

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

**REVISED**

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

LLS NO. 21-0031.01 Pierce Lively x2059

**HOUSE BILL 21-1208**

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**Cutter and Gray**, Bacon, Bernett, Bird, Caraveo, Froelich, Kennedy, Kipp, Lontine, McCormick, McLachlan, Michaelson Jenet, Mullica, Ortiz, Ricks, Sirota, Snyder, Sullivan, Tipper, Titone, Young

**SENATE SPONSORSHIP**

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**House Committees**

Energy & Environment  
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Appropriations

**Senate Committees**

Finance  
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**A BILL FOR AN ACT**

101      **CONCERNING THE CREATION OF AN ENTERPRISE THAT IS EXEMPT FROM**  
102                    **THE REQUIREMENTS OF SECTION 20 OF ARTICLE X OF THE STATE**  
103                    **CONSTITUTION TO ADMINISTER A FEE-BASED NATURAL DISASTER**  
104                    **MITIGATION GRANT PROGRAM.**

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**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>.)*

**Section 1** of the bill creates the natural disaster mitigation enterprise (enterprise). The enterprise collects a fee on insurance companies that offer certain insurance policies and uses the fee revenue

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.*

SENATE  
Amended 2nd Reading  
May 28, 2021

HOUSE  
3rd Reading Unamended  
May 13, 2021

HOUSE  
Amended 2nd Reading  
May 12, 2021

to finance the natural disaster mitigation grant program and provide local governments technical assistance on natural disaster mitigation. The enterprise awards natural disaster mitigation grants to assist local governments in implementing resilience and natural disaster mitigation measures and to assist entities that apply for federal grants that require matching funds and are dedicated to assisting in the implementation of pre-disaster natural disaster mitigation measures.

**Section 2** sets the fee at \$1.25 of every \$1,000 in insurance premiums collected on certain policies by the insurance companies that offer those insurance policies.

The board of directors of the enterprise shall submit a report by July 1 of each year to the committees of reference of the general assembly to which the department of public safety is assigned regarding the grant program.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add 24-33.5-1618** as  
3 follows:

4 **24-33.5-1618. Natural disaster mitigation enterprise - fund -**  
5 **goals - grant program - gifts, grants, or donations - legislative**  
6 **declaration - definitions - repeal.** (1) **Legislative declaration.** THE

7 GENERAL ASSEMBLY HEREBY:

8 (a) FINDS AND DETERMINES THAT:

9 (I) INCREASED GREENHOUSE GAS EMISSIONS AND RAPIDLY RISING  
10 TEMPERATURES RESULTING FROM HUMAN ACTIVITY ARE CHANGING THE  
11 CLIMATE IN WAYS THAT THREATEN COLORADO'S ECONOMY, THE HEALTH  
12 OF ITS RESIDENTS, AND ITS NATURAL LANDSCAPE;

13 (II) THESE TEMPERATURE INCREASES ARE ALREADY HAVING AN  
14 IMPACT ON COLORADO'S ENVIRONMENT, WITH EXTREME WILDFIRES,  
15 FLOODS, DROUGHT, EXTREME WEATHER EVENTS, AND HEAT WAVES  
16 DRAMATICALLY INCREASING IN RECENT YEARS;

17 (III) THE ECONOMIC IMPACTS OF THESE INCREASINGLY FREQUENT

1 AND SEVERE DISASTERS ARE ENORMOUS, FOR EXAMPLE WITH THE 2020  
2 WILDFIRES COSTING SEVENTY-SEVEN MILLION DOLLARS TO FIGHT  
3 THROUGH AUGUST, AND THE 2012 DROUGHT RESULTING IN LOSSES OF  
4 SEVEN HUNDRED TWENTY-SIX MILLION DOLLARS FOR THE AGRICULTURE  
5 SECTOR ALONE;

6 (IV) LOCAL GOVERNMENTS ARE ON THE FOREFRONT OF  
7 RESPONDING TO THESE CHALLENGES AND POSSESS SIGNIFICANT  
8 EXPERIENCE AND EXPERTISE IN ADDRESSING THEM;

9 (V) ALTHOUGH STATE AND FEDERAL FUNDING IS ROUTINELY MADE  
10 AVAILABLE TO HELP LOCAL COMMUNITIES WITH IMMEDIATE DISASTER  
11 RESPONSE NEEDS, THERE IS NO LONG-TERM, CONSISTENT SOURCE OF FUNDS  
12 TO SUPPORT THE INVESTMENTS NEEDED TO PREVENT DISASTERS FROM  
13 HAPPENING AND TO MAKE LOCAL COMMUNITIES MORE RESILIENT AGAINST  
14 FUTURE DISASTERS;

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

17 (VII) AS DOCUMENTED BY A 2019 REPORT FROM THE NATIONAL  
18 INSTITUTE OF BUILDING SCIENCE, THE BENEFIT OF THESE INVESTMENTS  
19 SIGNIFICANTLY EXCEED THEIR COSTS, IN SOME CASES BY RATIOS AS HIGH  
20 AS TEN TO ONE;

21 (VIII) ACCORDINGLY, FUNDING FOR ONGOING [REDACTED] DISASTER  
22 MITIGATION EFFORTS SHOULD BE RELATED TO PROPERTY AND CASUALTY  
23 INSURANCE PRODUCTS; AND

24 (b) DECLARES THAT:

25 (I) THE NATURAL DISASTER MITIGATION ENTERPRISE PROVIDES  
26 VALUABLE SERVICES, BENEFITS, AND USEFUL BUSINESS SERVICES TO  
27 INSURERS, WHEN, IN EXCHANGE FOR PAYMENT OF THE FEE DESCRIBED IN

1        SUBSECTION (4) OF THIS SECTION, THE ENTERPRISE USES THE FEES TO:

2            (A) PROVIDE GRANTS TO LOCAL GOVERNMENTS TO IMPLEMENT  
3 RESILIENCE AND NATURAL DISASTER MITIGATION MEASURES;

4            (B) ASSIST ENTITIES THAT APPLY FOR FEDERAL GRANTS  
5 DEDICATED TO ASSISTING IN THE IMPLEMENTATION OF PRE-DISASTER  
6 NATURAL DISASTER MITIGATION MEASURES BY ISSUING GRANTS TO HELP  
7 THE ENTITIES PROVIDE THE MATCHING FUNDS REQUIRED FOR THE FEDERAL  
8 GRANTS; AND

9            (C) PROVIDE LOCAL GOVERNMENTS TECHNICAL ASSISTANCE ON  
10 NATURAL DISASTER MITIGATION;

11            (II) BY PROVIDING THE BENEFITS AND SERVICES SPECIFIED IN  
12 SUBSECTION (1)(b)(I) OF THIS SECTION, THE NATURAL DISASTER  
13 MITIGATION ENTERPRISE ENGAGES IN AN ACTIVITY CONDUCTED IN THE  
14 PURSUIT OF A BENEFIT, GAIN, OR LIVELIHOOD AND THEREFORE OPERATES  
15 AS A BUSINESS;

16            (III) CONSISTENT WITH THE DETERMINATION OF THE COLORADO  
17 SUPREME COURT IN *NICHOLL V. E-470 PUBLIC HIGHWAY AUTHORITY*, 896  
18 P.2d 859 (COLO. 1995), THAT THE POWER TO IMPOSE TAXES IS  
19 INCONSISTENT WITH ENTERPRISE STATUS UNDER SECTION 20 OF ARTICLE  
20 X OF THE STATE CONSTITUTION, IT IS THE CONCLUSION OF THE GENERAL  
21 ASSEMBLY THAT THE FEE COLLECTED BY THE ENTERPRISE IS A FEE, NOT A  
22 TAX, BECAUSE THE FEE IS IMPOSED FOR THE SPECIFIC PURPOSE OF  
23 ALLOWING THE ENTERPRISE TO DEFRAY THE COSTS OF PROVIDING THE  
24 BUSINESS SERVICES SPECIFIED IN SUBSECTION (1)(b)(I) OF THIS SECTION TO  
25 INSURERS THAT PAY THE FEE AND THE FEE IS COLLECTED AT A RATE THAT  
26 IS REASONABLY CALCULATED BASED ON THE BENEFITS RECEIVED BY  
27 THOSE INSURERS;

1 (IV) SO LONG AS THE NATURAL DISASTER MITIGATION ENTERPRISE  
2 QUALIFIES AS AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X  
3 OF THE STATE CONSTITUTION, THE REVENUE FROM THE FEE COLLECTED BY  
4 THE ENTERPRISE IS NOT STATE FISCAL YEAR SPENDING, AS DEFINED IN  
5 SECTION 24-77-102 (17), OR STATE REVENUES, AS DEFINED IN SECTION  
6 24-77-103.6 (6)(c), AND DOES NOT COUNT AGAINST EITHER THE STATE  
7 FISCAL YEAR SPENDING LIMIT IMPOSED BY SECTION 20 OF ARTICLE X OF  
8 THE STATE CONSTITUTION OR THE EXCESS STATE REVENUES CAP, AS  
9 DEFINED IN SECTION 24-77-103.6 (6)(b)(I)(B); AND

10 (V) NO OTHER ENTERPRISE CREATED SIMULTANEOUSLY OR WITHIN  
11 THE PRECEDING FIVE YEARS SERVES PRIMARILY THE SAME PURPOSE AS THE  
12 NATURAL DISASTER MITIGATION ENTERPRISE AND THE NATURAL DISASTER  
13 MITIGATION ENTERPRISE WILL GENERATE REVENUE FROM FEES AND  
14 SURCHARGES OF LESS THAN ONE HUNDRED MILLION DOLLARS TOTAL IN ITS  
15 FIRST FIVE FISCAL YEARS. ACCORDINGLY, THE CREATION OF THE NATURAL  
16 DISASTER MITIGATION ENTERPRISE DOES NOT REQUIRE VOTER APPROVAL  
17 PURSUANT TO THE PROVISIONS OF SECTION 24-77-108.

18 (2) **Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT  
19 OTHERWISE REQUIRES:

20 (a) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE  
21 ENTERPRISE.

22 (b) "ELIGIBLE ENTITY" MEANS A GOVERNING SUBDIVISION OF THE  
23 STATE, INCLUDING COUNTIES, MUNICIPALITIES, SCHOOL DISTRICTS, AND  
24 SPECIAL DISTRICTS, THAT IMPLEMENTS OR INTENDS TO IMPLEMENT  
25 NATURAL DISASTER MITIGATION MEASURES, OR THAT IS APPLYING FOR A  
26 FEDERAL GRANT THAT BOTH REQUIRES MATCHING FUNDS AND IS  
27 DEDICATED TO ASSISTING IN THE IMPLEMENTATION OF PRE-DISASTER

1 NATURAL DISASTER MITIGATION MEASURES.

2 (c) "ENTERPRISE" MEANS THE NATURAL DISASTER MITIGATION  
3 ENTERPRISE CREATED IN SUBSECTION (3) OF THIS SECTION.

4 (d) "FEE" MEANS THE FEE DESCRIBED BY SUBSECTION (4) OF THIS  
5 SECTION;

6 (e) "FUND" MEANS THE NATURAL DISASTER MITIGATION CASH  
7 FUND CREATED IN SUBSECTION (5) OF THIS SECTION.

8 (f) "GRANT PROGRAM" MEANS THE NATURAL DISASTER  
9 MITIGATION GRANT PROGRAM CREATED IN SUBSECTION (7) OF THIS  
10 SECTION.

11 (g) "NATURAL DISASTER MITIGATION" MEANS TAKING MEASURES  
12 THAT REDUCE THE RISK OF LOSS OF LIFE AND PROPERTY FROM FUTURE  
13 NATURAL HAZARD DISASTERS AND DECREASING COSTS ASSOCIATED WITH  
14 DISASTER RECOVERY.

15 (3) **Enterprise.** (a) THERE IS HEREBY CREATED IN THE  
16 DEPARTMENT THE NATURAL DISASTER MITIGATION ENTERPRISE. THE  
17 ENTERPRISE IS AND OPERATES AS A GOVERNMENT-OWNED BUSINESS  
18 WITHIN THE DEPARTMENT FOR THE BUSINESS PURPOSE OF COLLECTING THE  
19 FEE CHARGED TO CERTAIN INSURERS, AND UTILIZING THE FEE REVENUE TO  
20 ADMINISTER THE GRANT PROGRAM AND TO PROVIDE LOCAL GOVERNMENTS  
21 TECHNICAL ASSISTANCE ON NATURAL DISASTER MITIGATION. THE  
22 ENTERPRISE EXERCISES ITS POWERS AND PERFORMS ITS DUTIES AND  
23 FUNCTIONS UNDER THE DEPARTMENT AS IF TRANSFERRED TO THE  
24 DEPARTMENT BY A **TYPE 2** TRANSFER, AS DEFINED IN THE  
25 "ADMINISTRATIVE ORGANIZATION ACT OF 1968", ARTICLE 1 OF THIS TITLE  
26 24.

27 (b) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR PURPOSES

1 OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT  
2 RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS  
3 THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS FROM ALL  
4 COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT  
5 CONSTITUTES AN ENTERPRISE PURSUANT TO THIS SUBSECTION (3)(b), THE  
6 ENTERPRISE IS NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE  
7 CONSTITUTION.

8 (c) THE ENTERPRISE'S PRIMARY POWERS AND DUTIES ARE TO:

9 (I) COLLECT THE FEE DESCRIBED IN SUBSECTION (4) OF THIS  
10 SECTION;

11 (II) PROMOTE NATURAL DISASTER MITIGATION BY ISSUING GRANTS  
12 AS SPECIFIED IN SUBSECTION (7) OF THIS SECTION;

13 (III) PROVIDE LOCAL GOVERNMENTS TECHNICAL ASSISTANCE ON  
14 NATURAL DISASTER MITIGATION;

15 (IV) BY RESOLUTION, AUTHORIZE AND ISSUE REVENUE BONDS  
16 THAT ARE PAYABLE ONLY FROM THE MONEY IN THE FUND, WHICH REVENUE  
17 BONDS MAY BE ISSUED TO PROMOTE THE HAZARD MITIGATION PURPOSES  
18 SPECIFIED IN THIS SUBSECTION (3)(c);

19 (V) ADOPT, AMEND, OR REPEAL POLICIES FOR THE REGULATION OF  
20 ITS AFFAIRS AND THE CONDUCT OF ITS BUSINESS CONSISTENT WITH THIS  
21 SECTION, INCLUDING ESTABLISHING APPLICATION, REVIEW, APPROVAL,  
22 REPORTING, AND OTHER REQUIREMENTS FOR GRANTS; AND

23 (VI) ENGAGE THE SERVICE OF CONTRACTORS, CONSULTANTS, AND  
24 LEGAL COUNSEL, INCLUDING THE DEPARTMENT AND THE ATTORNEY  
25 GENERAL'S OFFICE, FOR PROFESSIONAL AND TECHNICAL ASSISTANCE AND  
26 ADVICE AND TO SUPPLY OTHER SERVICES RELATED TO THE CONDUCT OF  
27 THE AFFAIRS OF THE ENTERPRISE, WITHOUT REGARD TO THE

1 "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24. THE BOARD  
2 SHALL ENCOURAGE DIVERSITY IN APPLICANTS FOR CONTRACTS AND SHALL  
3 GENERALLY AVOID USING SINGLE-SOURCE BIDS.

4 (d) THE ENTERPRISE IS GOVERNED BY A BOARD OF DIRECTORS. THE  
5 BOARD CONSISTS OF THE FOLLOWING THIRTEEN MEMBERS APPOINTED BY  
6 THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY:

7 (I) ONE MEMBER REPRESENTING THE DEPARTMENT OF PUBLIC  
8 SAFETY;

9 (II) ONE MEMBER REPRESENTING THE DEPARTMENT OF PUBLIC  
10 HEALTH AND ENVIRONMENT;

11 (III) ONE MEMBER OF THE COLORADO RESILIENCY OFFICE;

12 (IV) ONE MEMBER WHO HAS EXPERIENCE IN ENVIRONMENTAL  
13 JUSTICE AND REPRESENTING UNDERSERVED COMMUNITIES;

14 (V) FOUR MEMBERS WHO ARE REPRESENTATIVES OF LOCAL  
15 GOVERNMENTS AT LEAST ONE OF WHOM REPRESENTS A COUNTY, ONE OF  
16 WHOM REPRESENTS A MUNICIPALITY, AND ALL OF WHOM, TAKEN AS A  
17 WHOLE AND TO THE GREATEST EXTENT POSSIBLE, REPRESENT THE  
18 GEOGRAPHIC DIVERSITY OF THE STATE;

19 (VI) TWO MEMBERS WHO ARE SCIENTISTS WITH EXPERTISE IN  
20 CLIMATE-INDUCED WEATHER HAZARDS, RESILIENCE PLANNING, OR  
21 DISASTER MITIGATION; AND

22 (VII) THREE MEMBERS REPRESENTING THE INSURANCE INDUSTRY.

23 (e) THE MEMBER APPOINTED PURSUANT TO SUBSECTION (3)(d)(I)  
24 OF THIS SECTION SHALL CALL THE FIRST MEETING OF THE BOARD. THE  
25 BOARD SHALL ELECT A CHAIR FROM AMONG ITS MEMBERS TO SERVE FOR  
26 A TERM NOT TO EXCEED TWO YEARS, AS DETERMINED BY THE BOARD.

27 (f) THE TERM OF OFFICE OF BOARD MEMBERS IS FOUR YEARS;



1 EXCEPT THAT THE EXECUTIVE DIRECTOR SHALL DESIGNATE TWO MEMBERS  
2 APPOINTED PURSUANT TO SUBSECTION (3)(d)(V) OF THIS SECTION, ONE OF  
3 THE MEMBERS APPOINTED PURSUANT TO SUBSECTION (3)(d)(VI) OF THIS  
4 SECTION, AND THREE OF THE MEMBERS APPOINTED TO SUBSECTIONS  
5 (3)(d)(I), (3)(d)(II), (3)(d)(IV), AND (3)(d)(VII) TO SERVE INITIAL TERMS  
6 OF TWO YEARS.

7 (g) A VACANCY ON THE BOARD IS FILLED IN THE SAME MANNER AS  
8 THE ORIGINAL APPOINTMENT WAS MADE. A PERSON APPOINTED TO FILL A  
9 VACANCY SERVES FOR THE REMAINDER OF THE UNEXPIRED TERM.

10 (h) THE BOARD SHALL MEET AT LEAST QUARTERLY AND THE CHAIR  
11 MAY CALL ADDITIONAL MEETINGS AS NECESSARY FOR THE BOARD TO  
12 COMPLETE ITS DUTIES.

13 (i) EACH MEMBER OF THE BOARD IS ENTITLED TO RECEIVE FROM  
14 MONEY IN THE FUND A PER DIEM ALLOWANCE OF FIFTY DOLLARS FOR EACH  
15 DAY SPENT ATTENDING OFFICIAL BOARD MEETINGS.

16 (4) **Fee.** (a) EACH INSURER THAT HAS A POLICY OR CONTRACT OF  
17 INSURANCE OF THE TYPES LISTED IN SUBSECTION (4)(e) OF THIS SECTION  
18 COVERING PROPERTY OR RISKS IN THE STATE SHALL PAY A FEE IMPOSED  
19 AND COLLECTED BY THE ENTERPRISE. THE ENTERPRISE SHALL TRANSMIT  
20 ANY FEE COLLECTED IN ACCORDANCE WITH THIS SUBSECTION (4) TO THE  
21 STATE TREASURER, WHO SHALL CREDIT THE SAME TO THE FUND. ANY FEE  
22 TRANSMITTED TO THE STATE TREASURER THAT IS COLLECTED ON BEHALF  
23 OF THE ENTERPRISE IS EXCLUDED FROM THE STATE'S FISCAL YEAR  
24 SPENDING. TO FUND THE ENTERPRISE. FOR EACH INSURER, THE AMOUNT OF  
25 THE FEE MUST EQUAL TWO DOLLARS MULTIPLIED BY THE NUMBER OF  
26 CERTAIN POLICIES OR CONTRACTS OF INSURANCE OF THE TYPES LISTED IN  
27 SUBSECTION (4)(e) OF THIS SECTION COVERING PROPERTY OR RISKS IN THE

1 STATE.

2 (b) ON OR BEFORE JULY 1, 2023, AN INSURER SHALL:

3 (I) PAY THE FEE FOR THE POLICIES OR CONTRACTS OF INSURANCE  
4 OF THE TYPES LISTED IN SUBSECTION (4)(e) OF THIS SECTION COVERING  
5 PROPERTY OR RISKS IN THE STATE FROM MARCH 1, 2022, THROUGH  
6 DECEMBER 31, 2022, AND HELD BY THE INSURER FROM MARCH 1, 2022,  
7 THROUGH DECEMBER 31, 2022; AND

8 (II) REPORT TO THE ENTERPRISE THE NUMBER OF POLICIES OR  
9 CONTRACTS OF INSURANCE OF THE TYPES LISTED IN SUBSECTION (4)(e) OF  
10 THIS SECTION COVERING PROPERTY OR RISKS IN THE STATE FROM MARCH  
11 1, 2022, THROUGH DECEMBER 31, 2022, AND HELD BY THE INSURER FROM  
12 MARCH 1, 2022, THROUGH DECEMBER 31, 2022.

13 (c) ON OR BEFORE JULY 1, 2024, AND ON OR BEFORE JULY 1 OF  
14 EACH YEAR THEREAFTER THROUGH 2029, AN INSURER SHALL:

15 (I) PAY THE FEE FOR THE POLICIES OR CONTRACTS OF INSURANCE  
16 OF THE TYPES LISTED IN SUBSECTION (4)(e) OF THIS SECTION COVERING  
17 PROPERTY OR RISKS IN THE STATE DURING THE PREVIOUS CALENDAR YEAR  
18 AND HELD BY THE INSURER IN THE PREVIOUS CALENDAR YEAR; AND

19 (II) REPORT TO THE ENTERPRISE THE NUMBER OF POLICIES OR  
20 CONTRACTS OF INSURANCE OF THE TYPES LISTED IN SUBSECTION (4)(e) OF  
21 THIS SECTION COVERING PROPERTY OR RISKS IN THE STATE DURING THE  
22 PREVIOUS CALENDAR YEAR AND HELD BY THE INSURER IN THE PREVIOUS  
23 CALENDAR YEAR.

24 (d) ON OR BEFORE DECEMBER 31, 2023, AND ON OR BEFORE  
25 DECEMBER 31 EACH YEAR THEREAFTER THROUGH 2029, THE ENTERPRISE  
26 SHALL COMPARE THE LIST OF INSURERS WHO PAID THE FEE WITH A LIST  
27 COMPILED BY THE DIVISION OF INSURANCE OF THOSE INSURERS THAT HAVE

1 POLICIES OR CONTRACTS OF THE TYPES LISTED IN SUBSECTION (4)(e) OF  
2 THIS SECTION COVERING PROPERTY OR RISKS IN THE STATE AND SHALL  
3 NOTIFY THE DIVISION OF INSURANCE OF ANY INSURER'S FAILURE TO PAY  
4 THE FEE DESCRIBED IN THIS SUBSECTION (4). UPON RECEIVING NOTICE OF  
5 AN INSURER'S FAILURE TO PAY THE FEE, THE DIVISION OF INSURANCE  
6 SHALL NOTIFY THE INSURER OF THE FEE REQUIREMENT. IF THE INSURER  
7 FAILS TO PAY THE FEE WITHIN FIFTEEN DAYS AFTER RECEIVING THE  
8 NOTICE, THE DIVISION OF INSURANCE MAY IMPOSE A CIVIL PENALTY OF  
9 NOT MORE THAN ONE HUNDRED TWENTY PERCENT OF THE AMOUNT DUE.  
10 THE INSURER SHALL PAY THE CIVIL PENALTY TO THE DIVISION OF  
11 INSURANCE. THE DIVISION OF INSURANCE SHALL TRANSFER THE AMOUNT  
12 RECEIVED TO THE STATE TREASURER WHO SHALL CREDIT THE SAME TO THE  
13 FUND.

14 (e) INSURANCE COMPANIES ARE LIABLE FOR THE FEE ON POLICIES  
15 OR CONTRACTS COVERING PROPERTY OR RISKS IN THE STATE OF THE  
16 FOLLOWING TYPES:

- 17 (I) FIRE;
- 18 (II) ALLIED LINES;
- 19 (III) PRIVATE CROP;
- 20 (IV) FARMERS MULTIPLE PERIL;
- 21 (V) HOMEOWNERS MULTIPLE PERIL; OR
- 22 (VI) COMMERCIAL MULTIPLE PERIL.

23 (f) EACH INSURER SUBJECT TO THE PROVISIONS OF THIS  
24 SUBSECTION (4) IS AUTHORIZED TO RECOUP THE FEE DESCRIBED IN THIS  
25 SUBSECTION (4) FROM ITS POLICY HOLDERS.

26 (g) EACH INSURER SUBJECT TO THE PROVISIONS OF THIS  
27 SUBSECTION (4) SHALL NOT RAISE ITS PREMIUMS BASED ON THE FEE

1 DESCRIBED IN THIS SUBSECTION (4).

2 (h) THE FEE DESCRIBED IN THIS SUBSECTION (4) MUST NOT BE  
3 CONSIDERED A PREMIUM FOR ANY PURPOSE, INCLUDING THE COMPUTATION  
4 OF THE GROSS PREMIUM TAX DESCRIBED IN SECTION 10-3-209 OR THE  
5 PRODUCER'S COMMISSION.

6 (i) THE ENTERPRISE SHALL ALSO ENSURE, BY LOWERING THE FEE  
7 IMPOSED BY THIS SUBSECTION (4) TO THE EXTENT NECESSARY, THAT THE  
8 TOTAL AMOUNT OF FEE REVENUE DOES NOT EXCEED ONE HUNDRED  
9 MILLION DOLLARS OVER THE FIRST FIVE FISCAL YEARS OF THE  
10 ENTERPRISE'S EXISTENCE.

11 (5) Fund. (a) THERE IS HEREBY CREATED IN THE STATE TREASURY  
12 THE NATURAL DISASTER MITIGATION CASH FUND. THE FUND CONSISTS OF  
13 MONEY CREDITED TO THE FUND PURSUANT TO SUBSECTION (4) OF THIS  
14 SECTION AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY  
15 APPROPRIATE OR TRANSFER TO THE FUND.

16 (b) THE MONEY IN THE FUND SHALL NOT BE DEPOSITED IN OR  
17 TRANSFERRED TO THE GENERAL FUND OR ANY OTHER FUND. THE STATE  
18 TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE  
19 DEPOSIT AND INVESTMENT OF MONEY IN THE FUND TO THE FUND. ANY  
20 UNENCUMBERED MONEY IN THE FUND SHALL REMAIN IN THE FUND AND  
21 SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR  
22 ANOTHER FUND.

23 (c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE  
24 ENTERPRISE FOR THE PURPOSES OF:

25 (I) ADMINISTERING THE GRANT PROGRAM AND AWARDING GRANTS  
26 IN ACCORDANCE WITH SUBSECTION (7) OF THIS SECTION;

27 (II) PROVIDING LOCAL GOVERNMENTS TECHNICAL ASSISTANCE ON

1 NATURAL DISASTER MITIGATION; AND

2 (III) FOR ANY DIRECT AND INDIRECT ADMINISTRATIVE EXPENSES  
3 INCURRED BY THE ENTERPRISE.

4 (d) THE BOARD MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS,  
5 OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF  
6 THIS SECTION, SO LONG AS THE COMBINATION OF GRANTS FROM THE STATE  
7 AND LOCAL GOVERNMENTS IS LESS THAN TEN PERCENT OF THE  
8 ENTERPRISE'S TOTAL REVENUE.

9 (6) **Natural disaster mitigation goals.** THE ENTERPRISE SHALL  
10 ADMINISTER THE GRANT PROGRAM AND AWARD GRANTS AND PROVIDE  
11 LOCAL GOVERNMENTS TECHNICAL ASSISTANCE ON NATURAL DISASTER  
12 MITIGATION TO ACHIEVE THE FOLLOWING NATURAL DISASTER MITIGATION  
13 GOALS:

14 (a) REDUCE THE NEGATIVE IMPACTS FROM FUTURE DISASTERS ON  
15 LIVES, PROPERTY, AND THE ECONOMY;

16 (b) IMPROVE THE RESILIENCE OF LOCAL COMMUNITIES GIVEN THE  
17 INCREASED FREQUENCY AND INTENSITY OF SEVERE WEATHER EVENTS  
18 RESULTING FROM CLIMATE CHANGE;

19 (c) ENGAGE IN MITIGATION ACTIVITIES THAT DIRECTLY REDUCE  
20 RISKS TO LIVES AND PROPERTY, ARE COST-EFFECTIVE, TECHNICALLY  
21 FEASIBLE, SCIENCE-BASED, ECOLOGICALLY SOUND, AND  
22 ENVIRONMENTALLY SOUND AS WELL AS ALLOWING STRATEGIC  
23 INVESTMENT OF LIMITED RESOURCES AND NOT HARMING UNDERSERVED  
24 COMMUNITIES;

25 (d) REDUCE REPETITIVE LOSSES;

26 (e) UTILIZE FEDERAL FUNDING AVAILABLE FOR NATURAL DISASTER  
27 MITIGATION PROJECTS; AND

1 (f) SUPPORT COMMUNITIES WITH LIMITED CAPACITY TO PLAN,  
2 PREPARE, AND SUBMIT GRANT PROPOSALS UNDER SUBSECTION (7) OF THIS  
3 SECTION.

4 (7) **Grant program.** (a) THE ENTERPRISE SHALL ADMINISTER THE  
5 NATURAL DISASTER MITIGATION GRANT PROGRAM AND, SUBJECT TO  
6 AVAILABLE APPROPRIATIONS AND REVENUES, SHALL AWARD GRANTS  
7 FROM THE FUND AS PROVIDED IN THIS SUBSECTION (7).

8 (b) THE PURPOSE OF THE GRANT PROGRAM IS TO ACHIEVE THE  
9 GOALS SPECIFIED IN SUBSECTION (6) OF THIS SECTION BY ASSISTING  
10 ENTITIES THAT ARE IMPLEMENTING DISASTER MITIGATION MEASURES,  
11 OR THAT HAVE APPLIED FOR FEDERAL GRANTS THAT BOTH REQUIRE  
12 MATCHING FUNDS AND ARE DEDICATED TO ASSISTING IN THE  
13 IMPLEMENTATION OF PRE-DISASTER NATURAL DISASTER MITIGATION  
14 MEASURES. THE BOARD MAY NOT AWARD GRANTS FOR RENEWABLE  
15 ENERGY GENERATION PROJECTS, RESOURCES, OR TECHNOLOGIES. THE  
16 BOARD MAY AWARD GRANTS FOR PROJECTS THAT INCLUDE SLOPE  
17 STABILIZATION, WATERSHED RESTORATION, FUELS MITIGATION, DROUGHT  
18 MITIGATION, AND SIMILAR ACTIVITIES THAT DIRECTLY REDUCE RISKS TO  
19 COMMUNITIES, LIVES, AND PROPERTY. THE BOARD SHALL ESTABLISH  
20 CRITERIA TO EVALUATE AND PRIORITIZE APPLICATIONS FOR GRANTS,  
21 BASED ON:

22 (I) IN THE CASE OF AN ELIGIBLE ENTITY THAT IS APPLYING FOR A  
23 FEDERAL GRANT THAT BOTH REQUIRES MATCHING FUNDS AND IS  
24 DEDICATED TO ASSISTING IN THE IMPLEMENTATION OF PRE-DISASTER  
25 NATURAL DISASTER MITIGATION MEASURES, THE FEDERAL EMERGENCY  
26 MANAGEMENT AGENCY'S STANDARDIZED BENEFIT-COST ANALYSIS IN  
27 ACCORDANCE WITH CURRENT PUBLISHED FEDERAL GUIDANCE; A

1 DIFFERENT METHODOLOGY MAY ONLY BE USED WHEN IT ADDRESSES A  
2 NONCORRECTABLE FLAW IN THE FEDERAL EMERGENCY MANAGEMENT  
3 AGENCY'S APPROVED METHODOLOGY, AS IDENTIFIED BY THE BOARD;

4 (II) THE FINANCIAL NEED OF THE ELIGIBLE ENTITY; █

5 (III) THE DEGREE TO WHICH THE ELIGIBLE ENTITY'S PROPOSAL  
6 DEMONSTRATES BENEFITS TO UNDERSERVED COMMUNITIES; AND

7 (IV) THE DEGREE TO WHICH THE ELIGIBLE ENTITY'S PROPOSAL  
8 DEMONSTRATES CONSULTATION AND COLLABORATION WITH  
9 UNDERSERVED COMMUNITIES.

10 (c) AN ELIGIBLE ENTITY MAY SUBMIT AN APPLICATION TO THE  
11 ENTERPRISE FOR A GRANT PURSUANT TO THE POLICIES AND PROCEDURES  
12 SPECIFIED BY THE BOARD.

13 (d) GRANT RECIPIENTS SHALL ONLY USE THE MONEY RECEIVED  
14 THROUGH THE GRANT PROGRAM FOR IMPLEMENTING █ DISASTER  
15 MITIGATION MEASURES, OR TO OFFSET THE RECIPIENT'S FEDERAL MATCH  
16 REQUIREMENT FOR FEDERAL GRANTS DEDICATED TO ASSISTING IN THE  
17 IMPLEMENTATION OF PRE-DISASTER NATURAL DISASTER MITIGATION  
18 MEASURES.

19 (e) THE BOARD SHALL REVIEW THE APPLICATIONS RECEIVED  
20 PURSUANT TO THIS SECTION AND SHALL AWARD:

21 (I) NO LESS THAN EIGHTY-FIVE PERCENT OF THE ANNUAL FUND  
22 REVENUE FOR GRANT AWARDS NOR AWARD MORE THAN FIFTEEN PERCENT  
23 OF THE ANNUAL REVENUE IN ANY SINGLE GRANT AWARD; EXCEPT THAT,  
24 BY UNANIMOUS VOTE OF THE BOARD, GRANTS OF UP TO TWENTY-FIVE  
25 PERCENT OF THE ANNUAL REVENUE CAN BE AWARDED IN EXCEPTIONAL  
26 CIRCUMSTANCES;

27 (II) NO MORE THAN TEN PERCENT OF THE ANNUAL FUND REVENUE

1 FOR TECHNICAL ASSISTANCE TO SUPPORT COMMUNITIES WITH LIMITED  
2 CAPACITY TO PLAN, PREPARE, AND SUBMIT GRANT PROPOSALS; AND

3 (III) NO MORE THAN FIVE PERCENT OF THE ANNUAL FUND REVENUE  
4 FOR ADMINISTERING THE GRANT PROGRAM AND AWARDED GRANTS IN  
5 ACCORDANCE WITH THIS SUBSECTION (7).

6 (f) (I) A GRANTEE SHALL REPORT QUARTERLY TO THE BOARD ON  
7 THE PROGRESS OF THE PROJECT FINANCED BY THE GRANT PURSUANT TO  
8 TERMS SPECIFIED IN THE GRANT AWARD AGREEMENT.

9 (II) THE BOARD SHALL DEVELOP A POLICY REGARDING A  
10 GRANTEE'S NONCOMPLIANCE WITH THE GRANT AGREEMENT ENTERED INTO  
11 BY THE GRANTEE AND THE BOARD, WHICH POLICY MAY INCLUDE A  
12 MECHANISM FOR THE BOARD TO CONVERT THE GRANTEE'S GRANT TO A  
13 LOAN WITH INTEREST.

14 (g) FOR GRANTEES BEING AWARDED FUNDS FOR USE AS A FEDERAL  
15 MATCH, THE AWARD OF ANY GRANT UNDER THIS SUBSECTION (7) IS  
16 CONTINGENT UPON THE APPLICANT BEING AWARDED THE FEDERAL GRANT  
17 THAT THE APPLICANT SOUGHT ASSISTANCE WITH IN ITS GRANT  
18 APPLICATION. GRANTEES MUST COMPLY WITH THE REQUIREMENTS OF ANY  
19 FEDERAL GRANTS THEY RECEIVE PURSUANT TO THIS SECTION.

20 (8) **Reporting.** NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I),  
21 THE BOARD SHALL SUBMIT A REPORT BY JULY 1 OF EACH YEAR TO THE  
22 COMMITTEES OF REFERENCE OF THE GENERAL ASSEMBLY TO WHICH THE  
23 DEPARTMENT IS ASSIGNED PURSUANT TO SECTION 2-7-204 (1). THE  
24 REPORT MUST INCLUDE:

25 (a) THE UNOBLIGATED BALANCE OF THE FUND, THE NUMBER OF  
26 GRANT APPLICATIONS, AND THE NUMBER AND VALUE OF GRANTS  
27 AWARDED;



1 (b) THE ELIGIBLE ENTITIES THAT HAVE APPLIED FOR A GRANT, THE  
2 ACTIONS TAKEN BY EACH GRANTEE, OTHER MEASUREMENTS OF SUCCESS,  
3 AND THE AMOUNT OF GRANT MONEY DISTRIBUTED TO EACH GRANTEE;

4 (c) THE PROGRESS TOWARD ACHIEVEMENT OF THE NATURAL  
5 DISASTER MITIGATION GOALS SPECIFIED IN SUBSECTION (6) OF THIS  
6 SECTION AND THE PRIMARY FACTORS FACILITATING AND INHIBITING THAT  
7 PROGRESS; AND

8 (d) ANY SUGGESTED LEGISLATION OR POLICY CHANGES.

9 (9) **Repeal.** THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1,  
10 2030.

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12 **SECTION 2. Act subject to petition - effective date.** This act  
13 takes effect at 12:01 a.m. on the day following the expiration of the  
14 ninety-day period after final adjournment of the general assembly; except  
15 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
16 of the state constitution against this act or an item, section, or part of this  
17 act within such period, then the act, item, section, or part will not take  
18 effect unless approved by the people at the general election to be held in  
19 November 2022 and, in such case, will take effect on the date of the  
20 official declaration of the vote thereon by the governor.