

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

BILL D

LLS NO. 22-0191.01 Bob Lackner x4350

HOUSE BILL

HOUSE SPONSORSHIP

Valdez D. and Lynch, Cutter, Will

SENATE SPONSORSHIP

Simpson and Lee, Ginal, Story

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING WILDFIRE MITIGATION ASSISTANCE FOR LANDOWNERS.**

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. Section 1 of the bill establishes the wildfire mitigation resources and best practices grant program (grant program) within the Colorado state forest service (forest service). To be eligible to receive a grant, a recipient must be an agency of local government, a county, municipality, special district, a tribal agency or program, or a nonprofit organization.

The forest service is tasked with reviewing grant applications. Grants must be awarded to applicants proposing to conduct outreach

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

among landowners in high wildfire hazard areas and the forest service must consider the potential impact of the applicants' proposed outreach when awarding grants.

The forest service must report to the wildfire matters review committee on the grant program.

Section 2 repeals the existing income tax deduction created to offset the landowner's costs incurred in performing wildfire mitigation measures for the 2023 and subsequent income tax years.

Section 3 creates a state income tax credit to reimburse a landowner for the costs incurred in performing wildfire mitigation measures on the landowner's property. Specifically, a landowner with a federal taxable income at or below \$120,000 for the income tax year commencing on or after January 1, 2023, as adjusted for inflation and rounded to the nearest hundred dollar amount for each income tax year thereafter, is allowed a state income tax credit in an amount equal to 25% of up to \$2,500 in costs for wildfire mitigation measures. The maximum total credit in a taxable year is \$625.

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

SECTION 1. In Colorado Revised Statutes, **add** 23-31-310.5 as follows:

23-31-310.5. Wildfire mitigation resources and best practices grant program - creation - report - definitions - repeal. (1) THERE IS HEREBY CREATED IN THE FOREST SERVICE THE WILDFIRE MITIGATION RESOURCES AND BEST PRACTICES GRANT PROGRAM, REFERRED TO IN THIS SECTION AS THE "GRANT PROGRAM". GRANT RECIPIENTS MAY USE THE MONEY TO CONDUCT OUTREACH AMONG LANDOWNERS TO INFORM THEM OF RESOURCES AVAILABLE FOR WILDFIRE MITIGATION AND BEST PRACTICES FOR WILDFIRE MITIGATION.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "DIRECTOR" MEANS THE DIRECTOR OF THE FOREST SERVICE.

(b) "FOREST SERVICE" MEANS THE COLORADO STATE FOREST SERVICE IDENTIFIED IN SECTION 23-31-302 AND THE DIVISION OF

1 FORESTRY CREATED IN SECTION 24-33-104.

2 (3) THE FOREST SERVICE SHALL ADMINISTER THE GRANT PROGRAM
3 AND, SUBJECT TO AVAILABLE APPROPRIATIONS, SHALL AWARD GRANTS AS
4 PROVIDED IN THIS SECTION. THE FOREST SERVICE SHALL DEVELOP AND
5 PUBLISH POLICIES AND PROCEDURES TO IMPLEMENT THE GRANT PROGRAM
6 IN ACCORDANCE WITH THIS SECTION. AT A MINIMUM, THE POLICIES AND
7 PROCEDURES MUST SPECIFY THE TIME FRAMES FOR APPLYING FOR GRANTS,
8 THE FORM OF THE GRANT PROGRAM APPLICATION, AND THE GRANT
9 PROGRAM EVALUATION AND REPORTING REQUIREMENTS FOR GRANT
10 RECIPIENTS.

11 (4) TO BE ELIGIBLE TO RECEIVE A GRANT, AN ENTITY MUST BE AN
12 AGENCY OF LOCAL GOVERNMENT, A COUNTY, A MUNICIPALITY, A SPECIAL
13 DISTRICT, A TRIBAL AGENCY OR PROGRAM, OR A NONPROFIT
14 ORGANIZATION THAT IS REGISTERED AND IN GOOD STANDING WITH THE
15 SECRETARY OF STATE'S OFFICE. APPLICANTS MUST MEET ANY OTHER
16 CRITERIA SPECIFIED IN THE FOREST SERVICE'S POLICIES AND PROCEDURES.

17 (5) THE FOREST SERVICE SHALL REVIEW THE APPLICATIONS
18 RECEIVED PURSUANT TO THIS SECTION. THE FOREST SERVICE SHALL ONLY
19 AWARD GRANTS TO APPLICANTS PROPOSING TO CONDUCT OUTREACH
20 AMONG LANDOWNERS IN HIGH WILDFIRE HAZARD AREAS AND SHALL
21 CONSIDER THE POTENTIAL IMPACT OF THE APPLICANTS' PROPOSED
22 OUTREACH WHEN AWARDING GRANTS.

23 (6) SUBJECT TO AVAILABLE APPROPRIATIONS, NOT LATER THAN
24 JANUARY 1, 2024, AND ON OR BEFORE JANUARY 1 EACH YEAR
25 THEREAFTER FOR THE DURATION OF THE GRANT PROGRAM, THE DIRECTOR
26 SHALL AWARD GRANTS AS PROVIDED IN THIS SECTION. GRANTS ARE
27 AWARDED AT THE SOLE DISCRETION OF THE DIRECTOR IN ACCORDANCE

1 WITH THIS SECTION.

2 (7) ON OR BEFORE SEPTEMBER 1, 2025, AND ON OR BEFORE
3 SEPTEMBER 1 EACH YEAR THEREAFTER FOR THE DURATION OF THE GRANT
4 PROGRAM, THE FOREST SERVICE SHALL SUBMIT A REPORT TO THE WILDFIRE
5 MATTERS REVIEW COMMITTEE, OR ANY SUCCESSOR COMMITTEE, ON THE
6 GRANT PROGRAM. NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), THE
7 REPORTING REQUIREMENT CONTINUES UNTIL THE GRANT PROGRAM IS
8 REPEALED PURSUANT TO SUBSECTION (9) OF THIS SECTION.

9 (8) THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE
10 MONEY FROM THE GENERAL FUND TO THE FOREST SERVICE TO IMPLEMENT
11 THE GRANT PROGRAM. THE FOREST SERVICE MAY USE A PORTION OF THE
12 MONEY ANNUALLY APPROPRIATED FOR THE GRANT PROGRAM TO PAY THE
13 DIRECT AND INDIRECT COSTS THAT THE FOREST SERVICE INCURS TO
14 ADMINISTER THE GRANT PROGRAM.

15 (9) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2029.

16 **SECTION 2.** In Colorado Revised Statutes, 39-22-104, **amend**
17 (4)(n.5)(I)(A) and (4)(n.5)(IV) as follows:

18 **39-22-104. Income tax imposed on individuals, estates, and**
19 **trusts - single rate - report - legislative declaration - definitions -**
20 **repeal.** (4) There shall be subtracted from federal taxable income:

21 (n.5) (I) (A) For income tax years commencing on or after January
22 1, 2014, but prior to January 1, 2017, and for income tax years
23 commencing on or after January 1, 2020, but prior to ~~January 1, 2025,~~
24 JANUARY 1, 2023, an amount equal to fifty percent of a landowner's costs
25 incurred in performing wildfire mitigation measures in that income tax
26 year on his or her property located within the state; except that the amount
27 of the deduction claimed in an income tax year shall not exceed two

1 thousand five hundred dollars or the total amount of the landowner's
2 federal taxable income for the income tax year for which the deduction
3 is claimed, whichever is less.

4 (IV) This ~~paragraph (n.5)~~ SUBSECTION (4)(n.5) is repealed,
5 effective ~~January 1, 2026~~ JANUARY 1, 2025.

6 **SECTION 3.** In Colorado Revised Statutes, **add** 39-22-543 as
7 follows:

8 **39-22-543. Credit for wildfire hazard mitigation expenses -**
9 **legislative declaration - definitions - repeal.** (1) THE GENERAL
10 ASSEMBLY DECLARES THAT THE PURPOSE OF THE TAX EXPENDITURE IN
11 THIS SECTION IS TO REIMBURSE A LANDOWNER FOR THE COSTS INCURRED
12 IN PERFORMING WILDFIRE MITIGATION MEASURES ON THE LANDOWNER'S
13 PROPERTY LOCATED WITHIN THE STATE.

14 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
15 REQUIRES:

16 (a) "COSTS" MEANS ANY ACTUAL OUT-OF-POCKET EXPENSE
17 INCURRED AND PAID BY THE LANDOWNER, DOCUMENTED BY RECEIPT, FOR
18 PERFORMING WILDFIRE MITIGATION MEASURES. "COSTS" DOES NOT
19 INCLUDE ANY INSPECTION OR CERTIFICATION FEES, IN-KIND
20 CONTRIBUTIONS, DONATIONS, INCENTIVES, OR COST SHARING ASSOCIATED
21 WITH PERFORMING WILDFIRE MITIGATION MEASURES. "COSTS" DOES NOT
22 INCLUDE EXPENSES PAID BY THE LANDOWNER FROM ANY GRANTS
23 AWARDED TO THE LANDOWNER FOR PERFORMING WILDFIRE MITIGATION
24 MEASURES.

25 (b) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE
26 UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS
27 CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD FOR ALL

1 ITEMS PAID BY ALL URBAN CONSUMERS, OR ITS APPLICABLE PREDECESSOR
2 OR SUCCESSOR INDEX.

3 (c) "LANDOWNER" MEANS ANY OWNER OF RECORD OF PRIVATE
4 LAND LOCATED WITHIN THE STATE, INCLUDING ANY EASEMENT,
5 RIGHT-OF-WAY, OR ESTATE IN THE LAND, AND INCLUDES THE HEIRS,
6 SUCCESSORS, AND ASSIGNS OF SUCH LAND. "LANDOWNER" SHALL NOT
7 INCLUDE ANY PARTNERSHIP, S CORPORATION, OR OTHER SIMILAR ENTITY
8 THAT OWNS PRIVATE LAND AS AN ENTITY, UNLESS THERE IS A DWELLING
9 ON THAT LAND THAT IS DESIGNED FOR RESIDENTIAL OCCUPANCY.

10 (d) "WILDFIRE MITIGATION MEASURES" MEANS THE CREATION OF
11 A DEFENSIBLE SPACE AROUND STRUCTURES; THE ESTABLISHMENT OF FUEL
12 BREAKS; THE THINNING OF WOODY VEGETATION FOR THE PRIMARY
13 PURPOSE OF REDUCING RISK TO STRUCTURES FROM WILDLAND FIRE; OR
14 THE SECONDARY TREATMENT OF WOODY FUELS BY LOPPING AND
15 SCATTERING, PILING, CHIPPING, REMOVING FROM THE SITE, OR PRESCRIBED
16 BURNING; SO LONG AS SUCH ACTIVITIES MEET OR EXCEED ANY COLORADO
17 STATE FOREST SERVICE STANDARDS OR ANY OTHER APPLICABLE STATE
18 RULES.

19 (3) (a) IN THE CASE OF TWO TAXPAYERS FILING A JOINT RETURN,
20 THE AMOUNT OF THE CREDIT SHALL NOT EXCEED SIX HUNDRED
21 TWENTY-FIVE DOLLARS IN ANY TAXABLE YEAR. IN THE CASE OF TWO
22 TAXPAYERS WHO MAY LEGALLY FILE A JOINT RETURN BUT ACTUALLY FILE
23 SEPARATE RETURNS, ONLY ONE OF THE TAXPAYERS MAY CLAIM THE
24 CREDIT SPECIFIED IN THIS SECTION.

25 (b) IN THE CASE OF REAL PROPERTY OWNED BY TENANTS IN
26 COMMON OR JOINT TENANTS, THE CREDIT ALLOWED PURSUANT TO THIS
27 SECTION IS ONLY ALLOWED FOR ONE OF THE INDIVIDUALS OF THE

1 OWNERSHIP GROUP.

2 (4) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
3 1, 2023, BUT PRIOR TO JANUARY 1, 2026, A LANDOWNER WITH A FEDERAL
4 TAXABLE INCOME AT OR BELOW ONE HUNDRED TWENTY THOUSAND
5 DOLLARS FOR THE INCOME TAX YEAR COMMENCING ON OR AFTER
6 JANUARY 1, 2023, AS ADJUSTED FOR INFLATION AND ROUNDED TO THE
7 NEAREST HUNDRED DOLLAR AMOUNT FOR EACH INCOME TAX YEAR
8 THEREAFTER, IS ALLOWED A CREDIT AGAINST THE INCOME TAXES IMPOSED
9 BY THIS ARTICLE 22 IN AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF
10 UP TO TWO THOUSAND FIVE HUNDRED DOLLARS IN COSTS FOR WILDFIRE
11 MITIGATION MEASURES. THE MAXIMUM TOTAL CREDIT IN A TAXABLE YEAR
12 IS SIX HUNDRED TWENTY-FIVE DOLLARS.

13 (5) IF THE AMOUNT OF A CREDIT UNDER THIS SECTION EXCEEDS A
14 TAXPAYER'S ACTUAL TAX LIABILITY FOR AN INCOME TAX YEAR, THE
15 AMOUNT OF THE CREDIT NOT USED TO OFFSET THE TAXPAYER'S INCOME
16 TAX LIABILITY IS NOT REFUNDED TO THE TAXPAYER AND SHALL NOT BE
17 CARRIED FORWARD AS A TAX CREDIT AGAINST THE TAXPAYER'S INCOME
18 TAX LIABILITY IN ANY SUBSEQUENT TAX YEAR.

19 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2029.

20 **SECTION 4. Safety clause.** The general assembly hereby finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, or safety.