



Legislative Council Staff

Research Note

Version: Final

Date: 6/23/2016

Bill Number

House Bill 16-1286

Sponsors

***Representative Becker K.
Senator Tate***

Short Title

***Increase Wildfire Mitigation
Income Tax Deduction***

Research Analyst

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Status

This research note reflects the final version of the bill, which was signed by the Governor on June 10, 2016, and becomes effective August 10, 2016, assuming no petition is filed.

Summary

This bill increases the percentage of the wildfire mitigation state income tax deduction from 50 percent to 100 percent of the costs incurred for performing wildfire mitigation on a taxpayer's property. The tax deduction cannot exceed \$2,500 per income tax year or the total amount of the taxpayer's federal taxable income, whichever is less.

The increased income tax deduction will be available for tax years 2017 through 2019. After that, the income tax reduction will return to 50 percent of qualified costs until tax year 2024, as specified in current law.

Background

Under current law, a taxpayer is allowed a state income tax deduction for performing wildfire mitigation measures. To be eligible for the deduction, the taxpayer must own the property upon which the mitigation measures are performed, and the property must be in a wildland-urban interface area. It is estimated that more than two million Coloradans live in the wildland-urban interface. The wildland-urban interface, as defined by the Colorado State Forest Service, includes any area where man-made improvements are built close to, or within, natural terrain and flammable vegetation, and where high potential for wildland fire exists. According to the Colorado Division of Fire Prevention and Control in the Department of Public Safety, the wildland-urban interface in Colorado currently covers 1.1 million acres, and is expected to increase to 2.2 million acres by

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2030.

During the 2015 interim, the Wildfire Matters Review Committee recommended House Bill 16-1052, which eliminated the wildfire mitigation income tax deduction and created a wildfire mitigation state income tax credit. The bill was postponed indefinitely by the House Finance Committee.

House Action

House Finance Committee (March 9, 2016). At the hearing, a representative of the Colorado Association of Realtors testified in support of the bill. The committee referred the bill to the House Appropriations Committee unamended.

House Appropriations Committee (May 3, 2016). The committee referred the bill to the House Committee of the Whole unamended.

House second reading (May 3, 2016). The House passed the bill on second reading with no amendments.

House third reading (May 4, 2016). The House passed the bill on third reading with no amendments.

Senate Action

Senate Finance Committee (May 5, 2016). At the hearing, a representative of the Colorado Association of Realtors testified in support of the bill. The committee referred the bill to the Senate Appropriations Committee unamended.

Senate Appropriations Committee (May 5, 2016). The committee referred the bill to the Senate Committee of the Whole unamended.

Senate second reading (May 5, 2016). The Senate passed the bill on second reading with no amendments.

Senate third reading (May 6, 2016). The Senate passed the bill on third reading with no amendments.

Relevant Research

Legislative Council Staff, *Wildfire Matters Review Committee Report to the Colorado General Assembly, December 2015*: <http://tinyurl.com/zu5jah2>