



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

**Drafting Number:** LLS 23-0518  
**Prime Sponsors:** Rep. Valdez

**Date:** February 3, 2023  
**Bill Status:** House Trans. & Local Govt.  
**Fiscal Analyst:** Clayton Mayfield | 303-866-5851  
clayton.mayfield@coleg.gov

**Bill Topic:** **PET ANIMAL OWNERSHIP IN HOUSING**

**Summary of Fiscal Impact:**

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill provides protections for pet ownership in housing and creates the Pet Friendly Landlord Damage Mitigation Program in the Department of Local Affairs. Starting in FY 2023-24, the bill increases state and local expenditures and may increase state revenue on an ongoing basis.

**Appropriation Summary:** For FY 2023-24, the bill requires an appropriation of \$250,000 to the Department of Local Affairs.

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

**Table 1**  
**State Fiscal Impacts Under HB 23-1068**

		Budget Year FY 2023-24	Out Year FY 2024-25
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$250,000	\$250,000
	Centrally Appropriated	\$13,248	\$17,223
	<b>Total Expenditures</b>	<b>\$263,248</b>	<b>\$267,223</b>
	<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.9 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$37,500	\$37,500

## Summary of Legislation

The bill provides several protections for pet ownership in housing. Specifically, this bill:

- prohibits homeowner insurance providers from changing policy premiums based on the breed of dog kept at a home;
- requires that officers conducting an eviction follow specific protocols when a pet is present;
- prohibits landlords from charging an additional security deposit or rent amount for pets; and,
- excludes pets from the personal items against which a landlord may place a lien for unpaid rent.

The bill creates the Pet Friendly Landlord Damage Mitigation program in the Department of Local Affairs (DOLA) to reimburse landlords for up to \$1,000 in damages caused by pets at a rental premises. An eligible landlord must allow pets, and may not charge a security deposit or more rent to tenants for allowing pets.

Finally, the bill prohibits the Colorado Affordable Housing tax credit from being claimed by otherwise qualified housing developments, unless tenants are allowed to have pets.

## State Revenue

To the extent the bill increases civil case filings, state revenue will increase starting in FY 2023-24. This fee revenue is subject to TABOR.

The bill limits the applicability of the Colorado Affordable Housing Tax Credit, a credit available to developers of affordable housing projects. Fewer credits may be claimed by developments that choose not to allow pets; however, no change in state revenue is anticipated due to overall demand for this credit.

## State Expenditures

The bill increases expenditures from the General Fund in DOLA by \$250,000 per year beginning in FY 2023-24. This fiscal note assumes annual funding of \$250,000 for the landlord reimbursement program; however, the actual amount of funding is at the discretion of the General Assembly. The bill also minimally increases workload for the Department of Law, and may minimally decrease trial court workload in the Judicial Department. Expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under HB 23-1068**

	FY 2023-24	FY 2024-25
<b>Department of Local Affairs</b>		
Personal Services	\$42,300	\$49,904
Operating Expenses	\$1,080	\$1,215
Capital Outlay Costs	\$6,670	-
Other Operating Costs	\$15,999	\$16,455
Contract Inspectors	\$18,000	\$18,000
Landlord Reimbursements	\$165,951	\$164,426
Centrally Appropriated Costs <sup>1</sup>	\$13,248	\$17,223
<b>Total Cost</b>	<b>\$263,248</b>	<b>\$267,223</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.9 FTE</b>

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

**Department of Local Affairs.** DOLA requires additional staff to manage the new landlord reimbursement program, as discussed below.

- **Personal services.** DOLA requires 0.8 FTE Administrator III and 0.1 FTE Program Assistant I. New staff will administer the program, develop processes and procedures, prevent fraud, fulfill audit requirements, and conduct other administrative tasks. Amounts for FY 2023-24 are prorated for a September 1 start date and the General Fund pay date shift, and include standard operating expenses and capital outlay costs.
- **Other operating costs.** DOLA requires additional operating costs for the program. These include maintenance of an online system to process claims and provide information at \$13,000 per year, with the remainder spent on mileage reimbursement, cell phone, and computer software for the administrator.
- **Contract inspectors.** DOLA requires 100 hours of contract inspectors to perform site inspections at \$180 per hour.
- **Landlord reimbursements.** DOLA will reimburse landlords for pet damage claims up to \$1,000 per rental premises. After administration costs, the fiscal note estimates that 165 reimbursements will be issued at the maximum amount per year.
- **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, supplemental employee retirement payments, indirect personal services costs, and leased space are shown in Table 2.

**Department of Law.** The department will provide some general counsel, advice, and rulemaking support to DOLA to implement the program; however, any legal support is minimal no change in appropriations is required.

**Judicial Department.** If a landlord receives a reimbursement from the DOLA program, they are barred from taking legal action against a tenant for pet damages. This may minimally decrease trial court workload in the Judicial Department; no change in appropriations is required.

## Other Budget Impacts

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## Local Government

To the extent that municipalities operate public housing, the bill will increase expenditures for municipalities to comply with the bill.

## Effective Date

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

## State Appropriations

For FY 2023-24, the bill requires a General Fund appropriation of \$250,000 to the Department of Local Affairs, and 0.7 FTE.

## State and Local Government Contacts

Counties	Housing Finance Authority	Judicial
Law	Local Affairs	Municipalities
Regulatory Agencies	Revenue	