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Fiscal Note

Drafting Number: LLS 24-0058 Date: February 29, 2024
Prime Sponsors: Rep. Brown; Amabile Bill Status: House Business Affairs & Labor
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Bill Topic: STUDY ON REMEDIATION OF PROPERTY DAMAGED BY FIRE

Summary of Fiscal Impact:
State Revenue [ ] State Diversion [x] Local Government [ ]
State Expenditure [x] TABOR Refund [ ] Statutory Public Entity [ ]

The bill commissions a study of remediation practices for residential property damaged in a fire. It creates a General Fund diversion and increases state expenditures in FY 2024-25 and FY 2025-26 only.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$219,909 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1315

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Fund, Centrally Appropriated, Total Expenditures, Total FTE), Diversions (General Fund, Cash Funds, Net Diversion), and Other Budget Impacts.

## Summary of Legislation

The bill requires the Division of Insurance in the Department of Regulatory Agencies (DORA) to conduct or commission a study of remediation practices for residential properties that have been damaged in a fire. The study must identify:

- existing practices and standards for inspecting, testing, and remediating residential property damaged by smoke, soot, ash, and other contaminants from a fire;
- the extent to which residential property can be remediated after sustaining damage from a fire;
- recommendations for uniform remediation standards for residential property damaged by a fire;
- existing indoor air quality health and safety standards regarding the habitability of a residential property after sustaining damage from a fire; and
- the extent to which homeowner’s insurance policies cover residential property damaged by fire.

DORA must engage with relevant stakeholders and submit a report of the study’s findings to the General Assembly by January 1, 2026.

## State Diversion

This bill diverts General Fund to the Division of Insurance Cash Fund in FY 2024-25 and FY 2025-26. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, which is funded with premium tax revenue that is otherwise credited to the General Fund.

## State Expenditures

The bill increases state expenditures in DORA by about \$224,000 in FY 2024-25 and \$12,000 in FY 2025-26, paid from the Division of Insurance Cash Fund, to collect data and hire an actuarial contractor to conduct the study. Expenditures are shown in Table 2 and detailed below.

**Table 2**  
**Expenditures Under HB 24-1315**

	FY 2024-25	FY 2025-26
<b>Department of Regulatory Agencies</b>		
Personal Services	\$19,909	\$9,954
Contract Study	\$200,000	-
Centrally Appropriated Costs <sup>1</sup>	\$4,264	\$2,132
<b>Total Cost</b>	<b>\$224,173</b>	<b>\$12,086</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>0.1 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Staff.** In FY 2024-25 and FY 2025-26, DORA requires 0.2 FTE Actuary II to hire and manage the contractor for the study, and request, review, and analyze remediation data that is not currently filed with the division. Staff costs conclude in January 2026, upon delivery of the study.

**Contract study.** DORA requires an estimated \$200,000 to hire an actuarial firm to conduct market research on existing remediation practices, assess environmental health impacts, collect field data, develop recommendations for uniform standards, and generate a report. Based on the level of detail required by the bill, the fiscal note assumes that a contractor will perform 500 hours of work at an estimated \$400 per hour. Actual costs will be determined through the contracting process. Expenditures for the contract study will occur over two fiscal years.

**Legal services.** DORA may require legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to contract language and implementation of the study.

**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 include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Effective Date

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

## State Appropriations

For FY 2024-25, the bill requires an appropriation of \$219,909 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.2 FTE. Of this amount, \$200,000 requires roll-forward spending authority through FY 2025-26.

## State and Local Government Contacts

Information Technology  
Regulatory Agencies

Law

Public Health and Environment

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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](#).