



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 23-0743 **Date:** March 22, 2023
Prime Sponsors: Sen. Winter F. **Bill Status:** Senate Local Government
Rep. Froelich; Garcia **Fiscal Analyst:** Clayton Mayfield | 303-866-5851
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Bill Topic: PROTECTIONS FOR RESIDENTIAL TENANTS

Summary of Fiscal Impact: State Revenue TABOR Refund
 State Expenditure Local Government
 State Transfer Statutory Public Entity

The bill limits landlord uses of prospective tenant financial information in rental applications and limits security deposits charged by landlords. Starting in FY 2023-24, the bill may minimally increase state and local revenue and expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

The bill limits landlords from using certain financial and rental history information about prospective tenants during the rental application process, and places other requirements on landlords concerning rental applications. Specifically, under the bill, a landlord must:

- not inquire about late or nonpayment of rent, amount of income, or credit score if an applicant uses a housing subsidy;
- not inquire about applicant income for applicants not using a housing subsidy except to determine whether annual income equals or exceed 125 percent of annual rent;
- not require applicant income greater than 125 percent of annual rent if an applicant is not using a housing subsidy;
- consider an application based on the totality of circumstances on an individualized basis;
- not reject an applicant for financial reasons if the applicant has a cosigner who satisfies financial criteria or if the applicant provides documentation that rent was paid on time and not subject to late fees for the most recent three months;
- enter into a rental agreement with the first applicant who applies and meets financial and other rental screening criteria; and
- provide time-stamped receipts of applications upon applicant request.

Violations of these provisions constitute an unfair housing practice, with remedies allowed by law. Additionally, landlords are liable for an initial penalty of \$50 to an aggrieved party for violations, and another statutory penalty of \$5,000 if a violation is not cured within seven calendar days.

Landlords must allow tenants to pay security deposits in monthly installments equal to half the term of tenancy, and landlords must not charge a security deposit greater than one monthly rent payment. Finally, the bill provides that a violation of fair housing practices is an affirmative defense in eviction proceedings.

Background

Under current law, the Colorado Civil Rights Division in the Department of Regulatory Agencies (DORA) investigates complaints of discrimination resulting from unfair housing practices. DORA may refer discriminatory housing practice cases to the Attorney General for further action, and the Attorney General may initiate civil actions based on such referrals.

State Revenue and Expenditures

The bill primarily impacts private parties, who are assumed to follow the law. To the extent that the bill results in additional claims of unfair housing practices, state revenue and expenditures may increase as detailed below.

Judicial Department. The bill may increase the workload of the trial courts to the extent additional civil cases are filed. State revenue from filing fees may increase beginning in FY 2023-24. This fee revenue is subject to TABOR. Overall, any impact from new civil cases is expected to be minimal and absorbable within current resources.

Department of Law. The department may receive requests from DORA for additional legal services due to the bill creating a new unfair housing practice; however, any legal support needed can be accommodated within current resources. Additionally, the Consumer Protection Unit may directly receive additional complaints; however, any additional complaints will be responded to within existing resources. No change in appropriations is required.

DORA. Workload may increase from additional unfair housing complaints, which can be absorbed within existing resources. No change in appropriations is required.

Local Government

Similar to the state, county courts may receive additional civil case filings and correspondingly see an increase in revenue and workload. County courts are funded by counties.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to conduct that occurs on or after the effective date.

State and Local Government Contacts

Judicial
Regulatory Agencies

Law

Local Affairs