

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

ENGROSSED

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

LLS NO. 26-0482.02 Caroline Martin x5902

HOUSE BILL 26-1206

HOUSE SPONSORSHIP

Joseph,

SENATE SPONSORSHIP

Lindstedt,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING IMPROVED FUNDING TO SUPPORT AFFORDABLE HOUSING**
102 **DEVELOPMENT.**

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>.)

The bill gives city and county housing authorities (housing authority) the power to provide for the levy of a sales tax, sales and use tax, or property tax within the jurisdiction of the authority, the resulting revenue of which will be directed to the housing authority, subject to the following conditions:

- The city or county has adopted a resolution determining

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.

HOUSE
Amended 2nd Reading
April 27, 2026

that the levying of the tax will fairly distribute the costs of the housing authority's activities among the beneficiaries of the housing authority's activities and will not impose an undue burden on any particular group of people; and

- A ballot question has been submitted to a vote of the registered electors of the city or county and subsequently approved by a majority of such registered electors, and the ballot question describes the purposes for which the tax will be used by the housing authority and complies with section 20 of article X of the state constitution.

If a sales or sales and use tax is approved by the voters of a housing authority:

- The rate of the sales or sales and use tax must not exceed 1% on any transaction taxable by the state;
- The authority shall designate a liaison to coordinate with the department of revenue to implement the collection of the tax and to identify people eligible to collect the sales and use tax; and
- The tax revenue must be directed to a fund of the authority.

If an ad valorem property tax is approved by the voters of a housing authority:

- The rate of the ad valorem property tax must not exceed 5 mills on each dollar of valuation for assessment of the taxable property within the authority's jurisdiction;
- The board of county commissioners of the county in which the housing authority is located shall levy the ad valorem property tax upon the valuation for assessment of all taxable property within the authority's jurisdiction;
- The officials charged with collecting ad valorem property taxes for the county in which the housing authority is located shall collect the taxes at the time and in the form and manner and with like interest and penalties as other property taxes collected within the county;
- The property tax revenue must be directed to a fund of the authority; and
- All property tax revenue, together with interest thereon and penalties for default in payment thereof, and all costs of collecting the same shall constitute, until paid, a perpetual lien on and against the property taxed, and such lien shall be on a parity with the tax lien of other general taxes.

The bill gives county housing authorities the power to issue revenue or general obligation bonds and to pledge the authority's revenues and revenue-raising powers for the payment of such bonds.

The bill allows an urban renewal authority to enter into a shortfall guaranty contract with an urban renewal project developer (developer)

specifying that, if the tax increment revenue is insufficient to pay the indebtedness incurred by the authority that is due, the developer is obligated to make a direct payment covering the full amount of the insufficiency. A shortfall guaranty contract:

- Constitutes a lien on the urban renewal project property the same as, and equal in priority to, a tax lien;
- Has priority over any mortgage, lien that is not a tax lien, or other encumbrance;
- Constitutes a covenant running with the land for the term of the contract; and
- May be recorded against the real property upon which the urban renewal project is developed.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Access to safe, stable, and affordable housing is essential for
5 all Coloradans. Access to housing supports individual well-being, family
6 stability, workforce participation, and long-term economic growth for the
7 state.

8 (b) There is a severe housing supply shortfall in Colorado, which
9 represents the gap between the number of homes needed and those
10 available, estimated at approximately 106,000 units;

11 (c) Based on current population projections, to prevent further
12 growth of the housing supply shortfall, developers would need to
13 construct approximately 34,100 new homes annually in Colorado over the
14 next decade;

15 (d) The housing supply shortfall is particularly acute for renters
16 who earn an extremely low income (those who earn at or below 30% of
17 Area Median Income), since Colorado has a deficit of roughly 134,000
18 rental homes that are affordable for such households;

19 (e) Many households are cost-burdened, with 46.8% of renters and

1 21.5% of homeowners spending over 30% of their income on housing.
2 Only 11% of renters could afford to purchase a typical home in Colorado
3 as of 2025.

4 (f) The affordability gap is not solely due to low supply; housing
5 prices and rents have increased faster than incomes, deepening the
6 challenge of obtaining stable, affordable homes, particularly for working
7 families, seniors, and other vulnerable populations;

8 (g) The work of public housing authorities and developers is
9 essential to expanding the stock of deeply affordable housing. However,
10 current financing tools and incentive structures do not sufficiently
11 prioritize or support these entities.

12 (h) Allowing housing authorities to collect tax revenue within
13 their jurisdictions will help these mission-driven entities more quickly
14 expand the supply of deeply affordable housing.

15 (2) Therefore, the general assembly finds and declares that
16 expanding and modernizing affordable housing funding tools:

17 (a) Is a matter of mixed statewide and local concern; and

18 (b) Will increase housing availability, affordability, and stability,
19 promote equitable development, and strengthen the public benefit of
20 development investments in Colorado communities.

21 **SECTION 2.** In Colorado Revised Statutes, 29-4-209, **amend**
22 (1)(x) and (1)(y); and **add** (1)(z), (4), (5), (6), and (7) as follows:

23 **29-4-209. Powers of authority - definition.**

24 (1) An authority shall constitute a body both corporate and politic,
25 exercising public powers and having all the powers necessary or
26 convenient to carry out and effectuate the purposes and provisions of this
27 part 2, including the following powers in addition to others granted in this

1 section:

2 (x) To make available to such agencies, boards, or commissions
3 as are charged with the duty of abating nuisances or demolishing unsafe
4 structures within its territorial limits its findings and recommendations
5 with regard to any building or property where conditions exist which are
6 dangerous to the public health, morals, safety, or welfare; and

7 (y) To do all things necessary or convenient to carry out the
8 powers given in this part 2; AND

9 (z) TO PROVIDE FOR THE LEVY OF A UNIFORM SALES TAX, SALES
10 AND USE TAX, OR BOTH IN ACCORDANCE WITH SUBSECTION (4) OF THIS
11 SECTION.

12 (4) (a) IF THE AUTHORITY ADOPTS A RESOLUTION DETERMINING
13 THAT THE LEVYING OF A SALES TAX, SALES AND USE TAX, OR BOTH WILL
14 FAIRLY DISTRIBUTE THE COSTS OF THE AUTHORITY'S ACTIVITIES AMONG
15 THE BENEFICIARIES OF THE AUTHORITY'S ACTIVITIES AND WILL NOT IMPOSE
16 AN UNDUE BURDEN ON ANY PARTICULAR GROUP OF PEOPLE OR BUSINESSES
17 AND THE COUNCIL CONSENTS TO SUBMITTING A QUESTION TO THE CITY'S
18 ELECTORS, THE COUNCIL SHALL SUBMIT TO THE CITY'S REGISTERED
19 ELECTORS A BALLOT QUESTION IN THE FORM APPROVED BY THE
20 AUTHORITY AND IN COMPLIANCE WITH SECTION 20 OF ARTICLE X OF THE
21 STATE CONSTITUTION. ALL NEW TAX REVENUES GENERATED BY THE
22 APPROVAL OF THE BALLOT QUESTION ARE IRREVOCABLY PLEDGED TO THE
23 AUTHORITY FOR THE PURPOSES SET FORTH IN THE APPROVED BALLOT
24 QUESTION, EXCEPTING ONLY THOSE DE MINIMUS ADMINISTRATIVE COSTS
25 EXPENDED BY THE CITY IN PRESENTING THE BALLOT QUESTION TO THE
26 ELECTORS AND EXPENDED BY THE CITY TO PAY THE DEPARTMENT OF
27 REVENUE ITS COSTS IN THE ADMINISTRATION AND COLLECTION OF THE

1 APPROVED TAX.

2 (b) ANY SALES TAX, USE TAX, OR BOTH APPROVED PURSUANT TO
3 THIS SUBSECTION (4) MUST BE LEVIED AT A RATE DETERMINED BY THE
4 AUTHORITY NOT TO EXCEED ONE PERCENT, UPON EVERY TRANSACTION OR
5 OTHER INCIDENT WITH RESPECT TO WHICH A SALES OR USE TAX IS LEVIED
6 BY THE STATE PURSUANT TO ARTICLE 26 OF TITLE 39, EXCLUDING THE
7 SALE OR USE OF CIGARETTES.

8 (c) ANY SALES TAX, USE TAX, OR BOTH APPROVED PURSUANT TO
9 THIS SUBSECTION (4) IS IN ADDITION TO ANY OTHER SALES TAX, USE TAX,
10 OR BOTH IMPOSED PURSUANT TO LAW.

11 (d) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE
12 SHALL COLLECT, ADMINISTER, AND ENFORCE ANY SALES TAX, SALES AND
13 USE TAX, OR BOTH AUTHORIZED PURSUANT TO THIS SUBSECTION (4)
14 PURSUANT TO PART 2 OF ARTICLE 2 OF TITLE 29. NOTWITHSTANDING
15 SUBSECTION (4)(a) OF THIS SECTION, THE CITY SHALL PAY THE NET
16 INCREMENTAL COST INCURRED BY THE DEPARTMENT IN THE
17 ADMINISTRATION AND COLLECTION OF THE SALES AND USE TAX.

18 ■ ■

19 (5)(a) FOR THE PURPOSE OF DETERMINING AN AUTHORITY'S FISCAL
20 YEAR SPENDING LIMIT UNDER SECTION 20 (7)(b) OF ARTICLE X OF THE
21 STATE CONSTITUTION, THE INITIAL SPENDING BASE OF THE AUTHORITY IS
22 THE AMOUNT OF REVENUES COLLECTED BY THE AUTHORITY FROM
23 SOURCES NOT EXCLUDED FROM FISCAL YEAR SPENDING PURSUANT TO
24 SECTION 20 (2)(e) OF ARTICLE X OF THE STATE CONSTITUTION DURING THE
25 FIRST FULL FISCAL YEAR FOR WHICH THE AUTHORITY COLLECTED
26 REVENUES.

27 (b) AS USED IN THIS SUBSECTION (5), "FISCAL YEAR" MEANS ANY

1 YEAR-LONG PERIOD USED BY AN AUTHORITY FOR FISCAL ACCOUNTING
2 PURPOSES.

3 (6) THE DEPARTMENT OF REVENUE MAY SEEK, ACCEPT, AND
4 EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES
5 TO ADMINISTER A SALES OR SALES AND USE TAX THAT IS LEVIED IN
6 ACCORDANCE WITH THIS SECTION. THE DEPARTMENT OF REVENUE IS NOT
7 REQUIRED TO ADMINISTER A SALES OR SALES AND USE TAX THAT IS LEVIED
8 IN ACCORDANCE WITH THIS SECTION UNTIL THE DEPARTMENT HAS
9 RECEIVED SUFFICIENT MONEY TO DO SO. FOR STATE FISCAL YEAR 2027-28
10 AND ANY SUBSEQUENT STATE FISCAL YEAR, THE GENERAL ASSEMBLY MAY
11 APPROPRIATE MONEY FROM THE GENERAL FUND FOR THE
12 IMPLEMENTATION OF THIS SECTION.

13 (7) SUBSECTIONS (1)(z), (4), AND (5) OF THIS SECTION WILL TAKE
14 EFFECT IF THE DEPARTMENT OF REVENUE RECEIVES AN AMOUNT OF GIFTS,
15 GRANTS, AND DONATIONS SUFFICIENT TO PAY FOR THE DEPARTMENT'S
16 COSTS IN ADMINISTERING A SALES OR SALES AND USE TAX LEVIED IN
17 ACCORDANCE WITH THIS SECTION. THE EXECUTIVE DIRECTOR OF THE
18 DEPARTMENT OF REVENUE SHALL NOTIFY THE REVISOR OF STATUTES IN
19 WRITING OF THE DATE WHEN THE CONDITION SPECIFIED IN THIS
20 SUBSECTION (7) HAS OCCURRED BY EMAILING THE NOTICE TO
21 REVISOROFSTATUTES.GA@COLEG.GOV. SUBSECTIONS (1)(z), (4), AND (5)
22 OF THIS SECTION TAKE EFFECT UPON THE DATE IDENTIFIED IN THE NOTICE
23 THAT THE DEPARTMENT RECEIVED AN AMOUNT OF GIFTS, GRANTS, AND
24 DONATIONS SUFFICIENT TO PAY FOR THE DEPARTMENT'S COSTS IN
25 ADMINISTERING A SALES OR SALES AND USE TAX LEVIED IN ACCORDANCE
26 WITH THIS SECTION OR, IF THE NOTICE DOES NOT SPECIFY THAT DATE,
27 UPON THE DATE OF THE NOTICE TO THE REVISOR OF STATUTES.

1 **SECTION 3.** In Colorado Revised Statutes, 29-4-505, **amend** (1)
2 introductory portion and (1)(g); and **add** (1)(h), (1)(i), (2), (3), (4), and (5)
3 as follows:

4 **29-4-505. Powers of authority - definition.**

5 (1) A housing authority shall constitute a public body, corporate
6 and politic, exercise public and essential governmental functions, and
7 have all the powers necessary and convenient to carry out and effectuate
8 the purposes and provisions of this part 5, ~~(but not the power to levy and~~
9 ~~collect taxes or special assessments)~~ including the following powers:

10 (g) To do all acts and things necessary or convenient to carry out
11 the powers ~~given~~ AND THE PURPOSES DESCRIBED in this part 5; ~~or the~~
12 ~~purposes hereof.~~

13 (h) TO PROVIDE FOR THE LEVY OF A UNIFORM SALES TAX, SALES
14 AND USE TAX, OR BOTH IN ACCORDANCE WITH SUBSECTION (2) OF THIS
15 SECTION; AND

16 (i) TO ISSUE REVENUE OR GENERAL OBLIGATION BONDS AND TO
17 PLEDGE THE AUTHORITY'S REVENUES AND REVENUE-RAISING POWERS FOR
18 THE PAYMENT OF SUCH BONDS. SUCH BONDS MUST BE ISSUED ON THE
19 TERMS AND SUBJECT TO THE CONDITIONS SET FORTH IN SECTION 43-4-609.

20 (2) (a) IF THE HOUSING AUTHORITY ADOPTS A RESOLUTION
21 DETERMINING THAT THE LEVYING OF A SALES TAX, SALES AND USE TAX, OR
22 BOTH WILL FAIRLY DISTRIBUTE THE COSTS OF THE AUTHORITY'S ACTIVITIES
23 AMONG THE BENEFICIARIES OF THE AUTHORITY'S ACTIVITIES AND WILL
24 NOT IMPOSE AN UNDUE BURDEN ON ANY PARTICULAR GROUP OF PEOPLE OR
25 BUSINESSES AND THE BOARD CONSENTS TO SUBMITTING A QUESTION TO
26 THE COUNTY'S ELECTORS, THE COUNTY SHALL SUBMIT TO THE COUNTY'S
27 REGISTERED ELECTORS A BALLOT QUESTION IN THE FORM APPROVED BY

1 THE AUTHORITY AND IN COMPLIANCE WITH SECTION 20 OF ARTICLE X OF
2 THE STATE CONSTITUTION. ALL NEW TAX REVENUES GENERATED BY THE
3 APPROVAL OF THE BALLOT QUESTION ARE IRREVOCABLY PLEDGED TO THE
4 HOUSING AUTHORITY FOR THE PURPOSES SET FORTH IN THE APPROVED
5 BALLOT QUESTION, EXCEPTING ONLY THOSE DE MINIMUS ADMINISTRATIVE
6 COSTS EXPENDED BY THE COUNTY IN PRESENTING THE BALLOT QUESTION
7 TO THE ELECTORS AND EXPENDED BY THE COUNTY TO PAY THE
8 DEPARTMENT OF REVENUE ITS COSTS IN ADMINISTRATING THE COLLECTION
9 OF THE APPROVED TAX.

10 (b) ANY SALES TAX, USE TAX, OR BOTH APPROVED PURSUANT TO
11 THIS SUBSECTION (2) MUST BE LEVIED AT A RATE DETERMINED BY THE
12 HOUSING AUTHORITY NOT TO EXCEED ONE PERCENT, UPON EVERY
13 TRANSACTION OR OTHER INCIDENT WITH RESPECT TO WHICH A SALES OR
14 USE TAX IS LEVIED BY THE STATE PURSUANT TO ARTICLE 26 OF TITLE 39,
15 EXCLUDING THE SALE OR USE OF CIGARETTES.

16 (c) ANY SALES TAX, USE TAX, OR BOTH APPROVED PURSUANT TO
17 THIS SUBSECTION (2) IS IN ADDITION TO ANY OTHER SALES TAX, USE TAX,
18 OR BOTH IMPOSED PURSUANT TO LAW.

19 (d) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE
20 SHALL COLLECT, ADMINISTER, AND ENFORCE ANY SALES TAX, SALES AND
21 USE TAX, OR BOTH AUTHORIZED PURSUANT TO THIS SUBSECTION (2)
22 PURSUANT TO PART 2 OF ARTICLE 2 OF TITLE 29. NOTWITHSTANDING
23 SUBSECTION (2)(a) OF THIS SECTION, THE COUNTY SHALL PAY THE NET
24 INCREMENTAL COST INCURRED BY THE DEPARTMENT IN THE
25 ADMINISTRATION AND COLLECTION OF THE SALES AND USE TAX.

26

27 (3) (a) FOR THE PURPOSE OF DETERMINING AN AUTHORITY'S FISCAL

1 YEAR SPENDING LIMIT UNDER SECTION 20 (7)(b) OF ARTICLE X OF THE
2 STATE CONSTITUTION, THE INITIAL SPENDING BASE OF THE AUTHORITY IS
3 THE AMOUNT OF REVENUES COLLECTED BY THE AUTHORITY FROM
4 SOURCES NOT EXCLUDED FROM FISCAL YEAR SPENDING PURSUANT TO
5 SECTION 20 (2)(e) OF ARTICLE X OF THE STATE CONSTITUTION DURING THE
6 FIRST FULL FISCAL YEAR FOR WHICH THE AUTHORITY COLLECTED
7 REVENUES.

8 (b) AS USED IN THIS SUBSECTION (3), "FISCAL YEAR" MEANS ANY
9 YEAR-LONG PERIOD USED BY AN AUTHORITY FOR FISCAL ACCOUNTING
10 PURPOSES.

11 (4) THE DEPARTMENT OF REVENUE MAY SEEK, ACCEPT, AND
12 EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES
13 TO ADMINISTER A SALES OR SALES AND USE TAX THAT IS LEVIED IN
14 ACCORDANCE WITH THIS SECTION. THE DEPARTMENT OF REVENUE IS NOT
15 REQUIRED TO ADMINISTER A SALES OR SALES AND USE TAX THAT IS LEVIED
16 IN ACCORDANCE WITH THIS SECTION UNTIL THE DEPARTMENT HAS
17 RECEIVED SUFFICIENT MONEY TO DO SO. FOR STATE FISCAL YEAR 2027-28
18 AND ANY SUBSEQUENT STATE FISCAL YEAR, THE GENERAL ASSEMBLY MAY
19 APPROPRIATE MONEY FROM THE GENERAL FUND FOR THE
20 IMPLEMENTATION OF THIS SECTION.

21 (7) SUBSECTIONS (1)(h), (1)(i), (2), AND (3) OF THIS SECTION WILL
22 TAKE EFFECT IF THE DEPARTMENT OF REVENUE RECEIVES AN AMOUNT OF
23 GIFTS, GRANTS, AND DONATIONS SUFFICIENT TO PAY FOR THE
24 DEPARTMENT'S COSTS IN ADMINISTERING A SALES OR SALES AND USE TAX
25 LEVIED IN ACCORDANCE WITH THIS SECTION. THE EXECUTIVE DIRECTOR OF
26 THE DEPARTMENT OF REVENUE SHALL NOTIFY THE REVISOR OF STATUTES
27 IN WRITING OF THE DATE WHEN THE CONDITION SPECIFIED IN THIS

1 SUBSECTION (7) HAS OCCURRED BY EMAILING THE NOTICE TO
2 REVISOROFSTATUTES.GA@COLEG.GOV. SUBSECTIONS (1)(h), (1)(i), (2),
3 AND (3) OF THIS SECTION TAKE EFFECT UPON THE DATE IDENTIFIED IN THE
4 NOTICE THAT THE DEPARTMENT RECEIVED AN AMOUNT OF GIFTS, GRANTS,
5 AND DONATIONS SUFFICIENT TO PAY FOR THE DEPARTMENT'S COSTS IN
6 ADMINISTERING A SALES OR SALES AND USE TAX LEVIED IN ACCORDANCE
7 WITH THIS SECTION OR, IF THE NOTICE DOES NOT SPECIFY THAT DATE,
8 UPON THE DATE OF THE NOTICE TO THE REVISOR OF STATUTES.

9

10 SECTION 4. **Effective date.** This act takes effect January 1,
11 2027.

12 SECTION 5. **Safety clause.** The general assembly finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, or safety or for appropriations for
15 the support and maintenance of the departments of the state and state
16 institutions.