15 WAS USED FOR A QUALIFIED CATASTROPHE EXPENSE.

16 (II) THE ADMINISTRATOR SHALL PERIODICALLY EXAMINE A  
17 SAMPLE OF CATASTROPHE SAVINGS ACCOUNTS TO SUBSTANTIATE THAT  
18 THE ACCOUNT IS A CATASTROPHE SAVINGS ACCOUNT, THAT THE ACCOUNT  
19 HOLDER IS A QUALIFIED TAXPAYER, AND THAT THE QUALIFIED TAXPAYER  
20 IS SUBTRACTING AND RECAPTURING THE CORRECT AMOUNTS PURSUANT TO  
21 THIS SECTION. UPON REQUEST OF THE ADMINISTRATOR, AN ELIGIBLE  
22 TAXPAYER SHALL PRODUCE THE BOOKS AND RECORDS DESCRIBED IN  
23 SUBSECTION (5)(c)(I) OF THIS SECTION FOR EXAMINATION BY THE  
24 ADMINISTRATOR.

25 (III) FOR THE PURPOSE OF CONDUCTING THE EXAMINATION  
26 DESCRIBED IN SUBSECTION (5)(c)(II) OF THIS SECTION, THE DEPARTMENT  
27 SHALL FURNISH THE ADMINISTRATOR WITH THE AMOUNTS SUBTRACTED  
28 AND RECAPTURED BY EACH QUALIFIED TAXPAYER WHO IS LISTED IN THE  
29 REPORT FURNISHED BY THE ADMINISTRATOR PURSUANT TO SUBSECTION  
30 (5)(b) OF THIS SECTION FOR EACH TAX YEAR.

31 (IV) (A) IF THE ADMINISTRATOR DETERMINES THAT A TAXPAYER  
32 IS NOT A QUALIFIED TAXPAYER, OR THAT THE ACCOUNT IS NOT A  
33 CATASTROPHE SAVINGS ACCOUNT, THE ADMINISTRATOR SHALL NOTIFY  
34 THE TAXPAYER IN WRITING THAT THEY ARE NOT ELIGIBLE FOR THE  
35 SUBTRACTION ALLOWED BY THIS SECTION, REMOVE THE INELIGIBLE  
36 TAXPAYER FROM THE LIST DESCRIBED IN SUBSECTION (5)(b) OF THIS  
37 SECTION, AND PROMPTLY NOTIFY THE DEPARTMENT IN WRITING OF ITS  
38 DETERMINATION.

39 (B) IF THE ADMINISTRATOR DETERMINES THAT A TAXPAYER WAS  
40 NOT ELIGIBLE FOR ALL OR PART OF A SUBTRACTION CLAIMED PURSUANT TO  
41 SUBSECTION (3) OF THIS SECTION, OR THAT AN AMOUNT SUBTRACTED WAS  
42 SUBJECT TO RECAPTURE PURSUANT TO SUBSECTION (4) OF THIS SECTION,  
43 THE ADMINISTRATOR SHALL NOTIFY THE DEPARTMENT IN WRITING OF ITS

1 DETERMINATION. THE DEPARTMENT SHALL ISSUE THE TAXPAYER A NOTICE  
2 OF DEFICIENCY FOR THE UNPAID TAX OWED, TOGETHER WITH APPLICABLE  
3 PENALTIES AND INTEREST, AND PROCEED TO COLLECT THE DEFICIENCY IN  
4 THE SAME MANNER AS OTHER TAX DEFICIENCIES.

5 (6) (a) A FINANCIAL INSTITUTION IS NOT REQUIRED TO:

6 (I) DESIGNATE AN ACCOUNT AS A CATASTROPHE SAVINGS  
7 ACCOUNT IN THE FINANCIAL INSTITUTION'S ACCOUNT CONTRACTS OR  
8 SYSTEMS OR IN ANY OTHER WAY;

9 (II) TRACK THE USE OF MONEY WITHDRAWN FROM A CATASTROPHE  
10 SAVINGS ACCOUNT; OR

11 (III) REPORT ANY INFORMATION REGARDING A CATASTROPHE  
12 SAVING ACCOUNT TO THE DEPARTMENT OF REVENUE OR ANY OTHER  
13 GOVERNMENTAL AGENCY THAT IS NOT OTHERWISE REQUIRED BY LAW.

14 (b) A FINANCIAL INSTITUTION IS NOT RESPONSIBLE OR LIABLE FOR:

15 (I) DETERMINING OR ENSURING THAT A TAXPAYER IS ELIGIBLE FOR  
16 A SUBTRACTION UNDER SECTION 39-22-104 (4)(ff);

17 (II) DETERMINING OR ENSURING THAT MONEY IN A CATASTROPHE  
18 SAVINGS ACCOUNT IS USED FOR AN ELIGIBLE EXPENSE; OR

19 (III) REPORTING OR REMITTING TAXES OR PENALTIES RELATED TO  
20 A TAXPAYER'S USE OF MONEY IN A CATASTROPHE SAVINGS ACCOUNT.

21 (c) IN IMPLEMENTING THIS SECTION, THE DEPARTMENT SHALL NOT  
22 ESTABLISH ANY ADMINISTRATIVE REPORTING REQUIREMENT OR OTHER  
23 REQUIREMENTS OF FINANCIAL INSTITUTIONS THAT ARE OUTSIDE THE SCOPE  
24 OF NORMAL ACCOUNT PROCEDURES.

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

30 (a) THE PURPOSE OF THE INCOME TAX SUBTRACTION CREATED IN  
31 THIS SECTION IS TO PROVIDE TAX RELIEF FOR CERTAIN INDIVIDUALS,  
32 SPECIFICALLY TAXPAYERS WHO INVEST IN NATURAL DISASTER  
33 MITIGATION; AND

34 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
35 MEASURE THE EFFECTIVENESS OF THE SUBTRACTION IN ACHIEVING THE  
36 PURPOSE SPECIFIED IN THIS SUBSECTION (7) BASED UPON THE AGGREGATE  
37 AMOUNT OF SUBTRACTIONS CLAIMED PURSUANT TO SUBSECTION (3) OF  
38 THIS SECTION NET OF THE AGGREGATE AMOUNT ADDED BACK TO A  
39 TAXPAYER'S FEDERAL TAXABLE INCOME PURSUANT TO SUBSECTION (4) OF  
40 THIS SECTION.

41 (8) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2047.

42 **SECTION 3.** In Colorado Revised Statutes, 39-21-113, **add** (40)  
43 as follows:

1           **39-21-113. Reports and returns - rule - repeal.**

2           (40) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE  
3 EXECUTIVE DIRECTOR SHALL PROVIDE TO THE ADMINISTRATOR DEFINED  
4 IN SECTION 39-22-572 (1)(a) THE INFORMATION REQUIRED BY SECTION  
5 39-22-572 (5)(c)(III). ANY INFORMATION PROVIDED PURSUANT TO THIS  
6 SUBSECTION (40) MUST REMAIN CONFIDENTIAL, AND ALL PERSONS WHO  
7 RECEIVE THIS INFORMATION ARE SUBJECT TO THE LIMITATIONS SPECIFIED  
8 IN SUBSECTION (4) OF THIS SECTION AND THE PENALTIES SPECIFIED IN  
9 SUBSECTION (6) OF THIS SECTION.

10           **SECTION 4. Safety clause.** The general assembly finds,  
11 determines, and declares that this act is necessary for the immediate  
12 preservation of the public peace, health, or safety or for appropriations for  
13 the support and maintenance of the departments of the state and state  
14 institutions."

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