



Colorado
Legislative
Council
Staff

HB17-1309

FINAL
FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0434

Date: June 12, 2017

Prime Sponsor(s): Rep. Jackson; Winter
Sen. Coram; Guzman

Bill Status: Postponed Indefinitely

Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: DOCUMENTARY FEE TO FUND AFFORDABLE HOUSING

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

Under current law, when the total amount paid by the purchaser on a real property transaction exceeds \$500, the county clerk and recorder collects a one cent documentary fee for each \$100 of the amount paid for the recording of a real estate deed or other documents. The bill increases the documentary fee to two cents per \$100.

Beginning January 1, 2018, 50 percent of the fees generated must be used as prescribed by current law and 50 percent must be deposited in the newly created Statewide Affordable Housing Investment Fund (fund), administered by the Colorado Housing and Finance Authority (CHFA). The bill specifies that moneys in the fund, as allocated by CHFA, must be used for new or existing programs that:

- facilitate the construction or rehabilitation of residential affordable housing units; and
- provide financial assistance to a nonprofit or political subdivision that make loans to households for the financing, purchase, or rehabilitation of residential housing.

The bill defines affordable housing as housing that is affordable for households with an income that is up to 80 percent of the area median income for rental occupancy and up to 110 percent for home ownership. It also specifies that a portion of the funds must be used for programs that serve counties with a population of 175,000 or less.

Beginning November 1, 2021, CHFA must submit a report every three years to the Governor and to the Finance committees of the General Assembly specifying how the new funds were used.

Background

Colorado Housing and Finance Authority. CHFA offers financial resources to increase the availability and accessibility of affordable housing in Colorado, including home mortgage programs and assistance with building new and renovating existing housing. As a statutory public entity, CHFA is exempt from TABOR.

Local Government Impact

The bill increases the workload for county clerk and recorders to collect and transfer the additional fee revenue to the CHFA beginning in FY 2017-18. In addition, to the extent that documentary fee revenue is accounted for as TABOR revenue and has not been exempted from TABOR by voters in local jurisdictions, the amount required to be refunded by the local government will increase.

Statutory Public Entity Impact

CHFA is estimated to receive up to approximately \$3.8 million in FY 2017-18, and approximately \$7.6 million beginning in FY 2018-19 from the one cent increase in the documentary fee, to be deposited in the new Statewide Affordable Housing Investment Fund. This estimate is based on the amounts collected by certain counties in FY 2015-16, as demonstrated in Table 1. For FY 2017-18, the fiscal note assumes a January 2018 start date for the increased fees. The actual amount will vary by county, based on the real estate market and property values in each county. In addition, workload and costs will increase for CHFA to implement the funds; however, no state appropriation is required.

Table 1. Estimated New Documentary Fee Collections Under HB17-1309			
Population Range* (Sample County)	Sample County Collection FY 2015-16	Counties in Population Range	Estimated Total Collections
< 10,999 (Yuma County)	\$6,711	27	\$181,197
11,000 - 29,999 (Logan County)	\$7,915	18	\$142,470
30,000 - 99,999 (La Plata County)	\$69,061	8	\$552,488
100,000 - 399,999 (Mesa County)	\$101,887	6	\$611,322
> 400,000 (Denver County)	\$1,214,560	5	\$6,072,800
TOTAL			\$7,560,277

*2016 U.S. Census

Technical Note

The bill appears to increase the documentary fee beginning August 9, 2017, with the distribution of the funds to CHFA beginning January 1, 2018. The fiscal note assumes that the fee increase begins January 1, 2018.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on May 3, 2017.

State and Local Government Contacts

Counties
Local Affairs

Clerks
Municipalities

Colorado Housing and Finance Authority