



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-049: HOMEOWNER NATURAL DISASTER MITIGATION

Prime Sponsors:

Sen. Snyder; Frizell
Rep. Camacho

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill expands the eligible recipients for assistance from the Natural Disaster Mitigation Enterprise to include homeowners’ associations and residential homeowners, and creates an income tax deduction for contributions to a Catastrophe Savings Account.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Revenue
- TABOR Refunds

Appropriations. Costs in the Department of Public Safety are paid from a continuously appropriated fund. For FY 2026-27, the bill requires a reappropriation of \$185,200 to the Office of Information Technology.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue (General Fund)	-\$100,000	-\$200,000
State Expenditures	\$263,046	\$331,900
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$100,000	-\$200,000
Change in State FTE	0.8 FTE	1.8 FTE

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	-\$100,000	-\$200,000
Cash Funds	\$0	\$0
Total Revenue	-\$100,000	-\$200,000

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$130,369
Cash Funds	\$246,491	\$163,044
Federal Funds	\$0	\$0
Centrally Appropriated	\$16,555	\$38,487
Total Expenditures	\$263,046	\$331,900
Total FTE	0.8 FTE	1.8 FTE

Summary of Legislation

Natural Disaster Mitigation Enterprise

Under current law, only a governing subdivision of the state (e.g., local governments, special districts, school districts) is eligible to receive assistance from the Natural Disaster Mitigation Enterprise. The enterprise is funded by fees charged to insurance companies providing specific types of property and hazard insurance. The bill expands eligibility for assistance from the enterprise to include a homeowners' association (HOA) or an individual homeowner. The bill also adds new definitions for "impact-resistant roofing material" and "property specific mitigation action," linking both to existing standards developed by industry trade groups. An HOA or an individual homeowner may receive grants and assistance from the enterprise to install impact-resistant roofing and complete property-specific mitigation actions.

Catastrophe Savings Account Income Tax Deduction

For tax years 2027 through 2036, the bill creates a subtraction from income tax, up to \$50,000 per tax year, for the amount a taxpayer contributes to a savings account that the taxpayer specifically establishes to pay for future costs of natural catastrophes, and interest earned in the account. The savings account may be used to cover the amount of insurance deductibles for claims stemming from hail, wildfire, or a catastrophic wind event, uninsured losses related to these events, and property-specific mitigation actions.

State Revenue

The bill is expected to decrease state General Fund revenue by \$100,000 in FY 2026-27, a half-year impact, by \$200,000 in FY 2027-28, and by similar amounts in future years. Based on data for similar deductions available in other states, approximately 1,000 taxpayers are estimated to make qualifying contributions, totaling \$4.3 million per tax year including interest earned. To the extent that more taxpayers claim the deduction, or if the average contribution is higher than anticipated, the revenue decrease may be greater than estimated. A lower-than-expected number of claimants would result in a correspondingly lower revenue impact.

State Expenditures

The bill increases state expenditures by about \$263,000 in FY 2026-27, and by about \$332,000 in FY 2027-28. These costs are in the Department of Public Safety and the Department of Revenue, as shown in Table 2 and described in the sections below. Costs are paid from the continuously appropriated Natural Disaster Mitigation Enterprise Cash Fund and from the General Fund.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2026-27	Out Year FY 2027-28
Department of Public Safety	\$263,046	\$183,737
Department of Revenue	\$0	\$148,163
Total Costs	\$263,046	\$331,900

Department of Public Safety

The DPS will have increased costs of about \$263,000 in FY 2026-27, and about \$184,000 in FY 2027-28. These new expenditures, paid from the Natural Disaster Mitigation Enterprise Cash Fund, are displayed in Table 2A and described below.

**Table 2A
 State Expenditures
 Department of Public Safety
 Natural Disaster Mitigation Enterprise**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$53,267	\$66,584
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$7,000	\$0
Financial Accounting Reporting System (OIT)	\$100,000	\$0
Homeowner NDME Mgt System (OIT)	\$85,200	\$95,180
Centrally Appropriated Costs	\$16,555	\$20,693
Total Costs	\$263,046	\$183,737
Total FTE	0.8 FTE	1.0 FTE

Staff

The DPS will add 1.0 FTE Grants Specialist III to manage the increased volume of applications and grant awards to the expanded population of HOAs and residential homeowners. New staff will manage all pre-grant administration work such as application management, vetting eligibility of applicants, assisting with funding determinations, providing technical assistance, ensuring financial accountability, and preparing reports.

Information Technology

To manage the additional grant applications, the DPS must upgrade the existing Financial Accounting and Reporting System to include additional grant management software. Information Technology services, estimated at \$185,200, are provided by the Governor’s Office of Information Technology (OIT).

Department of Revenue

The bill increases General Fund expenditures for the Department of Revenue by about \$148,000 in FY 2027-28. Expenditures are summarized in Table 2B and described below.

**Table 2B
 State Expenditures
 Department of Revenue**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$0	\$66,592
Operating Expenses	\$0	\$1,024
Capital Outlay Costs	\$0	\$7,000
GenTax Programming	\$0	\$38,100
User Acceptance Testing	\$0	\$3,198
Data Analysis and Reporting	\$0	\$8,778
Postage	\$0	\$888
Form Changes (DPA)	\$0	\$4,789
Centrally Appropriated Costs	\$0	\$4,789
Total Costs	\$0	\$148,163
Total FTE	0.0 FTE	0.8 FTE

Staff

The DOR requires a combined 0.8 FTE, which includes 0.5 FTE tax examiners to review tax deduction claims and staff the call center to assist taxpayers with questions and 0.3 FTE tax conferee to process protests and disputes.

Software Programming and Testing

This bill increases expenditures to program, test, and update database fields in DOR's GenTax software system. Programming costs represent about 130 hours of contract programming at a rate of \$244.19 per hour. Costs for testing at the department are estimated about 155 hours of innovation, strategy, and delivery programming support at a rate of \$41 per hour, and about 78 hours of user acceptance testing at a rate of \$41 per hour.

Data Analysis and Reporting

Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document tax statistics related to the new tax policy. These costs are estimated at \$8,778, representing 231 hours for data management and reporting at \$38 per hour.

Postage and Form Changes

The DOR will have additional costs for postage to administer the tax expenditure, and must make changes to tax forms to include the new deduction and process paper returns claiming the credit. New forms are a purchased service from the Department of Personnel and Administration (DPA).

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 may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in the tables above.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by \$100,000 in FY 2026-27 and \$200,000 in FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Effective Date

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

State Appropriations

Funds in the Natural Disaster Mitigation Enterprise Cash Fund are continuously appropriated for use by the enterprise, so no change in annual appropriations is required to the Department of Public Safety. However, FY 2026-27, the DPS requires an allocation of 0.8 FTE and the Governor's Office of Information Technology requires \$185,200 in reappropriated funds.

State and Local Government Contacts

Information Technology

Regulatory Agencies

Personnel

Revenue

Public Safety

State Auditor