



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 23-0343 **Date:** September 7, 2023
Prime Sponsors: Sen. Bridges; Moreno **Bill Status:** Signed into Law
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Bill Topic: **MIDDLE-INCOME HOUSING AUTHORITY ACT**

Summary of Fiscal Impact:

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

The bill adds members to the board of directors of the Middle-Income Housing Authority and expands its power to enter into public-private partnerships. It increases state expenditures, and may reduce state and local government revenue and increase local government expenditures.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$3,774 to the Legislative Department.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 23-035

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	\$3,774	\$3,774
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$566	\$566

Summary of Legislation

Under current law, the Middle Income Housing Authority (MIHA) has the power to enter into public-private partnerships. The bill clarifies this power and specifies that:

- the affordable rental housing component of a public-private partnership is exempt from state and local taxation;
- a public-private partnership may transfer interest in an affordable rental housing project to an entity other than the authority; and
- bonds issued by the authority may be payable from the affordable rental housing component of a public-private partnership or by the authority

The bill expands the board of directors of the authority from 14 to 16 and adds two non-voting members to be appointed by the Senate and House majority leaders from their respective chambers. If the Senate and House majority are from the same political party, the house minority leader will appoint the member from the house.

Background

The MIHA was created in 2022 and is a statutory public entity for promoting affordable rental housing projects for middle-income workforce housing by acquiring, constructing, rehabilitating, owning, operating, and financing affordable rental housing projects. The authority receives revenue from the issuance of affordable housing bonds, and the ownership of affordable housing properties and other assets.

Assumptions

The fiscal note assumes that the MIHA board will follow current practice and continue to meet 12 times per year, with new members joining the board in July 2023. It is assumed that appointed legislators will be eligible for per diem and reimbursement of expenses for eight of the 12 meetings.

State Revenue

The bill may reduce state revenue from income, sales, and use tax. This revenue impact will depend on actions taken by the authority and cannot be estimated.

State Expenditures

The bill increases state expenditures and workload beginning in FY 2023-24, as discussed below.

Legislative Department. The Legislative Department will have increased annual costs of \$3,774 to reimburse the two members of the General Assembly who are appointed to the board. These costs are assumed to begin in FY 2023-24 and are based on per diem of \$111.89 and expenses of \$124 per member for eight meetings per year occurring outside of the legislative session.

Department of Local Affairs. Workload in the Department of Local Affairs will increase to review qualifications for property tax exemptions and to give guidance to counties on applying for an exemption. This increase can be accommodated with existing resources.

School finance. To the extent that the bill reduces local property tax revenue used for school finance, the state share for school finance will increase. This impact will depend on actions taken by the authority, and cannot be estimated at this time. Any change is expected to be minimal.

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 \$566 in FY 2023-24 and FY 2024-25, which will decrease the amount of General Fund available for other purposes.

Local Government

The bill may increase workload to service new projects and reduce revenue to local governments from property or sales taxation on the income or assets of the authority. Any change to property tax revenue will affect the local share of total program funding for school finance. This revenue impact will depend on actions taken by the authority and cannot be estimated.

Statutory Public Entity

This bill expands the authority and the membership of the board of directors of the MIHA. The bill may increase revenue or assets of the authority from public-private partnerships. This revenue impact will depend on actions taken by the authority and cannot be estimated.

Effective Date

The bill was signed into law by the Governor and took effect on June 2, 2023.

State Appropriations

For FY 2023-24, the bill requires and includes an appropriation of \$3,774 to the Legislative Department, for use by the General Assembly.

State and Local Government Contacts

Information Technology

Legislative Council

Local Affairs