

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

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BILL 8

LLS NO. 25-0184.01 Rebecca Bayetti x4348

INTERIM COMMITTEE BILL

Wildfire Matters Review Committee

BILL TOPIC: Changes to Natural Disaster Mitigation Enterprise

A BILL FOR AN ACT

101 **CONCERNING CHANGES TO THE NATURAL DISASTER MITIGATION**
102 **ENTERPRISE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Wildfire Matters Review Committee. The bill changes portions of the natural disaster mitigation enterprise (enterprise) created in 2021. The enterprise collects a fee on insurance companies that offer certain insurance policies in the state and uses the fee revenue to finance the natural disaster mitigation grant program (grant program) and provide local governments technical assistance on natural disaster mitigation.

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

When the enterprise was created, the fee on insurance companies was equal to \$2 multiplied by the number of specified insurance policies or contracts held by the insurer. The bill increases this fee from \$2 to \$10 for policies and contracts held by the insurer for calendar years 2025 onwards.

The bill makes the following additional changes:

- Creates category requirements for the percentage of grant funds awarded that must support fuels mitigation;
- Clarifies that the enterprise's focus includes planning for natural disaster mitigation and community preparedness, including neighborhood-level wildfire mitigation projects that aim to achieve industry standards;
- Expands the uses for which money in the natural disaster mitigation cash fund is continuously appropriated to include making transfers to the prescribed fire claims fund created in __ Bill 25-____; and
- Removes the current 2030 repeal date of the enterprise.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-33.5-1619,
3 **amend** (1)(a)(VIII), (1)(b)(I)(A), (2)(b), (3)(c)(II), (3)(c)(III), (4)(a),
4 (4)(c) introductory portion, (4)(d), (6)(c), (6)(e), (6)(f), (7)(b) introductory
5 portion, (7)(b)(III), (7)(d), and (7)(e)(I); **repeal** (1)(a)(VI), (7)(b)(IV), and
6 (9); and **add** (1)(a)(III.3), (1)(a)(III.5), (1)(a)(III.7), (1)(a)(VII.3),
7 (1)(a)(VII.5), (1)(a)(IX), (1)(a)(X), (5)(c)(II.5), (6)(g), and (7)(b)(V) as
8 follows:

9 **24-33.5-1619. Natural disaster mitigation enterprise - fund -**
10 **goals - grant program - gifts, grants, or donations - legislative**
11 **declaration - definitions.** (1) **Legislative declaration.** The general
12 assembly hereby:

13 (a) Finds and determines that:

14 (III.3) TO RECOGNIZE THE INCREASING IMPACT OF CLIMATE
15 CHANGE STATEWIDE, THE GENERAL ASSEMBLY PASSED SENATE BILL
16 22-206, ENACTED IN 2022, WHICH FORMED THE GOVERNOR'S OFFICE OF

1 CLIMATE PREPAREDNESS;

2 (III.5) IN DECEMBER 2023, THE GOVERNOR'S OFFICE OF CLIMATE
3 PREPAREDNESS RELEASED COLORADO'S FIRST CLIMATE PREPAREDNESS
4 ROADMAP, WHICH IDENTIFIED THE FOLLOWING FIVE KEY CLIMATE
5 HAZARDS THAT COLORADANS FACE:

6 (A) EXTREME HEAT AND WARMING TEMPERATURES;

7 (B) WILDFIRE;

8 (C) DROUGHT AND PRECIPITATION;

9 (D) THE COMPOUND HAZARD ASSOCIATED WITH POST-FIRE
10 FLOODING; AND

11 (E) FLOODING AND EXTREME PRECIPITATION;

12 (III.7) THE CLIMATE PREPAREDNESS ROADMAP NOTES THAT THE
13 CLIMATE CRISIS DISPROPORTIONATELY AFFECTS COMMUNITIES OF COLOR
14 AND OTHER COMMUNITIES WHO ALREADY FACE SYSTEMIC
15 DISADVANTAGES;

16 (VI) ~~MAKING THESE INVESTMENTS WILL DECREASE LOSSES THAT WOULD~~
17 ~~OTHERWISE BE LARGELY PAID BY INSURERS;~~

18 (VII.3) DESPITE POSITIVE COST-BENEFIT RATIOS, THIS MITIGATION
19 WORK OFTEN GOES UNDONE BECAUSE IT PRESENTS A COLLECTIVE ACTION
20 PROBLEM IN WHICH INDIVIDUALS UNDER-INVEST UNLESS A GREATER
21 SHARE OF BENEFICIARIES CONTRIBUTE;

22 (VII.5) MAKING THESE INVESTMENTS WILL DECREASE LOSSES
23 THAT WOULD OTHERWISE BE LARGELY PAID BY INSURERS;

24 (VIII) Accordingly, funding for ongoing disaster mitigation
25 efforts should be related to property and casualty insurance products; ~~and~~

26 (IX) IN 2021, THE GENERAL ASSEMBLY PASSED HOUSE BILL
27 21-1208, ENACTED IN 2021, WHICH CREATED THE NATURAL DISASTER

1 MITIGATION ENTERPRISE FUND TO ADDRESS THESE NEEDS;

2 (X) THERE IS A DEMONSTRATED NEED TO EXPAND THE FUNDING
3 AVAILABLE TO MEET THE GROWING NEED FOR COMMUNITY PREPAREDNESS;
4 AND

5 (b) Declares that:

6 (I) The natural disaster mitigation enterprise provides valuable
7 services, benefits, and useful business services to insurers, when, in
8 exchange for payment of the fee described in subsection (4) of this
9 section, the enterprise uses the fees to:

10 (A) Provide grants to local governments to PLAN FOR AND
11 implement resilience and natural disaster mitigation measures THAT
12 ADDRESS THE KEY CLIMATE HAZARDS THAT COLORADANS ARE
13 EXPERIENCING AND NEED TO PREPARE FOR, PARTICULARLY IN
14 DISPROPORTIONATELY IMPACTED COMMUNITIES;

15 (2) **Definitions.** As used in this section, unless the context
16 otherwise requires:

17 (b) "Eligible entity" means a governing subdivision of the state,
18 including counties, municipalities, school districts, and special districts,
19 that implements or intends to implement natural disaster mitigation
20 measures, or that is applying for a federal grant that both requires
21 matching funds and is dedicated to assisting in the PLANNING OR
22 implementation of pre-disaster natural disaster mitigation measures.

23 (3) **Enterprise.** (c) The enterprise's primary powers and duties
24 are to:

25 (II) Promote natural disaster mitigation by issuing grants as
26 specified in subsection (7) of this section AND BY SUPPORTING THE
27 PRESCRIBED FIRE CLAIMS FUND CREATED IN __ BILL 25-____;

1 (III) Provide local governments technical assistance on PLANNING
2 FOR natural disaster mitigation, IMPLEMENTING NATURAL DISASTER
3 MITIGATION, AND CLIMATE PREPAREDNESS;

4 (4) **Fee.** (a) Each insurer that has a policy or contract of insurance
5 of the types listed in subsection (4)(e) of this section covering property or
6 risks in the state shall pay a fee imposed and collected by the enterprise.
7 The enterprise shall transmit any fee collected in accordance with this
8 subsection (4) to the state treasurer, who shall credit the same to the fund.
9 Any fee transmitted to the state treasurer that is collected on behalf of the
10 enterprise is excluded from the state's fiscal year spending. For each
11 insurer, the amount of the fee must equal:

12 (I) FOR POLICIES AND CONTRACTS HELD IN CALENDAR YEARS 2022
13 TO 2024 FOR WHICH FEES ARE PAID ON OR BEFORE JULY 1, 2025, two
14 dollars multiplied by the number of certain policies or contracts of
15 insurance of the types listed in subsection (4)(e) of this section covering
16 property or risks in the state; OR

17 (II) FOR POLICIES AND CONTRACTS HELD IN CALENDAR YEARS
18 AFTER 2024 FOR WHICH FEES ARE PAID AFTER JULY 1, 2025, TEN DOLLARS
19 MULTIPLIED BY THE NUMBER OF CERTAIN POLICIES OR CONTRACTS OF
20 INSURANCE OF THE TYPES LISTED IN SUBSECTION (4)(e) OF THIS SECTION
21 COVERING PROPERTY OR RISKS IN THE STATE.

22 (c) On or before July 1, 2024, and on or before July 1 of each year
23 thereafter, ~~through 2029~~, an insurer shall:

24 (d) On or before December 31, 2023, and on or before December
25 31 each year thereafter, ~~through 2029~~, the enterprise shall compare the list
26 of insurers who paid the fee with a list compiled by the division of
27 insurance of those insurers that have policies or contracts of the types

1 listed in subsection (4)(e) of this section covering property or risks in the
2 state and shall notify the division of insurance of any insurer's failure to
3 pay the fee described in this subsection (4). Upon receiving notice of an
4 insurer's failure to pay the fee, the division of insurance shall notify the
5 insurer of the fee requirement. If the insurer fails to pay the fee within
6 fifteen days after receiving the notice, the division of insurance may
7 impose a civil penalty of not more than one hundred twenty percent of the
8 amount due. The insurer shall pay the civil penalty to the division of
9 insurance. The division of insurance shall transfer the amount received to
10 the state treasurer who shall credit the same to the fund.

11 (5) **Fund.** (c) Money in the fund is continuously appropriated to
12 the enterprise for the purposes of:

13 (II.5) MAKING TRANSFERS TO THE PRESCRIBED FIRE CLAIMS FUND
14 CREATED IN __ BILL 25-____ ;

15 (6) **Natural disaster mitigation goals.** The enterprise shall
16 administer the grant program and award grants and provide local
17 governments technical assistance on natural disaster mitigation to achieve
18 the following natural disaster mitigation goals:

19 (c) Engage in PREPAREDNESS AND mitigation activities that PLAN
20 FOR OR directly reduce risks to lives and property, are cost-effective,
21 technically feasible, science-based, ecologically sound, and
22 environmentally sound as well as allowing strategic investment of limited
23 resources and not harming ~~underserved~~ DISPROPORTIONATELY IMPACTED
24 communities;

25 (e) Utilize federal funding available for natural disaster mitigation
26 projects; and

27 (f) Support communities with limited capacity to plan, prepare,

1 and submit grant proposals under subsection (7) of this section; AND

2 (g) PROMOTE NEIGHBORHOOD-LEVEL WILDFIRE MITIGATION
3 PROJECTS THAT AIM TO ACHIEVE THE INSURANCE INSTITUTE FOR BUSINESS
4 AND HOME SAFETY STANDARDS OR SIMILAR INDUSTRY STANDARDS.

5 (7) **Grant program.** (b) The purpose of the grant program is to
6 achieve the goals specified in subsection (6) of this section by assisting
7 entities that are PLANNING FOR OR implementing disaster mitigation
8 measures THAT ADDRESS THE STATE'S KEY CLIMATE HAZARDS, THAT BUILD
9 A COMMUNITY'S CAPACITY TO IMPLEMENT DISASTER MITIGATION
10 MEASURES, or that have applied for federal grants that both require
11 matching funds and are dedicated to assisting in the PLANNING OR
12 implementation of pre-disaster natural disaster mitigation measures. The
13 board may not award grants for renewable energy generation projects,
14 resources, or technologies. The board may award grants for projects that
15 include slope stabilization, watershed restoration, fuels mitigation,
16 drought mitigation, and similar activities that directly reduce risks to
17 communities, lives, and property. The board shall establish criteria to
18 evaluate and prioritize applications for grants, based on:

19 (III) The degree to which the eligible entity's proposal
20 demonstrates benefits to ~~underserved~~ AND CONSULTATION AND
21 COLLABORATION WITH DISPROPORTIONATELY IMPACTED communities; and

22 ~~(IV) The degree to which the eligible entity's proposal~~
23 ~~demonstrates consultation and collaboration with underserved~~
24 ~~communities.~~

25 (V) FOR FUEL REDUCTION PROJECTS, ADMINISTRATIVE EFFICIENCY
26 AND SPEED OF DEPLOYMENT, WITH CONSIDERATION FOR PROJECTS THAT
27 COMPLEMENT OR RECEIVE FUNDING FROM:

1 (A) THE WILDFIRE MITIGATION CAPACITY DEVELOPMENT FUND
2 CREATED IN SECTION 24-33-117, FOR THE PURPOSES DESCRIBED IN
3 SECTION 24-33-117 (3)(b) OR (3)(e); OR

4 (B) THE FOREST RESTORATION AND WILDFIRE RISK MITIGATION
5 GRANT PROGRAM CASH FUND CREATED IN SECTION 23-31-310.

6 (d) Grant recipients shall only use the money received through the
7 grant program for PLANNING FOR OR implementing disaster mitigation
8 measures, or to offset the recipient's federal match requirement for federal
9 grants dedicated to assisting in the PLANNING OR implementation of
10 pre-disaster natural disaster mitigation measures.

11 (e) The board shall review the applications received pursuant to
12 this section and shall award:

13 (I) (A) No less than eighty-five percent of the annual fund revenue
14 for grant awards, ~~not award~~ OF WHICH AT LEAST THIRTY-FIVE PERCENT OF
15 THE GRANT MONEY AWARDED MUST SUPPORT FUELS MITIGATION; AND

16 (B) No more than fifteen percent of the annual revenue in any
17 single grant award; except that, by unanimous vote of the board, grants
18 of up to twenty-five percent of the annual revenue can be awarded in
19 exceptional circumstances;

20 (9) ~~Repeal. This section is repealed, effective January 1, 2030.~~

21 **SECTION 2. Act subject to petition - effective date.** This act
22 takes effect at 12:01 a.m. on the day following the expiration of the
23 ninety-day period after final adjournment of the general assembly; except
24 that, if a referendum petition is filed pursuant to section 1 (3) of article V
25 of the state constitution against this act or an item, section, or part of this
26 act within such period, then the act, item, section, or part will not take
27 effect unless approved by the people at the general election to be held in

- 1 November 2026 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.