



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated February 1, 2022)

|                         |                                     |                        |   |
|-------------------------|-------------------------------------|------------------------|---|
| <b>Drafting Number:</b> | LLS 22-0238                         | <b>Date:</b>           | April 6, 2022   |
| <b>Prime Sponsors:</b>  | Rep. Hooton; Bacon<br>Sen. Gonzales | <b>Bill Status:</b>    | Senate Appropriations   |
|                         |                                     | <b>Fiscal Analyst:</b> | Aaron Carpenter   303-866-4918<br>Aaron.Carpenter@state.co.us |

**Bill Topic:** ESTABLISH FAIR HOUSING UNIT DEPARTMENT OF LAW

|                                  |   |  |
|----------------------------------|---|--|
| <b>Summary of Fiscal Impact:</b> | <input checked="" 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 creates the Fair Housing Unit in the Department of Law to enforce civil and criminal action for various housing statutes. Starting in FY 2022-23, the bill will increase state expenditures and may increase state revenue.

**Appropriation Summary:** No appropriation is required; the Mortgage Fraud Settlement Custodial Cash Fund is continuously appropriated to the Department of Law.

**Fiscal Note Status:** This revised fiscal note reflects the reengrossed bill, as amended by the Senate Judiciary Committee.

**Table 1  
State Fiscal Impacts Under HB 22-1082**

|                             |                           | Budget Year<br>FY 2022-23 | Out Year<br>FY 2023-24 |
|-----------------------------|---------------------------|---------------------------|------------------------|
| <b>Revenue</b>              |                           | -                         | -                      |
| <b>Expenditures</b>         | Cash Funds                | \$208,324                 | \$234,953              |
|                             | Centrally Appropriated    | \$33,311                  | \$40,773               |
|                             | <b>Total Expenditures</b> | <b>\$241,635</b>          | <b>\$275,726</b>       |
|                             | <b>Total FTE</b>          | <b>1.6 FTE</b>            | <b>2.0 FTE</b>         |
| <b>Transfers</b>            |                           | -                         | -                      |
| <b>Other Budget Impacts</b> |                           | -                         | -                      |

## Summary of Legislation

The bill creates the Fair Housing Unit in the Department of Law (DOL) to bring civil and criminal actions to enforce the following sections of law:

- the Immigrant Tenant Protection Act;
- the Mobile Home Park Act;
- the Mobile Home Park Act Dispute Resolution and Enforcement Program; and
- Part 1 (Wrongful Withholding of Security Deposits) and Part 7 (Notice of Rent Increase) of Article 12 of Title 38 governing tenants and landlords.

The bill outlines the power of the Attorney General when bringing civil and criminal actions, the venue for actions, remedies, and penalties, among other things.

## Background

In 2012, Colorado entered into a \$200 million settlement with five different banks over allegations of wrongful mortgage practices. Under the settlement, the state was awarded over \$50 million deposited into the Mortgage Fraud Settlement Custodial Cash Fund to be used for various mortgage-related efforts including contracting with the Department of Local Affairs to provide loans for construction and rehabilitation of affordable rental housing. According to the Department of Law, the fund is estimated to receive about \$2.0 million per year in revenue from the repayment of these loans and will have an estimated balance of \$5.5 million at the end of FY 2021-22.

## State Revenue

Starting in FY 2022-23, state revenue to the Attorney Fees and Costs Cash Fund will increase to the extent the department recoups investigative and attorney costs, as allowed by the bill. Because it is unknown how often the Attorney General will bring cases under the bill, how long cases will last, or how much can be recouped, an exact revenue estimate cannot be determined. For informational purposes, based on average costs, if the department recoups 200 hours of investigative and attorney time, revenue would increase by \$19,714. Revenue to the Attorney Fees and Costs Cash Fund is not subject to the state's TABOR limit.

## State Expenditures

The bill increases state expenditures in DOL by \$241,635 in FY 2022-23 and \$275,726 in FY 2023-24 and future years, paid from the Mortgage Fraud Settlement Custodial Cash Fund. Additionally, workload may increase in the Judicial Department. These costs are summarized in Table 2 and discussed below.

**Table 2  
 Expenditures Under HB 22-1082**

|   | FY 2022-23       | FY 2023-24       |
|---|------------------|------------------|
| <b>Department of Law</b>                  |                  |                  |
| Personal Services                         | \$192,444        | \$230,933        |
| Operating Expenses                        | \$2,160          | \$2,700          |
| Capital Outlay Costs                      | \$12,400         | -                |
| Mileage Reimbursement                     | \$1,320          | \$1,320          |
| Centrally Appropriated Costs <sup>1</sup> | \$33,311         | \$40,773         |
| <b>Total Cost</b>                         | <b>\$241,635</b> | <b>\$275,726</b> |
| <b>Total FTE</b>                          | <b>1.6 FTE</b>   | <b>2.0 FTE</b>   |

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Law.** The DOL requires 2.0 FTE to staff the new Fair Housing Unit and to enforce the various housing statutes listed in the bill. Staff includes one senior assistant attorney general to bring civil and criminal actions and one criminal investigator. Staffing costs include personal services, operating and capital outlay costs, and mileage reimbursement at \$0.22 per mile, as outlined in Table 2 above. Costs in FY 2022-23 are prorated for a September 1 start date. Because funds in the Mortgage Fraud Settlement Custodial Cash Fund are continuously appropriated to the DOL, no appropriation for these costs is required.

**Judicial Department.** Workload in the trial courts in the Judicial Department will increase to the extent more housing related cases are filed. The fiscal note assumes that no change in appropriation is required.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

**Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

**State and Local Government Contacts**

Information Technology

Judicial

Law