



Legislative
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Nonpartisan Services for Colorado's Legislature

HB 19-1170

FISCAL NOTE

Drafting Number:	LLS 19-0008	Date:	February 7, 2019
Prime Sponsors:	Rep. Jackson; Weissman Sen. Williams A.	Bill Status:	House Public Health
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Bill Topic: RESIDENTIAL TENANTS HEALTH & SAFETY ACT

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>minimal</i>)	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure (<i>minimal</i>)	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill modifies the implied warranty of habitability inherent in a residential lease between a landlord and a tenant. The bill minimally increases state revenue from court fees, and workload for state and local housing agencies on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

Current law presumes that every rental agreement between a landlord and a tenant carries an implicit guarantee that a residential property is fit for human habitation. This is referred to as a warranty of habitability. This bill:

- modifies the conditions for a breach of the warranty of habitability, the method for notifying a landlord of problems with the premises, and time limits for the landlord to address defective conditions;
- adds specific conditions of a property to the description of an uninhabitable residence to include the presence of mold or the absence of functioning appliances;
- repeals current law exceptions to leasing a residential property with one or more uninhabitable conditions and instead requires that all premises be free of any of these specified conditions prior to leasing;
- if requested by the tenant, requires that a landlord move the tenant to a reasonably comparable unit, pay for incidental moving costs, or pay for the tenant to reside in a temporary location when a property is hazardous or uninhabitable and conditions are being remedied;
- under specific circumstances, allows a tenant to deduct from subsequent rent payments the cost to repair defective conditions;

- allows a tenant to terminate a rental agreement for recurring defective conditions;
- permits a county court, including a small claims court, to provide injunctive relief for a breach of the warranty of habitability;
- repeals the current law requirement that a tenant notify a local government prior to seeking a court injunction; and
- modifies the current law prohibition on landlord retaliation when a tenant alleges a breach, to specify damages and remove presumptions.

State Revenue

The bill permits a tenant to seek a civil ruling in county courts in the Judicial Department which could generate additional state cash fund revenue from filing fees, currently about \$97 per case filed in county court and about \$225 per case filed in district court. Total new revenue in any fiscal year is anticipated to be minimal. Civil filing fee revenue is subject to TABOR.

State Expenditures

The bill minimally impacts workload as described below.

Judicial department. Allowing for a tenant to seek injunctive relieve in county or small claims court shifts some cases from district court to county and small claims courts. In FY 2018 there were 405 new injunctive relief cases filed in district civil court; however, only a small portion of these are tenant/landlord disputes that would fall within the provisions of the bill. This fiscal note assumes a high level of compliance among real estate professionals, and that new civil cases pursuant to the bill will be minimal and absorbable within existing appropriations.

Department of Local Affairs. The Division of Housing in the Department of Local Affairs provides rental assistance statewide through local housing authorities and non-profit service organizations. The bill will minimally increase workload in the division to update information sources and provide guidance concerning the law to clients and partner service agencies. This effort does not require additional appropriations.

TABOR refunds. The bill is expected to increase state General Fund obligations for TABOR refunds by a minimal amount in FY 2019-20. Under current law and the December 2018 Legislative Council staff forecast, the bill will correspondingly increase the amount refunded to taxpayers via sales tax refunds on income tax returns for tax year 2020. The state is not expected to collect a TABOR surplus in FY 2020-21.

Local Government

Similar to state expenditures, local housing authorities and other local government housing programs will have a slight increase in workload efforts to adjust internal documents and assist housing clients with landlord tenant disputes. Additionally, the bill will shift some cases from state-run district court to Denver County court, which is run by the City and County of Denver. This will minimally impact the county court's workload, expenditures, and revenue.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and applies to conduct occurring on or after that date.

State and Local Government Contacts

Counties	Judicial	Local Government
Municipalities	Regulatory Agencies	