

**First Extraordinary Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 25B-0006.01 Richard Sweetman x4333

HOUSE BILL 25B-1003

HOUSE SPONSORSHIP

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A BILL FOR AN ACT

101 **CONCERNING ADJUSTMENTS TO THE INSURANCE PREMIUM TAX RATE**
102 **TAX EXPENDITURE FOR A HOME OFFICE OR REGIONAL HOME**
103 **OFFICE.**

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>.)

The bill, beginning in the 2026 calendar year, repeals the insurance premium tax rate tax expenditure for a home office or regional home office.

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

SENATE
2nd Reading Unamended
August 24, 2025

HOUSE
3rd Reading Unamended
August 23, 2025

HOUSE
Amended 2nd Reading
August 22, 2025

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds that, based on the office of the state auditor's 2 evaluations of the
4 reduced insurance premium tax rate for a company with a home office or
5 regional home office in Colorado, the reduced insurance premium tax rate
6 was designed to create an incentive to maintain a substantial workforce
7 presence in the state. However, even with amended criteria enacted in
8 House Bill 21-1312:

9 (a) The insurance premium tax rate tax expenditure has not met
10 its intended purpose since, as evidenced by the office of the state auditor's
11 2020 and 2025 evaluations of the tax expenditure, the hiring and
12 investment levels of the vast majority of all insurance companies claiming
13 the tax expenditure have not been substantially affected by the presence
14 of the tax expenditure; and

15 (b) In its 2025 evaluation of the insurance premium tax rate tax
16 expenditure, the office of the state auditor found that, from 2022 through
17 2024, fifteen of the eighteen insurers that claimed the tax expenditure
18 actually reduced their Colorado workforces by about four thousand three
19 hundred employees, while the tax benefit that those insurers received
20 from the tax expenditure increased by approximately seventeen million
21 five hundred thousand dollars. Moreover, the reduction in the Colorado
22 workforce of those Colorado insurers that claimed the tax expenditure
23 occurred during a period when the number of insurance jobs increased
24 nationally.

25 (2) The general assembly further finds that:

26 (a) The primary purposes of repealing the reduced insurance
27 premium tax rate for a company with a home office or regional home

1 office in Colorado are to better align the state's insurance premium tax
2 code with the tax codes of other states, so that Colorado is less of an
3 outlier regarding how insurance taxpayers compute their taxes owed, and
4 to streamline insurance premium tax statutes by eliminating a tax
5 expenditure that is not meeting its intended purpose; and

6 (b) Any revenue gain that results from the improved alignment of
7 the state's insurance premium tax code with the tax codes of other states
8 and the streamlining of the insurance premium tax statutes is:

9 (I) Incidental to the primary purpose of better aligning the state's
10 insurance premium tax code with the tax codes of other states; and

11 (II) De minimis.

12 (3) Therefore, the general assembly declares, consistent with the
13 Colorado supreme court's holding in *TABOR Found. v. Reg'l Transp.*
14 *Dist.*, 2018 CO 29, that legislation causing only an incidental and de
15 minimis tax revenue increase does not amount to a new tax or a tax policy
16 change that requires advance voter approval under section 20 of article X
17 of the Colorado constitution, the removal of the reduced insurance
18 premium tax rate for a company with a home office or regional home
19 office in Colorado is neither a new tax nor a tax policy change that
20 requires voter approval.

21 **SECTION 2.** In Colorado Revised Statutes, 10-3-209, **amend**
22 (1)(b)(I) introductory portion and (1)(b)(I)(B); and **add** (1)(b)(IV) as
23 follows:

24 **10-3-209. Tax on premiums collected - exemptions - penalties**
25 **- filing system - division to contract with third parties - rules - repeal.**

26 (1) (b) (I) The rate of tax shall be IS as follows:

27 (B) For DIRECT WRITTEN PREMIUMS IN 2025, FOR companies

1 maintaining a home office or a regional home office in this state, the rate
2 of tax on the gross amount ~~shall be~~ IS one percent. ON AND AFTER
3 JANUARY 1, 2026, THE TAX RATE IS TWO PERCENT.

4 (IV) SUBSECTIONS (1)(b)(I)(B), (1)(b)(II), (1)(b)(II.5), (1)(b)(II.7),
5 AND (1)(b)(III) OF THIS SECTION AND THIS SUBSECTION (1)(b)(IV) ARE
6 REPEALED, EFFECTIVE DECEMBER 31, 2026.

7 **SECTION 3. Safety clause.** The general assembly finds,
8 determines, and declares that this act is necessary for the immediate
9 preservation of the public peace, health, or safety or for appropriations for
10 the support and maintenance of the departments of the state and state
11 institutions.