

First Regular Session
Seventy-third General Assembly
STATE OF COLORADO

DRAFT
12.30.20

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LLS NO. 21-0031.01 Pierce Lively x2059

HOUSE BILL

HOUSE SPONSORSHIP

Cutter,

SENATE SPONSORSHIP

(None),

BILL TOPIC: "Natural Disaster Mitigation Enterprise"

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.

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

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

to finance the natural disaster mitigation grant program, provide public education on the importance of insurance in buying down risk and for the continuity of business operations, and provide local governments technical information and support 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 .05% of the insurance premiums collected by insurance companies that offer certain 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.

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

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

24-33.5-1618. Natural disaster mitigation enterprise - fund - goals - grant program - gifts, grants, or donations - legislative declaration - definitions. (1) **Legislative declaration.** THE GENERAL ASSEMBLY HEREBY:

(a) FINDS AND DETERMINES THAT:

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

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

(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 NOT ONLY MAKE THESE
16 COMMUNITIES MORE RESILIENT, IT WILL DECREASE LOSSES THAT WOULD
17 OTHERWISE BE LARGELY PAID BY INSURERS; AND

18 (VII) ACCORDINGLY, FUNDING FOR ONGOING CLIMATE RESILIENCE
19 AND DISASTER MITIGATION EFFORTS SHOULD BE RELATED TO PROPERTY
20 AND CASUALTY INSURANCE PRODUCTS; AND

21 (b) DECLARES THAT:

22 (I) THE NATURAL DISASTER MITIGATION ENTERPRISE PROVIDES
23 VALUABLE SERVICES, BENEFITS, AND USEFUL BUSINESS SERVICES TO
24 INSURERS, WHEN, IN EXCHANGE FOR PAYMENT OF THE FEE DESCRIBED IN
25 SECTION 10-4-122, THE ENTERPRISE USES THE FEES TO:

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

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

6 (C) PROVIDE PUBLIC EDUCATION ON THE IMPORTANCE OF
7 INSURANCE IN BUYING DOWN RISK AND FOR THE CONTINUITY OF BUSINESS
8 OPERATIONS; AND

9 (D) PROVIDE LOCAL GOVERNMENTS TECHNICAL INFORMATION AND
10 SUPPORT ON 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 RATES THAT
26 ARE REASONABLY CALCULATED BASED ON THE BENEFITS RECEIVED BY
27 THOSE INSURERS; AND

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 FEES COLLECTED
4 BY 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).

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

12 (a) "BOARD" MEANS THE BOARD OF DIRECTORS OF THE
13 ENTERPRISE.

14 (b) "ELIGIBLE ENTITY" MEANS A STATE AGENCY OR POLITICAL
15 SUBDIVISION OF THE STATE THAT IS IMPLEMENTING CLIMATE RESILIENCE
16 AND NATURAL DISASTER MITIGATION MEASURES, OR THAT IS APPLYING
17 FOR A FEDERAL GRANT THAT BOTH REQUIRES MATCHING FUNDS AND IS
18 DEDICATED TO ASSISTING IN THE IMPLEMENTATION OF PRE-DISASTER
19 NATURAL DISASTER MITIGATION MEASURES.

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

22 (d) "FEE" MEANS THE FEE IMPOSED BY SECTION 10-4-122;

23 (e) "FUND" MEANS THE NATURAL DISASTER MITIGATION CASH
24 FUND CREATED IN SUBSECTION (4) OF THIS SECTION.

25 (f) "GRANT PROGRAM" MEANS THE NATURAL DISASTER
26 MITIGATION GRANT PROGRAM CREATED IN SUBSECTION (6) OF THIS
27 SECTION.

1 (g) "NATURAL DISASTER MITIGATION" MEANS TAKING MEASURES
2 THAT REDUCE THE RISK OF LOSS OF LIFE AND PROPERTY FROM FUTURE
3 NATURAL HAZARD DISASTERS AND DECREASING COSTS ASSOCIATED WITH
4 DISASTER RECOVERY.

5 (3) **Enterprise.** (a) THERE IS HEREBY CREATED IN THE
6 DEPARTMENT THE NATURAL DISASTER MITIGATION ENTERPRISE. THE
7 ENTERPRISE IS AND OPERATES AS A GOVERNMENT-OWNED BUSINESS
8 WITHIN THE DEPARTMENT FOR THE BUSINESS PURPOSE OF COLLECTING THE
9 FEE CHARGED TO CERTAIN INSURERS, AND UTILIZING THE FEE REVENUE TO
10 ADMINISTER THE GRANT PROGRAM, TO PROVIDE PUBLIC EDUCATION ON
11 THE IMPORTANCE OF INSURANCE IN BUYING DOWN RISK AND FOR THE
12 CONTINUITY OF BUSINESS OPERATIONS, AND TO PROVIDE LOCAL
13 GOVERNMENTS TECHNICAL INFORMATION AND SUPPORT ON NATURAL
14 DISASTER MITIGATION. THE ENTERPRISE EXERCISES ITS POWERS AND
15 PERFORMS ITS DUTIES AND FUNCTIONS UNDER THE DEPARTMENT AS IF
16 TRANSFERRED TO THE DEPARTMENT BY A **TYPE 2** TRANSFER, AS DEFINED
17 IN THE "ADMINISTRATIVE ORGANIZATION ACT OF 1968", ARTICLE 1 OF
18 THIS TITLE 24. <{*Would you prefer a type 1 transfer?*}>

19 (b) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR PURPOSES
20 OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT
21 RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS
22 THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS FROM ALL
23 COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT
24 CONSTITUTES AN ENTERPRISE PURSUANT TO THIS SUBSECTION (3)(b), THE
25 ENTERPRISE IS NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE
26 CONSTITUTION.

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

1 (I) COLLECT THE FEE;

2 (II) PROMOTE NATURAL DISASTER MITIGATION BY ISSUING GRANTS
3 AS SPECIFIED IN SUBSECTION (6) OF THIS SECTION;

4 (III) PROVIDE PUBLIC EDUCATION ON THE IMPORTANCE OF
5 INSURANCE IN BUYING DOWN RISK AND FOR THE CONTINUITY OF BUSINESS
6 OPERATIONS;

7 (IV) PROVIDE LOCAL GOVERNMENTS TECHNICAL INFORMATION
8 AND SUPPORT ON NATURAL DISASTER MITIGATION;

9 (V) BY RESOLUTION, AUTHORIZE AND ISSUE REVENUE BONDS THAT
10 ARE PAYABLE ONLY FROM THE MONEY IN THE FUND, WHICH REVENUE
11 BONDS MAY BE ISSUED ONLY AFTER APPROVAL BY BOTH HOUSES OF THE
12 GENERAL ASSEMBLY EITHER BY BILL OR JOINT RESOLUTION AND AFTER
13 APPROVAL BY THE GOVERNOR IN ACCORDANCE WITH SECTION 39 OF
14 ARTICLE V OF THE STATE CONSTITUTION; AND

15 (VI) ADOPT, AMEND, OR REPEAL POLICIES FOR THE REGULATION
16 OF ITS AFFAIRS AND THE CONDUCT OF ITS BUSINESS CONSISTENT WITH THIS
17 SECTION, INCLUDING ESTABLISHING APPLICATION, REVIEW, APPROVAL,
18 REPORTING, AND OTHER REQUIREMENTS FOR GRANTS.

19 (d) THE ENTERPRISE IS GOVERNED BY A BOARD OF DIRECTORS. THE
20 BOARD CONSISTS OF THE FOLLOWING NINE MEMBERS APPOINTED BY THE
21 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY:

22 (I) ONE MEMBER REPRESENTING THE DEPARTMENT OF PUBLIC
23 SAFETY;

24 (II) ONE MEMBER REPRESENTING THE DEPARTMENT OF PUBLIC
25 HEALTH AND ENVIRONMENT;

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

27 (IV) FOUR MEMBERS WHO ARE REPRESENTATIVES OF LOCAL

1 GOVERNMENTS AT LEAST ONE OF WHOM REPRESENTS A COUNTY, ONE OF
2 WHOM REPRESENTS A MUNICIPALITY, AND ALL OF WHOM, TO THE
3 GREATEST EXTENT POSSIBLE, REPRESENT THE GEOGRAPHIC DIVERSITY OF
4 THE STATE; AND

5 (V) TWO MEMBERS WHO ARE SCIENTISTS WITH EXPERTISE IN
6 CLIMATE-INDUCED WEATHER HAZARDS, RESILIENCE PLANNING, OR
7 DISASTER MITIGATION.

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

12 (f) THE TERM OF OFFICE OF BOARD MEMBERS IS THREE YEARS;
13 EXCEPT THAT THE INITIAL TERMS OF TWO MEMBERS APPOINTED PURSUANT
14 TO SUBSECTION (3)(d)(IV) OF THIS SECTION AND ONE OF THE MEMBERS
15 APPOINTED PURSUANT TO SUBSECTION (3)(d)(V) OF THIS SECTION ARE
16 TWO YEARS. <{How do you want to determine which local government
17 representatives and scientists shall serve the shorter initial terms?}>

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

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

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

27 (4) **Fund.** (a) THERE IS HEREBY CREATED IN THE STATE TREASURY

1 THE NATURAL DISASTER MITIGATION CASH FUND. THE FUND CONSISTS OF
2 MONEY CREDITED TO THE FUND PURSUANT TO SECTION 10-4-122 AND ANY
3 OTHER MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR
4 TRANSFER TO THE FUND.

5 (b) THE MONEY IN THE FUND SHALL NOT BE DEPOSITED IN OR
6 TRANSFERRED TO THE GENERAL FUND OR ANY OTHER FUND. THE STATE
7 TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE
8 DEPOSIT AND INVESTMENT OF MONEY IN THE FUND TO THE FUND. ANY
9 UNENCUMBERED MONEY IN THE FUND SHALL REMAIN IN THE FUND AND
10 SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR
11 ANOTHER FUND.

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

14 (I) ADMINISTERING THE GRANT PROGRAM AND AWARDED GRANTS
15 IN ACCORDANCE WITH SUBSECTION (6) OF THIS SECTION;

16 (II) PROVIDING PUBLIC EDUCATION ON THE IMPORTANCE OF
17 INSURANCE IN BUYING DOWN RISK AND FOR THE CONTINUITY OF BUSINESS
18 OPERATIONS;

19 (III) PROVIDING LOCAL GOVERNMENTS TECHNICAL INFORMATION
20 AND SUPPORT ON NATURAL DISASTER MITIGATION; AND

21 (IV) FOR ANY DIRECT AND INDIRECT ADMINISTRATIVE EXPENSES
22 INCURRED BY THE ENTERPRISE.

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

1 **(5) Natural disaster mitigation goals.** THE ENTERPRISE SHALL
2 ADMINISTER THE GRANT PROGRAM AND AWARD GRANTS, PROVIDE PUBLIC
3 EDUCATION ON THE IMPORTANCE OF INSURANCE IN BUYING DOWN RISK
4 AND FOR THE CONTINUITY OF BUSINESS OPERATIONS, AND PROVIDE LOCAL
5 GOVERNMENTS TECHNICAL INFORMATION AND SUPPORT ON NATURAL
6 DISASTER MITIGATION TO ACHIEVE THE FOLLOWING NATURAL DISASTER
7 MITIGATION GOALS:

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

10 (b) IMPROVE THE RESILIENCE OF LOCAL COMMUNITIES GIVEN THE
11 INCREASED FREQUENCY AND INTENSITY OF SEVERE WEATHER EVENTS
12 RESULTING FROM CLIMATE CHANGE;

13 (c) ENGAGE IN MITIGATION ACTIVITIES THAT ARE COST-EFFECTIVE,
14 TECHNICALLY FEASIBLE, AND ENVIRONMENTALLY SOUND AS WELL AS
15 ALLOWING STRATEGIC INVESTMENT OF LIMITED RESOURCES;

16 (d) REDUCE REPETITIVE LOSSES;

17 (e) FULLY UTILIZE FEDERAL FUNDING AVAILABLE FOR NATURAL
18 DISASTER MITIGATION PROJECTS; AND

19 (f) INCREASE COMMUNITY RESILIENCY BY BUYING DOWN RISK
20 THROUGH APPROPRIATE INSURANCE.

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

25 (b) THE PURPOSE OF THE GRANT PROGRAM IS TO ACHIEVE THE
26 GOALS SPECIFIED IN SUBSECTION (5) OF THIS SECTION BY ASSISTING
27 ENTITIES THAT ARE IMPLEMENTING CLIMATE RESILIENCE OR DISASTER

1 MITIGATION MEASURES, OR THAT HAVE APPLIED FOR FEDERAL GRANTS
2 THAT BOTH REQUIRE MATCHING FUNDS AND ARE DEDICATED TO ASSISTING
3 IN THE IMPLEMENTATION OF PRE-DISASTER NATURAL DISASTER
4 MITIGATION MEASURES. THE BOARD SHALL ESTABLISH CRITERIA TO
5 EVALUATE AND PRIORITIZE APPLICATIONS FOR GRANTS, BASED ON:

6 (I) THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S
7 STANDARDIZED BENEFIT-COST ANALYSIS IN ACCORDANCE WITH CURRENT
8 PUBLISHED FEDERAL GUIDANCE; A DIFFERENT METHODOLOGY MAY ONLY
9 BE USED WHEN IT ADDRESSES A NONCORRECTABLE FLAW IN THE FEDERAL
10 EMERGENCY MANAGEMENT AGENCY'S APPROVED METHODOLOGY, AS
11 IDENTIFIED BY THE BOARD; AND

12 (II) THE FINANCIAL NEED OF THE ELIGIBLE ENTITY.

13 (c) AN ELIGIBLE ENTITY MAY SUBMIT AN APPLICATION TO THE
14 ENTERPRISE FOR A GRANT PURSUANT TO THE POLICIES AND PROCEDURES
15 SPECIFIED BY THE BOARD.

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

22 (e) THE BOARD SHALL REVIEW THE APPLICATIONS RECEIVED
23 PURSUANT TO THIS SECTION AND SHALL NEITHER AWARD MORE THAN
24 EIGHTY PERCENT OF THE ANNUAL FUND REVENUE FOR GRANT AWARDS NOR
25 AWARD MORE THAN FIFTEEN PERCENT OF THE ANNUAL REVENUE IN ANY
26 SINGLE GRANT AWARD; EXCEPT THAT, BY UNANIMOUS VOTE OF THE
27 BOARD, GRANTS OF UP TO TWENTY-FIVE PERCENT OF THE ANNUAL

1 REVENUE CAN BE AWARDED IN EXCEPTIONAL CIRCUMSTANCES.

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

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

10 (g) FOR GRANTEES BEING AWARDED FUNDS FOR USE AS A FEDERAL
11 MATCH, THE AWARD OF ANY GRANT UNDER THIS SUBSECTION (6) IS
12 CONTINGENT UPON THE APPLICANT BEING AWARDED THE FEDERAL GRANT
13 THAT THE APPLICANT SOUGHT ASSISTANCE WITH IN ITS GRANT
14 APPLICATION. GRANTEES MUST COMPLY WITH THE REQUIREMENTS OF ANY
15 FEDERAL GRANTS THEY RECEIVE PURSUANT TO THIS SECTION.

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

21 (a) THE UNOBLIGATED BALANCE OF THE FUND, THE NUMBER OF
22 GRANT APPLICATIONS, AND THE NUMBER AND VALUE OF GRANTS
23 AWARDED;

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

27 (c) THE PROGRESS TOWARD ACHIEVEMENT OF THE NATURAL

1 DISASTER MITIGATION GOALS SPECIFIED IN SUBSECTION (5) OF THIS
2 SECTION AND THE PRIMARY FACTORS FACILITATING AND INHIBITING THAT
3 PROGRESS; AND

4 (d) ANY SUGGESTED LEGISLATION OR POLICY CHANGES.

5 <{***Do you want to set a repeal date for this program?***}>

6 **SECTION 2.** In Colorado Revised Statutes, **add** 10-4-122 as
7 follows:

8 **10-4-122. Insurers - fee - natural disaster mitigation**
9 **enterprise.** (1) IN ADDITION TO THE TAX COLLECTED UNDER SECTION
10 10-3-209 (1)(b), THE DIVISION SHALL ALSO COLLECT A FEE TO FINANCE
11 THE NATURAL DISASTER MITIGATION ENTERPRISE CREATED IN SECTION
12 24-33.5-1618 (3).

13 (2) THE FEE IS EQUAL TO FIVE HUNDREDTHS PERCENT OF THE
14 GROSS AMOUNT OF ALL PREMIUMS COLLECTED OR CONTRACTED FOR ON
15 POLICIES OR CONTRACTS OF INSURANCE COVERING PROPERTY OR RISKS IN
16 THE STATE DURING THE PREVIOUS CALENDAR YEAR, AFTER DEDUCTING
17 FROM SUCH GROSS AMOUNT THE AMOUNT RECEIVED AS REINSURANCE
18 PREMIUMS ON BUSINESS IN THE STATE AND THE AMOUNTS PAID TO
19 POLICYHOLDERS AS RETURN PREMIUMS, WHICH SHALL INCLUDE DIVIDENDS
20 OR UNABSORBED PREMIUMS OR PREMIUM DEPOSITS RETURNED OR
21 CREDITED TO POLICYHOLDERS.

22 (3) ONLY THE INSURANCE COMPANIES, AS LISTED IN THE DIVISION'S
23 COLORADO INSURANCE INDUSTRY STATISTICAL REPORT, THAT PROVIDE
24 THE FOLLOWING TYPES OF INSURANCE ARE LIABLE FOR THE FEE DESCRIBED
25 IN SUBSECTION (2) OF THIS SECTION:

26 (a) FIRE;

27 (b) ALLIED LINES;

- 1 (c) MULTIPLE PERIL CROP;
- 2 (d) PRIVATE CROP;
- 3 (e) PRIVATE FLOOD;
- 4 (f) FARMERS MULTIPLE PERIL;
- 5 (g) HOMEOWNERS MULTIPLE PERIL;
- 6 (h) COMMERCIAL MULTIPLE PERIL;
- 7 (i) EARTHQUAKE;
- 8 (j) PRIVATE PASSENGER AUTO PHYSICAL DAMAGE;
- 9 (k) AIRCRAFT; AND
- 10 (l) BOILER AND MACHINERY.

11 (4) THE DIVISION SHALL TRANSMIT ANY FEE COLLECTED IN
12 ACCORDANCE WITH THIS SECTION TO THE STATE TREASURER, WHO SHALL
13 CREDIT THE SAME TO THE NATURAL DISASTER MITIGATION CASH FUND
14 CREATED IN SECTION 24-33.5-1618 (4). ANY FEE TRANSMITTED TO THE
15 STATE TREASURER THAT IS COLLECTED ON BEHALF OF THE NATURAL
16 DISASTER MITIGATION ENTERPRISE IS EXCLUDED FROM THE STATE'S FISCAL
17 YEAR SPENDING.

18 (5) AN INSURANCE COMPANY SUBJECT TO THIS SECTION SHALL
19 TRANSMIT THE FEE PRESCRIBED IN THIS SECTION TO THE DIVISION AT THE
20 SAME TIME THAT THE INSURANCE COMPANY IS REQUIRED UNDER SECTION
21 10-3-209 (1)(b)(III) TO TRANSMIT THE TAX PRESCRIBED IN SECTION
22 10-3-209 (1)(b) TO THE DIVISION. NOTWITHSTANDING THIS SECTION, AN
23 INSURANCE COMPANY THAT PAYS QUARTERLY ESTIMATES OF THE TAX
24 PRESCRIBED IN SECTION 10-3-209 (1)(b) TO THE DIVISION IN ACCORDANCE
25 WITH SUBSECTION (3) OF THIS SECTION SHALL TRANSMIT THE FEE AT THE
26 SAME TIME TO THE DIVISION.

27 **SECTION 3. Act subject to petition - effective date.** This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly; except
3 that, if a referendum petition is filed pursuant to section 1 (3) of article V
4 of the state constitution against this act or an item, section, or part of this
5 act within such period, then the act, item, section, or part will not take
6 effect unless approved by the people at the general election to be held in
7 November 2022 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.