



Legislative
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FISCAL NOTE

Drafting Number: LLS 20-0262	Date: February 24, 2020
Prime Sponsors: Rep. Caraveo; Gonzales-Gutierrez Sen. Gonzales	Bill Status: House Business Fiscal Analyst: Matt Bishop 303-866-4796 Matt.Bishop@state.co.us

Bill Topic: **FEES CHARGED TO TENANTS BY LANDLORDS**

Summary of Fiscal Impact:

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

The bill establishes rules regarding late fees charged to tenants or mobile home owners by landlords. It increases state expenditures starting in FY 2020-2021, and increases workload on an ongoing basis.

Appropriation Summary: The Department of Local Affairs is continuously appropriated funds to pay for the expenditures described in this fiscal note. See State Appropriations section.

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

Table 1
State Fiscal Impacts Under HB 20-1141

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Cash Funds	\$32,487	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill establishes rules regarding late fees charged to tenants or mobile home owners by landlords. It limits the amount a landlord may charge, establishes a 14 day grace period for late rent payments, prohibits a landlord from initiating eviction procedures on the sole basis of failure to pay late fees, and exempts the portion of rent paid by a rent subsidy provider from late fees. The bill also describes how late fees may be recouped. Late fees can be recouped from a tenant's security deposit with written notice if the late fee is no more than 180 days overdue, but late fees cannot be recouped from rent payments, they cannot accrue interest, and no more than one late fee may be applied to an overdue payment of rent.

The bill also prohibits landlords from charging fees other than rent and use-based fees that meet certain criteria. The bill requires that the cost of utility services that are not metered must be included in rent, charged at actual cost, and applied on a uniform basis to all residents who receive the utility service.

Finally, the bill permits the Department of Local Affairs (DOLA) or the Department of Law (DOL) to file an action on behalf of a tenant or mobile home owner affected by a violation of these rules.

State Expenditures

For FY 2020-21, the bill increases expenditures in the DOLA by \$32,487 and increases workload in several state agencies, as described below.

Department of Local Affairs. The Division of Housing in the DOLA is creating an online complaint form and database for the Mobile Home Park Act Dispute Resolution and Enforcement Program. The bill requires the online complaint form and database to be updated by the Office of Information Technology. Expenses are paid from the Mobile Home Park Act Dispute and Resolution and Enforcement Program Fund, which is continuously appropriated to the DOLA.

Department of Law. The bill permits the DOL to file an action on behalf of a tenant or mobile home owner, which drives additional workload in the DOL. As this will only occur for violations not resolved by the DOLA, the fiscal note assumes that this impact is minimal. However, the DOL does not typically represent private interests in disputes with other private interests. As such, the DOL does not have a mechanism to charge fees for these services. If the bill drives additional costs and workload, the DOL will address them through the annual budget process.

Judicial Department. The bill prohibits landlords from initiating eviction procedures based solely on the basis of late fees, which could cause fewer forced entry and detainer cases from being filed, reducing workload in the Judicial Department. The bill also prohibits certain landlord behavior, which could cause additional civil claims to be filed, increasing workload. In either case, as the change in the number of cases is expected to be minimal, any change in workload is absorbable within existing appropriations.

Department of Personnel and Administration. This bill may increase the number of cases brought before the Office of Administrative Courts. A small increase in caseload is absorbable within existing appropriations. Should the increase in caseload be larger, the impact will be addressed through the annual budget process.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2021-22, the bill requires a reappropriation of \$32,487 from the Mobile Home Park Act Dispute and Resolution Enforcement Program Fund to the Office of Information Technology.

State and Local Government Contacts

Counties
Local Affairs

Judicial
Municipalities

Law
Regulatory Agencies