

SENATE COMMITTEE OF REFERENCE AMENDMENT

Committee on Finance.

SB26-049 be amended as follows:

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19 (II) THIS SUBSECTION (3)(x) IS REPEALED, EFFECTIVE DECEMBER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25 (II) THIS SUBSECTION (4)(ff) IS REPEALED, EFFECTIVE DECEMBER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
28 follows:

29 **39-22-572. Catastrophe savings account - legislative**
30 **declaration - tax preference performance statement - definitions -**
31 **repeal.**

32 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
33 REQUIRES:

34 (a) "ADMINISTRATOR" MEANS THE DEPARTMENT, A THIRD PARTY
35 SELECTED BY THE DEPARTMENT, OR A THIRD PARTY WITH THE
36 DEPARTMENT TO ADMINISTER THE SUBTRACTION CREATED IN SECTION
37 39-22-104 (4)(ff).

38 (b) "CATASTROPHE SAVINGS ACCOUNT" MEANS A REGULAR
39 SAVINGS OR MONEY MARKET ACCOUNT ESTABLISHED BY A TAXPAYER
40 EXCLUSIVELY FOR THE PURPOSE OF ACCEPTING CONTRIBUTIONS THAT

1 QUALIFY FOR THE SUBTRACTION ALLOWED BY THIS SECTION.

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

3 (d) "FORTIFIED" MEANS A HOMEBUILDING STANDARD PROGRAM

4 FROM THE INSURANCE INSTITUTE FOR BUSINESS AND HOME SAFETY OR A

5 SIMILAR ENTITY DESIGNATED BY THE ADMINISTRATOR THAT RESEARCHES

6 BUILDING MATERIALS SPECIFICALLY DESIGNED TO PREVENT DAMAGE FROM

7 NATURAL DISASTERS.

8 (e) "IMPACT-RESISTANT ROOFING MATERIALS" MEANS A ROOFING

9 MATERIAL THAT HAS BEEN TESTED AND CERTIFIED THROUGH THE

10 UNDERWRITERS LABORATORIES 2218 STANDARD FOR IMPACT RESISTANCE

11 OF PREPARED ROOF COVERING MATERIALS AS A CLASS FOUR MATERIAL

12 AND DESIGNED FOR HAIL RESISTANCE.

13 (f) "LEGAL RESIDENCE" MEANS THE RESIDENCE OF AN INDIVIDUAL

14 THAT IS THE PRINCIPAL OR PRIMARY HOME OR PLACE OF ABODE OF THE

15 INDIVIDUAL AND IS THE PLACE IN WHICH THE INDIVIDUAL'S HABITATION IS

16 FIXED. A LEGAL RESIDENCE MAY INCLUDE A HOUSE OR CONDOMINIUM. A

17 VACANT LOT OR BUSINESS ADDRESS IS NOT A LEGAL RESIDENCE.

18 (g) "NATURAL DISASTER" MEANS A HAIL, WILDFIRE, OR A

19 CATASTROPHIC WIND EVENT.

20 (h) "PROPERTY-SPECIFIC MITIGATION ACTION" MEANS A

21 SCIENCE-BASED MITIGATION ACTION AS DEMONSTRATED BY THE

22 "WILDFIRE PREPARED HOME" DESIGNATION FROM THE INSURANCE

23 INSTITUTE FOR BUSINESS AND HOME SAFETY OR BY A SIMILAR MITIGATION

24 PROGRAM THAT INCLUDES A VERIFICATION AND CERTIFICATION PROCESS

25 AS DESIGNATED BY THE ADMINISTRATOR.

26 (i) "QUALIFIED CATASTROPHE EXPENSE" MEANS THE AMOUNT PAID

27 OR INCURRED BY A QUALIFIED INDIVIDUAL:

28 (I) TO PREPARE FOR THE REPLACEMENT OR REPAIR OR TO REPLACE

29 OR REPAIR THE ROOF OF THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE IN

30 THE STATE AS A RESULT OF DAMAGE CAUSED BY A NATURAL DISASTER,

31 INCLUDING THE ANNUAL COST OF A FORTIFIED ENDORSEMENT TO

32 SUPPLEMENT AN INSURANCE POLICY;

33 (II) FOR SELF-INSURED LOSSES FROM A NATURAL DISASTER FOR

34 THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE IN THE STATE;

35 (III) TO COVER AN INSURANCE DEDUCTIBLE UNDER AN INSURANCE

36 POLICY FOR THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE IN THE STATE

37 THAT COVERS ROOF REPLACEMENT WITH IMPACT-RESISTANT ROOFING

38 MATERIALS, PROPERTY-SPECIFIC MITIGATION ACTION, OR OTHER NATURAL

39 DISASTER DAMAGE;

40 (IV) FOR MITIGATION ACTIONS WITH RESPECT TO THE QUALIFIED

41 TAXPAYER'S LEGAL RESIDENCE IN THE STATE THAT REDUCE THE RISK OF

42 NATURAL DISASTER DAMAGE;

43 (V) FOR EVALUATION SERVICES TO QUALIFY FOR A FORTIFIED

44 DESIGNATION WITH RESPECT TO THE QUALIFIED TAXPAYER'S LEGAL

1 RESIDENCE IN THE STATE; OR

2 (VI) THE COST OF COMPLETING A PROPERTY-SPECIFIC MITIGATION

3 ACTION WITH RESPECT TO THE QUALIFIED TAXPAYER'S LEGAL RESIDENCE

4 IN THE STATE.

5 (j) "QUALIFIED TAXPAYER" MEANS A RESIDENT INDIVIDUAL WHO

6 IS AN INSURANCE POLICYHOLDER FOR A LEGAL RESIDENCE IN THE STATE.

7 (2) A QUALIFIED TAXPAYER MAY ESTABLISH A CATASTROPHE

8 SAVINGS ACCOUNT. A CATASTROPHE SAVINGS ACCOUNT THAT IS

9 REGISTERED PURSUANT TO SUBSECTION (5)(a) OF THIS SECTION IS NOT

10 SUBJECT TO ATTACHMENT, LEVY, GARNISHMENT, OR LEGAL PROCESS IN

11 THE STATE. A QUALIFIED TAXPAYER MAY NOT ESTABLISH MORE THAN ONE

12 CATASTROPHE SAVINGS ACCOUNT; EXCEPT THAT TWO QUALIFIED

13 TAXPAYERS WHO MAY LEGALLY FILE A JOINT RETURN BUT WHO FILE

14 SEPARATE RETURNS AND WHO LIVE IN SEPARATE LEGAL RESIDENCES IN

15 THE STATE MAY EACH ESTABLISH A CATASTROPHE SAVINGS ACCOUNT

16 WITH RESPECT TO THEIR LEGAL RESIDENCE.

17 (3) (a) FOR INCOME TAX YEARS BEGINNING ON OR AFTER JANUARY

18 1, 2027, BUT PRIOR TO JANUARY 1, 2037, TO THE EXTENT INCLUDED IN

19 FEDERAL TAXABLE INCOME, A QUALIFIED TAXPAYER MAY SUBTRACT FROM

20 THE QUALIFIED TAXPAYER'S FEDERAL TAXABLE INCOME:

21 (I) THE AMOUNT CONTRIBUTED TO THE QUALIFIED TAXPAYER'S

22 CATASTROPHE SAVINGS ACCOUNT DURING THE INCOME TAX YEAR;

23 (II) INTEREST INCOME REALIZED DURING THE INCOME TAX YEAR

24 WITH RESPECT TO THE AMOUNT HELD IN THE QUALIFIED TAXPAYER'S

25 CATASTROPHE SAVINGS ACCOUNT; AND

26 (III) ANY SUBTRACTION CARRIED FORWARD PURSUANT TO

27 SUBSECTION (3)(c) OF THIS SECTION.

28 (b) (I) IN THE CASE OF A QUALIFIED TAXPAYER WHO FILES A SINGLE

29 RETURN OR TWO QUALIFIED TAXPAYERS WHO FILE A JOINT RETURN, THE

30 MAXIMUM AMOUNT THAT MAY BE SUBTRACTED PURSUANT TO SUBSECTION

31 (3)(a)(I) OF THIS SECTION IS FIFTY THOUSAND DOLLARS PER INCOME TAX

32 YEAR;

33 (II) (A) EXCEPT AS PROVIDED IN SUBSECTION (3)(b)(II)(B) OF THIS

34 SECTION, IN THE CASE OF TWO QUALIFIED TAXPAYERS WHO MAY LEGALLY

35 FILE A JOINT RETURN BUT WHO FILE SEPARATE RETURNS, THE MAXIMUM

36 AMOUNT THAT MAY BE SUBTRACTED BY EACH QUALIFIED TAXPAYER

37 PURSUANT TO SUBSECTION (3)(a)(I) OF THIS SECTION IS TWENTY-FIVE

38 THOUSAND DOLLARS PER TAX YEAR.

39 (B) IF THE QUALIFIED TAXPAYERS LIVE IN SEPARATE LEGAL

40 RESIDENCES IN THE STATE WITH SEPARATE CATASTROPHE SAVINGS

41 ACCOUNTS, THE MAXIMUM AMOUNT THAT MAY BE SUBTRACTED BY EACH

42 QUALIFIED TAXPAYER PURSUANT TO SUBSECTION (3)(a)(I) OF THIS

43 SECTION IS FIFTY THOUSAND DOLLARS PER TAX YEAR.

44 (c) IF THE SUBTRACTION ALLOWED BY SUBSECTIONS (3)(a)(I) AND

1 (3)(a)(II) EXCEEDS THE QUALIFIED TAXPAYER'S FEDERAL TAXABLE
2 INCOME, THE EXCESS MAY BE CARRIED FORWARD AS A SUBTRACTION FROM
3 SUBSEQUENT YEAR'S FEDERAL TAXABLE INCOME FOR A PERIOD NOT
4 EXCEEDING FIVE YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST
5 INCOME TAX YEAR POSSIBLE.

6 (4) THE QUALIFIED TAXPAYER SHALL RECAPTURE A SUBTRACTION
7 TAKEN PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION AND ADD TO THE
8 QUALIFIED TAXPAYER'S FEDERAL TAXABLE INCOME THE AMOUNT OF ANY
9 DISTRIBUTION, REFUND, OR OTHER WITHDRAWAL FROM THE QUALIFIED
10 TAXPAYER'S CATASTROPHE SAVINGS ACCOUNT DURING THE INCOME TAX
11 YEAR, EXCEPT TO THE EXTENT THE DISTRIBUTION, REFUND, OR
12 WITHDRAWAL IS USED FOR A QUALIFIED CATASTROPHE EXPENSE.

13 (5) (a) THE QUALIFIED TAXPAYER SHALL REGISTER THE
14 CATASTROPHE SAVINGS ACCOUNT ESTABLISHED PURSUANT TO
15 SUBSECTION (2) OF THIS SECTION WITH THE ADMINISTRATOR. WHEN
16 REGISTERING THE ACCOUNT, THE QUALIFIED TAXPAYER SHALL FURNISH
17 THE ADMINISTRATOR WITH THE QUALIFIED TAXPAYER'S SOCIAL SECURITY
18 NUMBER OR INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER AND ANY
19 OTHER INFORMATION REQUIRED BY THE ADMINISTRATOR. THE
20 ADMINISTRATOR SHALL CONFIRM THAT THE ACCOUNT IS A CATASTROPHE
21 SAVINGS ACCOUNT. THE QUALIFIED TAXPAYER SHALL NOTIFY THE
22 ADMINISTRATOR WITHIN NINETY DAYS AFTER THE QUALIFIED TAXPAYER
23 CLOSES THE CATASTROPHE SAVINGS ACCOUNT.

24 (b) ON OR BEFORE MARCH 31, 2028, AND EACH MARCH 31
25 THEREAFTER UNTIL MARCH 31, 2038, THE ADMINISTRATOR SHALL
26 FURNISH THE DEPARTMENT WITH A SECURE ELECTRONIC REPORT OF THE
27 NAME AND SOCIAL SECURITY NUMBER OR INDIVIDUAL TAXPAYER
28 IDENTIFICATION NUMBER OF EACH QUALIFIED TAXPAYER WITH A
29 REGISTERED CATASTROPHE SAVINGS ACCOUNT.

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

33 (A) THAT THE TAXPAYER IS A QUALIFIED TAXPAYER AND THE
34 ACCOUNT IS A CATASTROPHE SAVINGS ACCOUNT;

35 (B) THE DATES AND AMOUNTS OF CONTRIBUTIONS TO THE
36 CATASTROPHE SAVINGS ACCOUNT;

37 (C) THE AMOUNTS OF INTEREST REALIZED WITH RESPECT TO THE
38 AMOUNT HELD IN THE CATASTROPHE SAVINGS ACCOUNT AND THE DATES
39 WHEN THOSE AMOUNTS WERE REALIZED; AND

40 (D) THE DATES AND AMOUNTS OF ANY DISTRIBUTIONS, REFUNDS,
41 OR OTHER WITHDRAWALS FROM THE CATASTROPHE SAVINGS ACCOUNT
42 AND WHETHER THE AMOUNT DISTRIBUTED, REFUNDED, OR WITHDRAWN
43 WAS USED FOR A QUALIFIED CATASTROPHE EXPENSE.

44 (II) THE ADMINISTRATOR SHALL PERIODICALLY EXAMINE A

1 SAMPLE OF CATASTROPHE SAVINGS ACCOUNTS TO SUBSTANTIATE THAT
2 THE ACCOUNT IS A CATASTROPHE SAVINGS ACCOUNT, THAT THE ACCOUNT
3 HOLDER IS A QUALIFIED TAXPAYER, AND THAT THE QUALIFIED TAXPAYER
4 IS SUBTRACTING AND RECAPTURING THE CORRECT AMOUNTS PURSUANT TO
5 THIS SECTION. UPON REQUEST OF THE ADMINISTRATOR, AN ELIGIBLE
6 TAXPAYER SHALL PRODUCE THE BOOKS AND RECORDS DESCRIBED IN
7 SUBSECTION (5)(c)(I) OF THIS SECTION FOR EXAMINATION BY THE
8 ADMINISTRATOR.

9 (III) FOR THE PURPOSE OF CONDUCTING THE EXAMINATION
10 DESCRIBED IN SUBSECTION (5)(c)(II) OF THIS SECTION, THE DEPARTMENT
11 SHALL FURNISH THE ADMINISTRATOR WITH THE AMOUNTS SUBTRACTED
12 AND RECAPTURED BY EACH QUALIFIED TAXPAYER WHO IS LISTED IN THE
13 REPORT FURNISHED BY THE ADMINISTRATOR PURSUANT TO SUBSECTION
14 (5)(b) OF THIS SECTION FOR EACH TAX YEAR.

15 (IV) (A) IF THE ADMINISTRATOR DETERMINES THAT A TAXPAYER
16 IS NOT A QUALIFIED TAXPAYER, OR THAT THE ACCOUNT IS NOT A
17 CATASTROPHE SAVINGS ACCOUNT, THE ADMINISTRATOR SHALL NOTIFY
18 THE TAXPAYER IN WRITING THAT THEY ARE NOT ELIGIBLE FOR THE
19 SUBTRACTION ALLOWED BY THIS SECTION, REMOVE THE INELIGIBLE
20 TAXPAYER FROM THE LIST DESCRIBED IN SUBSECTION (5)(b) OF THIS
21 SECTION, AND PROMPTLY NOTIFY THE DEPARTMENT IN WRITING OF ITS
22 DETERMINATION.

23 (B) IF THE ADMINISTRATOR DETERMINES THAT A TAXPAYER WAS
24 NOT ELIGIBLE FOR ALL OR PART OF A SUBTRACTION CLAIMED PURSUANT TO
25 SUBSECTION (3) OF THIS SECTION, OR THAT AN AMOUNT SUBTRACTED WAS
26 SUBJECT TO RECAPTURE PURSUANT TO SUBSECTION (4) OF THIS SECTION,
27 THE ADMINISTRATOR SHALL NOTIFY THE DEPARTMENT IN WRITING OF ITS
28 DETERMINATION. THE DEPARTMENT SHALL ISSUE THE TAXPAYER A NOTICE
29 OF DEFICIENCY FOR THE UNPAID TAX OWED, TOGETHER WITH APPLICABLE
30 PENALTIES AND INTEREST, AND PROCEED TO COLLECT THE DEFICIENCY IN
31 THE SAME MANNER AS OTHER TAX DEFICIENCIES.

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

33 (I) DESIGNATE AN ACCOUNT AS A CATASTROPHE SAVINGS
34 ACCOUNT IN THE FINANCIAL INSTITUTION'S ACCOUNT CONTRACTS OR
35 SYSTEMS OR IN ANY OTHER WAY;

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

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

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

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

44 (II) DETERMINING OR ENSURING THAT MONEY IN A CATASTROPHE

1 SAVINGS ACCOUNT IS USED FOR AN ELIGIBLE EXPENSE; OR
2 (III) REPORTING OR REMITTING TAXES OR PENALTIES RELATED TO
3 A TAXPAYER'S USE OF MONEY IN A CATASTROPHE SAVINGS ACCOUNT.
4 (c) IN IMPLEMENTING THIS SECTION, THE DEPARTMENT SHALL NOT
5 ESTABLISH ANY ADMINISTRATIVE REPORTING REQUIREMENT OR OTHER
6 REQUIREMENTS OF FINANCIAL INSTITUTIONS THAT ARE OUTSIDE THE SCOPE
7 OF NORMAL ACCOUNT PROCEDURES.
8 (7) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
9 REQUIRES EACH BILL THAT CREATES A NEW TAX EXPENDITURE TO INCLUDE
10 A TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
11 LEGISLATIVE DECLARATION, THE GENERAL ASSEMBLY FINDS AND
12 DECLARES THAT:
13 (a) THE PURPOSE OF THE INCOME TAX SUBTRACTION CREATED IN
14 THIS SECTION IS TO PROVIDE TAX RELIEF FOR CERTAIN INDIVIDUALS,
15 SPECIFICALLY TAXPAYERS WHO INVEST IN NATURAL DISASTER
16 MITIGATION; AND
17 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
18 MEASURE THE EFFECTIVENESS OF THE SUBTRACTION IN ACHIEVING THE
19 PURPOSE SPECIFIED IN THIS SUBSECTION (7) BASED UPON THE AGGREGATE
20 AMOUNT OF SUBTRACTIONS CLAIMED PURSUANT TO SUBSECTION (3) OF
21 THIS SECTION NET OF THE AGGREGATE AMOUNT ADDED BACK TO A
22 TAXPAYER'S FEDERAL TAXABLE INCOME PURSUANT TO SUBSECTION (4) OF
23 THIS SECTION.
24 (8) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2047.
25 **SECTION 3.** In Colorado Revised Statutes, 39-21-113, **add** (40)
26 as follows:
27 **39-21-113. Reports and returns - rule - repeal.**
28 (40) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE
29 EXECUTIVE DIRECTOR SHALL PROVIDE TO THE ADMINISTRATOR DEFINED
30 IN SECTION 39-22-572 (1)(a) THE INFORMATION REQUIRED BY SECTION
31 39-22-572 (5)(c)(III). ANY INFORMATION PROVIDED PURSUANT TO THIS
32 SUBSECTION (40) MUST REMAIN CONFIDENTIAL, AND ALL PERSONS WHO
33 RECEIVE THIS INFORMATION ARE SUBJECT TO THE LIMITATIONS SPECIFIED
34 IN SUBSECTION (4) OF THIS SECTION AND THE PENALTIES SPECIFIED IN
35 SUBSECTION (6) OF THIS SECTION.
36 **SECTION 4. Safety clause.** The general assembly finds,
37 determines, and declares that this act is necessary for the immediate
38 preservation of the public peace, health, or safety or for appropriations for
39 the support and maintenance of the departments of the state and state
40 institutions."

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