



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

### HB 26-1036: LOCAL TAXES ON VACANT RESIDENTIAL PROPERTY

**Prime Sponsors:**

Rep. Titone; Velasco

**Fiscal Analyst:**

David Hansen, 303-866-2633  
david.hansen@coleg.gov

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**Fiscal note status:** The fiscal note reflects the introduced bill.

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#### Summary Information

**Overview.** The bill authorizes counties and municipalities to adopt new excise or property taxes with voter approval and to use this revenue for affordable, attainable, or workforce housing projects. The bill also allows counties and municipalities to form a local housing tax authority.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- Local Government

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## **Summary of Legislation**

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Subject to prior voter approval, the bill authorizes counties and municipalities to impose an excise tax, a property tax, or both, on vacant residential properties and to use this revenue to support affordable, attainable, or workforce housing projects. The new taxes may be imposed by counties and municipalities individually or jointly through an intergovernmental agreement creating a local housing tax authority, as allowed by the bill. The bill defines vacant residential properties as properties that are built as a place of residence, but are unoccupied. The bill specifies that vacant residential properties are not short-term rental properties. Counties, municipalities, or local housing tax authorities must establish rules and guidelines for classifying vacant residential properties that are subject to the tax, including determining the amount of time a residential property is unoccupied before it is classified as vacant.

Excise taxes and property taxes that are authorized under the bill must be collected, administered, and enforced by the implementing jurisdiction. The bill specifies that neither the Department of Revenue nor county assessors have a duty to implement the new taxes. However, county assessors may provide information and negotiate an intergovernmental agreement that provides compensation for the assessor's assistance.

Revenue from excise taxes and property taxes under the bill may be credited to the jurisdiction's general fund or to a special fund. Revenue may only be used for affordable, attainable, or workforce housing as defined by the taxing jurisdiction or based on demonstrated needs identified in a statutorily required housing needs assessment.

## **State Expenditures**

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The bill minimally increases expenditures in the Department of Local Affairs on an ongoing basis, as detailed below. In some cases, workload requirements will be conditional on the number of jurisdictions that form local housing tax authorities and those that implement local excise and ad valorem taxes under the bill.

### **Division of Property Taxation**

The bill requires the Division of Property Taxation to update manuals, teaching and training materials, and to provide technical assistance to county assessors. Increased workload is expected to be accomplished within existing appropriations.

### **Division of Local Government**

The bill minimally increases workload in the Division of Local Government in the Department of Local Affairs. The bill conditionally increases workload related to filing requirements for newly formed local housing tax authorities and the publication of local budgets. Increased workload is expected to be accomplished within existing resources.

## **Local Government**

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### **Local Government Revenue**

The bill conditionally increases revenue for counties and municipalities that receive voter approval to implement excise taxes or property taxes under the bill, either individually or jointly through a local housing tax authority, as detailed below. The amount of revenue will depend on the tax rates authorized by voters, decisions of each jurisdiction implementing the tax, and the number of unoccupied residential properties deemed vacant by the taxing jurisdiction.

#### **Excise Tax**

With voter approval, counties and municipalities that implement new excise taxes on vacant residential properties will have increased excise tax revenue under the bill. Excise taxes may be imposed and collected by counties on unincorporated areas of the county only, unless there is an intergovernmental agreement authorizing the tax within the county's municipalities. The excise tax may be a flat rate or be based on the unit type, number of bedrooms, or square footage of the unit. Tax revenue may be credited to the county or municipality's general fund or another special fund created in the treasury.

#### **Property Tax**

With voter approval, counties and municipalities that implement new ad valorem taxes on vacant residential properties will have increased property tax revenue under the bill. Tax revenue may be credited to the county or municipality's general fund or another special fund created in the treasury.

### **Local Government Expenditures**

The bill conditionally increases local government expenditures for counties and municipalities that implement new local taxes under the bill, or create local housing tax authorities. Costs may include those related to local elections, vacant residential property classification, enacting intergovernmental agreements for local housing tax authority creation, billing and collecting excise or property taxes, and supporting affordable, attainable, or workforce housing projects. Administrative costs for jurisdictions that implement new taxes or create local housing tax authorities may not be funded from the new taxes under the bill. More detail for specific local offices is included below.

## County Treasurers

Conditional on local adoption of new excise or property taxes under the bill, workload will increase for county treasurers related to billing, collection, and enforcement, both for new county taxes and for delinquent municipal taxes. Under current law, municipalities may certify unpaid taxes to county treasurers for collection through property taxes, a system that could be utilized under the bill and would increase costs for county treasurers. Current law also establishes a mechanism for municipalities to compensate counties for the extra labor. The bill extends this option for collecting delinquent taxes to newly created local housing tax authorities.

## County Assessors

The bill increases workload for county assessors' offices if they choose to assist counties and municipalities, or if counties and municipalities through agreements with the assessor, utilize assessors' resources to implement new property taxes under the bill. Although implementing new property taxes under the bill are not required for assessors' offices, under current law assessors are required to list and report various information for property taxes in general, and for municipalities that utilize counties for collecting delinquent taxes. Assessors' duties include reporting certified levies and revenues, extending municipal tax into the general total of tax, and including the municipal tax on the warrant for collection of tax or delinquent tax by the Treasurer. The amount of increased workload is conditional on the number of counties and municipalities enacting the new property taxes, on the creation of new local housing tax authorities, and the number of properties deemed vacant by local governments. In some cases, the bill may require hiring staff and updating procedures.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State and Local Government Contacts

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Counties	Municipalities
County Assessors	Property Tax Division
County Treasurers	Revenue
Information Technology	Secretary of State
Local Affairs	Special District Association