



Legislative
Council Staff

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FISCAL NOTE

Drafting Number: LLS 18-0012 **Date:** February 8, 2018
Prime Sponsors: Rep. Jackson; Kennedy **Bill Status:** House Finance
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Bill Topic: RESIDENTIAL LANDLORD RENTAL APPLICATION

Summary of Fiscal Impact:

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

The bill sets conditions for when a landlord charges an application fee from prospective tenants. The bill minimally increases workload for state agencies and local governments that assist with landlord-tenant relations. The bill minimally increases revenue and expenditures for county courts.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under HB 18-1127

		FY 2018-19	FY 2019-20
Revenue	Cash Funds	less than \$5,000	less than \$5,000
Expenditures		-	-
Transfers		-	-

Summary of Legislation

This bill prohibits a landlord from charging a rental application fee unless the fee is used to cover the landlord's cost to process a rental application, such as the cost to conduct a personal reference check or to obtain a consumer credit report. Landlords may not charge two or more prospective renters different amounts for applications to rent the same property. Landlords must provide each prospective tenant with written notice of the tenant selection criteria, and the grounds upon which a rental application may be denied, prior to charging an application fee. Finally, this bill requires that a landlord provide a prospective tenant with specified notifications if the landlord rejects or places additional requirements in a rental application (adverse action) after reviewing and evaluating the rental application.

State Revenue

Civil cases involving less than \$15,000 are heard in county courts in the Judicial Department. Since any dispute arising from a rental application fee is below this threshold, civil cases concerning these provisions will be heard in county courts and will generate state government revenue from filing fees, currently about \$225 per case. Total new revenue in any fiscal year will be less than \$5,000.

TABOR Impact

The bill minimally increases state revenue subject to TABOR by less than \$5,000 in both FY 2018-19 and FY 2019-20. State revenue is not currently expected to exceed the TABOR limit in either year and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. However, refunds in future years when the state next collects a TABOR surplus will be increased.

State Expenditures

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.

A landlord who violates the rental application requirements may be liable for twice the application fee charged, plus court costs and reasonable attorney fees. 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. As such, any increase in workload for the Judicial Department is expected to be minimal and absorbable within existing appropriations.

Local Government

Similar to state expenditures, local housing authorities and other local government programs will have a slight increase in workload efforts to adjust internal documents and assist housing clients with landlord tenant disputes.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed, and applies to rental applications submitted on or after that date.

State and Local Government Contacts

Counties
Municipalities

Judicial
Regulatory Agencies

Local Affairs