



Legislative Council Staff

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FISCAL NOTE

Drafting Number:	LLS 19-0582	Date:	January 23, 2019
Prime Sponsors:	Rep. Titone; Gonzales-Gutierrez Sen. Pettersen	Bill Status:	House Business
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Bill Topic: RENTAL APPLICATION FEES

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue (<i>minimal</i>)	<input checked="" type="checkbox"/> TABOR Refund (<i>minimal</i>)
	<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: The fiscal note reflects the introduced bill.

Summary of Legislation

This bill prohibits a landlord from charging a rental application fee unless the entire amount of 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 minimal. State revenue from civil court fees are subject to TABOR.

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.

TABOR refunds. The bill is expected to minimally increase state General Fund obligations for TABOR refunds in FY 2019-20. Under current law and the December 2018 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 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 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed, and applies to rental applications made on or after this date.

State and Local Government Contacts

Counties	Judicial	Local Affairs
Municipalities	Regulatory Agencies	