



**Legislative Council Staff**  
*Nonpartisan Services for Colorado's Legislature*

**Final Fiscal Note**

<b>Drafting Number:</b>	LLS 24-0903	<b>Date:</b>	June 20, 2024
<b>Prime Sponsors:</b>	Sen. Jaquez Lewis	<b>Bill Status:</b>	Postponed Indefinitely
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**Bill Topic: ACCESSORY DWELLING UNITS**

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input checked="" type="checkbox"/> Statutory Public Entity

The bill would have required certain local governments to allow accessory dwelling unit (ADU) conversions, and authorized the Office of Economic Trade and International Development to contract with the Colorado Housing Finance Authority to operate an ADU conversion loan program. The bill would have increased state expenditures in FY 2024-25 only.

**Appropriation Summary:** For FY 2024-25, the bill requires an appropriation of \$45,504 to the Office of Economic Trade and International Development

**Fiscal Note Status:** The final fiscal note reflects the introduced bill. The bill was postponed indefinitely by the Senate Local Government and Housing Committee on April 25, 2024; therefore, the impacts identified in this analysis do not take effect.

**Table 1**  
**State Fiscal Impacts Under SB 24-154**

		<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$45,504	-
	Centrally Appropriated	\$8,866	-
	<b>Total Expenditures</b>	<b>\$54,371</b>	-
	<b>Total FTE</b>	<b>0.4 FTE</b>	-
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$6,826	-

## Summary of Legislation

Beginning January 1, 2025, this bill requires that covered jurisdictions allow the conversion of an accessory dwelling unit (ADU). The approval process must not apply a restrictive design or dimension standard. The requirement applies to nonexempt parcels in the unincorporated portion of a county that is not part of a homeowners' association (HOA), or in an area identified as having a high fire intensity on the fire intensity scale published in the Colorado State Forest Service wildfire risk viewer.

The bill expands the authority of the Economic Development Commission in the Office of Economic Development and International Trade (OEDIT) to contract with the Colorado Housing and Finance Authority (CHFA) to operate a program offering direct loans for the conversion of ADUs on owner-occupied land.

## State Expenditures

The bill increases state expenditures in OEDIT by \$54,371 in FY 2024-25 only, paid from the General Fund. OEDIT will have an estimated increase in workload of 20 hours per week for 9 months to create program guidelines, create marketing materials, and manage the procurement and contract process with CHFA to set up the loan program. New costs are displayed in Table 2.

**Table 2**  
**Expenditures Under SB 24-154**

	<b>FY 2024-25</b>
<b>Office of Economic Development and International Trade</b>	
Personal Services	\$45,504
Centrally Appropriated Costs <sup>1</sup>	\$8,866
FTE – Personal Services	0.4 FTE
<b>Total Cost</b>	<b>\$54,371</b>

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

## 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.

### **Statutory Public Entity**

CHFA will have increased administrative and program expenses to establish an ADU conversion loan program, and its expenditures will increase to administer and issue loans and revenue will increase as loans are repaid.

### **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 2024-25, the bill requires a General Fund appropriation of \$45,504 to the Office of Economic Development and International Trade, and 0.4 FTE.

### **State and Local Government Contacts**

Housing Finance Authority  
Local Affairs

Counties  
Municipalities

Law  
Economic Development

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).