

CHAPTER 7

INSURANCE

HOUSE BILL 25B-1003

BY REPRESENTATIVE(S) Mabrey and Boesenecker, Bacon, Brown, Camacho, Clifford, Duran, Froelich, Garcia, Lieder, Lindsay, McCormick, Sirota, Smith, Story, Titone, Willford, Zokaie, McCluskie;
also SENATOR(S) Weissman and Gonzales J., Cutter, Jodeh, Kipp, Michaelson Jenet, Sullivan, Wallace, Winter F., Coleman.

AN ACT

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

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

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

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

(b) In its 2025 evaluation of the insurance premium tax rate tax expenditure, the office of the state auditor found that, from 2022 through 2024, 15 of the 18 insurers that claimed the tax expenditure actually reduced their Colorado workforces by about 4,300 employees, while the tax benefit that those insurers received from the tax expenditure increased by approximately \$17,500,000. Moreover, the reduction in the Colorado workforce of those Colorado insurers that claimed the tax expenditure occurred during a period when the number of insurance jobs increased nationally.

(2) The general assembly further finds that:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(a) The primary purposes of repealing the reduced insurance premium tax rate for a company with a home office or regional home office in Colorado are to better align the state's insurance premium tax code with the tax codes of other states, so that Colorado is less of an outlier regarding how insurance taxpayers compute their taxes owed, and to streamline insurance premium tax statutes by eliminating a tax expenditure that is not meeting its intended purpose; and

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

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

(II) De minimis.

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

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

10-3-209. Tax on premiums collected - exemptions - penalties - filing system - division to contract with third parties - rules - repeal. (1) (b) (I) The rate of tax ~~shall be~~ is as follows:

(B) FOR DIRECT WRITTEN PREMIUMS IN 2025, FOR companies maintaining a home office or a regional home office in this state, the rate of tax on the gross amount ~~shall be~~ is one percent. ON AND AFTER JANUARY 1, 2026, THE TAX RATE IS TWO PERCENT.

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

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

Approved: August 28, 2025