



Memorandum

To: Joint Budget Committee
From: Michelle Curry, JBC Staff (303-866-2062)
Date: March 30, 2026
Subject: Adjustment to OLLS 26-0912 – Disaster Emergency Fund Changes

The Committee has already approved bill number OLLS 26-0912 (Disaster Emergency Fund Changes) for introduction. The bill includes capping the DEF's unencumbered balance at \$200.0 million and institutes an automatic transfer to the General Fund if it exceeds that balance. After approval, the drafter identified an inconsistency in the bill's petition clause and the first possible transfer date. **Staff recommends adjusting the first possible transfer date to August 12, 2026 to allow for the petition clause.** Any subsequent transfer will occur at the end of the fiscal year.

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

DRAFT

LLS NO. 26-0912.01 Jacob Bennington x2371

HOUSE BILL

HOUSE SPONSORSHIP

Brown and Taggart, Sirota

SENATE SPONSORSHIP

Amabile and Kirkmeyer, Bridges

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MODIFICATIONS TO THE DISASTER EMERGENCY FUND.**

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/>.)

Joint Budget Committee. The bill makes the following changes to the disaster emergency fund:

- Requires the office of state planning and budgeting (office) to include in its quarterly reports to the joint budget committee an identification of disasters that have been closed out and the amount of unencumbered money that the office has transferred back to its original source;
- Institutes a timeline for closing out a disaster based on the

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.

- type of disaster, 3 years for a federally declared disaster or 8 years for a state-only disaster; and
- Limits the annual maximum unencumbered balance of the disaster emergency fund to \$200,000,000 and directs the office to transfer money in excess of that amount to the general on June 30, 2026, and on June 30 each year thereafter.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-33.5-703, **add**
3 (2.5) and (9) as follows:

4 **24-33.5-703. Definitions.**

5 As used in this part 7, unless the context otherwise requires:

6 (2.5) "CLOSE OUT" MEANS THE PROCESS BY WHICH:

7 (a) THE DEPARTMENT OF PUBLIC SAFETY REPORTS TO THE
8 OFFICE OF STATE PLANNING AND BUDGET THAT ALL APPLICABLE
9 ADMINISTRATIVE ACTIONS AND ALL REQUIRED WORK TO RESPOND TO
10 A SPECIFIC DISASTER ARE COMPLETE; AND

11 (b) THE OFFICE OF STATE PLANNING AND BUDGETING REMOVES
12 THE SUBACCOUNT FOR A SPECIFIC DISASTER FROM THE DISASTER
13 EMERGENCY FUND AND TRANSFERS ANY REMAINING BALANCE OF THE
14 SUBACCOUNT BACK TO THE FUND THAT WAS THE ORIGINAL SOURCE OF
15 THE MONEY.

16 (9) "UNENCUMBERED" MEANS ANY AMOUNT OF MONEY THAT
17 IS NOT RESERVED FOR RESPONSE TO A SPECIFIC DISASTER THROUGH AN
18 EXECUTIVE ORDER DECLARED BY THE GOVERNOR.

19 **SECTION 2.** In Colorado Revised Statutes, 24-33.5-706,
20 **amend** (2)(a), (7)(a)(IV), and (7)(a)(V); and **add** (2)(c), (7)(a)(VI), and
21 (9) as follows:

22 **24-33.5-706. Disaster emergency fund - established -**

1 **financing - legislative intent.**

2 (2) (a) A disaster emergency fund is hereby established. The
3 fund consists of any money appropriated by the general assembly,
4 money transferred pursuant to ~~subsections (2.5)~~ and SUBSECTION (4)(b)
5 of this section, and money to reimburse expenditures from the fund that
6 are transmitted to the state treasurer and credited to the fund. Money in
7 the disaster emergency fund shall remain in the fund until expended or
8 until transferred pursuant to subsection ~~(2.5)(e)~~, (2)(c), (4.3), (4.5), or
9 (4.7) of this section or section 24-33.5-1228 (3)(c)(III).

10 (c) THE ANNUAL UNENCUMBERED BALANCE OF THE DISASTER
11 EMERGENCY FUND SHALL NOT EXCEED TWO HUNDRED MILLION
12 DOLLARS. AFTER AUGUST 12, 2026, AND ON JUNE 30 EACH YEAR
13 THEREAFTER, THE OFFICE OF STATE PLANNING AND BUDGETING SHALL
14 TRANSFER ANY UNENCUMBERED MONEY IN THE DISASTER EMERGENCY
15 FUND IN EXCESS OF TWO HUNDRED MILLION DOLLARS TO THE GENERAL
16 FUND.

17 (7) (a) No later than September 20, 2020, the office of state
18 planning and budgeting shall submit a report to the joint budget
19 committee of the expenditures from the fund during the last twelve
20 months. Notwithstanding section 24-1-136 (11)(a), no later than the
21 twentieth day of every third month thereafter, the office shall submit a
22 report to the joint budget committee of the expenditures from the fund
23 since the last report. The office shall separately identify expenditures by
24 disaster, if there is more than one to be included in the report, and, for
25 each disaster, the office shall identify:

26 (IV) Total expenditures by state agency; ~~and~~

27 (V) A breakdown of expenditures; AND

1 (VI) DISASTERS THAT HAVE BEEN CLOSED OUT AND THE
2 AMOUNT OF UNENCUMBERED MONEY THAT THE OFFICE TRANSFERRED
3 BACK TO THE FUND THAT WAS THE ORIGINAL SOURCE OF THE MONEY.

4 (9) (a) FOR FEDERALLY DECLARED DISASTERS, WITHIN THREE
5 YEARS OF THE LAST DATE THAT REVENUE INTO THE FUND OR
6 EXPENDITURES FROM THE FUND ARE RECORDED FOR A DISASTER, THE
7 DEPARTMENT OF PUBLIC SAFETY SHALL CLOSE OUT THE EMERGENCY.

8 (b) FOR STATE-ONLY DISASTERS, WITHIN EIGHT YEARS OF THE
9 LAST DATE THAT REVENUE INTO THE FUND OR EXPENDITURES FROM
10 THE FUND ARE RECORDED FOR A DISASTER, THE DEPARTMENT OF
11 PUBLIC SAFETY SHALL CLOSE OUT THE EMERGENCY.

12 **SECTION 3. 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
15 (August 12, 2026, if adjournment sine die is on May 13, 2026); except
16 that, if a referendum petition is filed pursuant to section 1 (3) of article
17 V of the state constitution against this act or an item, section, or part of
18 this act within such period, then the act, item, section, or part will not
19 take effect unless approved by the people at the general election to be
20 held in November 2026 and, in such case, will take effect on the date of
21 the official declaration of the vote thereon by the governor.