

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 26-0482.02 Caroline Martin x5902

HOUSE BILL 26-1206

HOUSE SPONSORSHIP

Joseph,

SENATE SPONSORSHIP

Lindstedt,

House Committees

Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING IMPROVED FUNDING TO SUPPORT DEVELOPMENT.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill gives city and county housing authorities (housing authority) the power to provide for the levy of a sales tax, sales and use tax, or property tax within the jurisdiction of the authority, the resulting revenue of which will be directed to the housing authority, subject to the following conditions:

- The city or county has adopted a resolution determining that the levying of the tax will fairly distribute the costs of the housing authority's activities among the beneficiaries of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters or bold & italic numbers indicate new material to be added to existing law.

Dashes through the words or numbers indicate deletions from existing law.

- the housing authority's activities and will not impose an undue burden on any particular group of people; and
- A ballot question has been submitted to a vote of the registered electors of the city or county and subsequently approved by a majority of such registered electors, and the ballot question describes the purposes for which the tax will be used by the housing authority and complies with section 20 of article X of the state constitution.

If a sales or sales and use tax is approved by the voters of a housing authority:

- The rate of the sales or sales and use tax must not exceed 1% on any transaction taxable by the state;
- The authority shall designate a liaison to coordinate with the department of revenue to implement the collection of the tax and to identify people eligible to collect the sales and use tax; and
- The tax revenue must be directed to a fund of the authority.

If an ad valorem property tax is approved by the voters of a housing authority:

- The rate of the ad valorem property tax must not exceed 5 mills on each dollar of valuation for assessment of the taxable property within the authority's jurisdiction;
- The board of county commissioners of the county in which the housing authority is located shall levy the ad valorem property tax upon the valuation for assessment of all taxable property within the authority's jurisdiction;
- The officials charged with collecting ad valorem property taxes for the county in which the housing authority is located shall collect the taxes at the time and in the form and manner and with like interest and penalties as other property taxes collected within the county;
- The property tax revenue must be directed to a fund of the authority; and
- All property tax revenue, together with interest thereon and penalties for default in payment thereof, and all costs of collecting the same shall constitute, until paid, a perpetual lien on and against the property taxed, and such lien shall be on a parity with the tax lien of other general taxes.

The bill gives county housing authorities the power to issue revenue or general obligation bonds and to pledge the authority's revenues and revenue-raising powers for the payment of such bonds.

The bill allows an urban renewal authority to enter into a shortfall guaranty contract with an urban renewal project developer (developer) specifying that, if the tax increment revenue is insufficient to pay the indebtedness incurred by the authority that is due, the developer is

obligated to make a direct payment covering the full amount of the insufficiency. A shortfall guaranty contract:

- Constitutes a lien on the urban renewal project property the same as, and equal in priority to, a tax lien;
- Has priority over any mortgage, lien that is not a tax lien, or other encumbrance;
- Constitutes a covenant running with the land for the term of the contract; and
- May be recorded against the real property upon which the urban renewal project is developed.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Access to safe, stable, and affordable housing is essential for
5 all Coloradans. Access to housing supports individual well-being, family
6 stability, workforce participation, and long-term economic growth for the
7 state.

8 (b) There is a severe housing supply shortfall in Colorado, which
9 represents the gap between the number of homes needed and those
10 available, estimated at approximately 106,000 units;

11 (c) Based on current population projections, to prevent further
12 growth of the housing supply shortfall, developers would need to
13 construct approximately 34,100 new homes annually in Colorado over the
14 next decade;

15 (d) The housing supply shortfall is particularly acute for renters
16 who earn an extremely low income (those who earn at or below 30% of
17 Area Median Income), since Colorado has a deficit of roughly 134,000
18 rental homes that are affordable for such households;

19 (e) Many households are cost-burdened, with 46.8% of renters and
20 21.5% of homeowners spending over 30% of their income on housing.

1 Only 11% of renters could afford to purchase a typical home in Colorado
2 as of 2025.

3 (f) The affordability gap is not solely due to low supply; housing
4 prices and rents have increased faster than incomes, deepening the
5 challenge of obtaining stable, affordable homes, particularly for working
6 families, seniors, and other vulnerable populations;

7 (g) The work of public housing authorities and developers is
8 essential to expanding the stock of deeply affordable housing. However,
9 current financing tools and incentive structures do not sufficiently
10 prioritize or support these entities.

11 (h) Allowing housing authorities to collect tax revenue within
12 their jurisdictions will help these mission-driven entities more quickly
13 expand the supply of deeply affordable housing;

14 (i) Providing statutory authorization for shortfall guaranty
15 contracts in urban renewal areas that use tax increment financing protects
16 public entities from financial risk, ensuring those entities can continue to
17 support housing-focused projects effectively; and

18 (j) The measures proposed in this act will enhance Colorado's
19 capacity to finance, build, preserve, and sustain affordable housing and
20 equitable community development projects in a manner that maximizes
21 public return, addresses urgent housing needs, and ensures access to
22 housing for all Coloradans.

23 (2) Therefore, the general assembly finds and declares that
24 expanding and modernizing affordable housing funding tools:

25 (a) Is a matter of mixed statewide and local concern; and

26 (b) Will increase housing availability, affordability, and stability,
27 promote equitable development, and strengthen the public benefit of

1 development investments in Colorado communities.

2 **SECTION 2.** In Colorado Revised Statutes, 29-4-209, **amend**
3 (1)(x) and (1)(y); and **add** (1)(z), (4), and (5) as follows:

4 **29-4-209. Powers of authority - definition.**

5 (1) An authority shall constitute a body both corporate and politic,
6 exercising public powers and having all the powers necessary or
7 convenient to carry out and effectuate the purposes and provisions of this
8 part 2, including the following powers in addition to others granted in this
9 section:

10 (x) To make available to such agencies, boards, or commissions
11 as are charged with the duty of abating nuisances or demolishing unsafe
12 structures within its territorial limits its findings and recommendations
13 with regard to any building or property where conditions exist which are
14 dangerous to the public health, morals, safety, or welfare; **and**

15 (y) To do all things necessary or convenient to carry out the
16 powers given in this part 2; **AND**

17 (z) **TO PROVIDE FOR THE LEVY OF A SALES TAX, SALES AND USE**
18 **TAX, OR PROPERTY TAX IN ACCORDANCE WITH SUBSECTION (4) OF THIS**
19 **SECTION.**

20 (4) **AN AUTHORITY MAY PROVIDE FOR THE LEVY OF A SALES TAX,**
21 **SALES AND USE TAX, OR PROPERTY TAX, THE REVENUE OF WHICH WILL BE**
22 **DIRECTED TO THE AUTHORITY, SUBJECT TO THE FOLLOWING CONDITIONS:**

23 (a) **THE CITY HAS ADOPTED A RESOLUTION DETERMINING THAT THE**
24 **LEVYING OF A SALES TAX, SALES AND USE TAX, OR PROPERTY TAX WILL**
25 **FAIRLY DISTRIBUTE THE COSTS OF THE AUTHORITY'S ACTIVITIES AMONG**
26 **THE BENEFICIARIES OF THE AUTHORITY'S ACTIVITIES AND WILL NOT IMPOSE**
27 **AN UNDUE BURDEN ON ANY PARTICULAR GROUP OF PEOPLE;**

5 (I) DESCRIBES THE PURPOSES FOR WHICH THE TAX WILL BE USED
6 BY THE AUTHORITY; AND

7 (II) COMPLIES WITH SECTION 20 OF ARTICLE X OF THE STATE
8 CONSTITUTION;

18 (III) THE TAX REVENUE COLLECTED PURSUANT TO THIS
19 SUBSECTION (4)(c) MUST BE DIRECTED TO THE AUTHORITY;

20 (d) IF AN AD VALOREM PROPERTY TAX IS APPROVED BY VOTERS
21 PURSUANT TO THIS SECTION:

22 (I) THE RATE OF THE AD VALOREM PROPERTY TAX MUST NOT
23 EXCEED FIVE MILLS ON EACH DOLLAR OF VALUATION FOR ASSESSMENT OF
24 THE TAXABLE PROPERTY;

1 PROPERTY LOCATED WITHIN THE JURISDICTION OF THE AUTHORITY;

2 (III) THE OFFICIALS CHARGED WITH COLLECTING AD VALOREM
3 PROPERTY TAXES FOR THE COUNTY IN WHICH THE AUTHORITY IS LOCATED
4 SHALL COLLECT THE TAXES AT THE TIME AND IN THE FORM AND MANNER
5 AND WITH LIKE INTEREST AND PENALTIES AS OTHER PROPERTY TAXES
6 COLLECTED WITHIN THE COUNTY;

7 (IV) THE TAX REVENUE COLLECTED PURSUANT TO THIS
8 SUBSECTION (4)(d) MUST BE DIRECTED TO THE AUTHORITY; AND

9 (V) ALL TAX REVENUE COLLECTED PURSUANT TO THIS SUBSECTION
10 (4)(d), TOGETHER WITH INTEREST THEREON AND PENALTIES FOR DEFAULT
11 IN PAYMENT THEREOF, AND ALL COSTS OF COLLECTING THE SAME SHALL
12 CONSTITUTE, UNTIL PAID, A PERPETUAL LIEN ON AND AGAINST THE
13 PROPERTY TAXED, AND SUCH LIEN SHALL BE ON A PARITY WITH THE TAX
14 LIEN OF OTHER GENERAL TAXES.

15 (5)(a) FOR THE PURPOSE OF DETERMINING AN AUTHORITY'S FISCAL
16 YEAR SPENDING LIMIT UNDER SECTION 20 (7)(b) OF ARTICLE X OF THE
17 STATE CONSTITUTION, THE INITIAL SPENDING BASE OF THE AUTHORITY IS
18 THE AMOUNT OF REVENUES COLLECTED BY THE AUTHORITY FROM
19 SOURCES NOT EXCLUDED FROM FISCAL YEAR SPENDING PURSUANT TO
20 SECTION 20 (2)(e) OF ARTICLE X OF THE STATE CONSTITUTION DURING THE
21 FIRST FULL FISCAL YEAR FOR WHICH THE AUTHORITY COLLECTED
22 REVENUES.

23 (b) AS USED IN THIS SUBSECTION (5), "FISCAL YEAR" MEANS ANY
24 YEAR-LONG PERIOD USED BY AN AUTHORITY FOR FISCAL ACCOUNTING
25 PURPOSES.

26 **SECTION 3.** In Colorado Revised Statutes, 29-4-505, **amend** (1)
27 introductory portion and (1)(g); and **add** (1)(h), (1)(i), (2), and (3) as

1 follows:

2 **29-4-505. Powers of authority - definition.**

3 (1) A housing authority shall constitute a public body, corporate
4 and politic, exercise public and essential governmental functions, and
5 have all the powers necessary and convenient to carry out and effectuate
6 the purposes and provisions of this part 5, ~~(but not the power to levy and~~
7 ~~collect taxes or special assessments)~~ including the following powers:

8 (g) To do all acts and things necessary or convenient to carry out
9 the powers ~~given~~ AND THE PURPOSES DESCRIBED in this part 5; ~~or the~~
10 ~~purposes hereof.~~

11 (h) TO PROVIDE FOR THE LEVY OF A SALES TAX, SALES AND USE
12 TAX, OR PROPERTY TAX IN ACCORDANCE WITH SUBSECTION (2) OF THIS
13 SECTION; AND

14 (i) TO ISSUE REVENUE OR GENERAL OBLIGATION BONDS AND TO
15 PLEDGE THE AUTHORITY'S REVENUES AND REVENUE-RAISING POWERS FOR
16 THE PAYMENT OF SUCH BONDS. SUCH BONDS MUST BE ISSUED ON THE
17 SAME TERMS AND SUBJECT TO THE SAME CONDITIONS AS SET FORTH FOR
18 REGIONAL TRANSPORTATION AUTHORITY BONDS IN SECTION 43-4-609.

19 (2) A HOUSING AUTHORITY MAY PROVIDE FOR THE LEVY OF A
20 SALES TAX, SALES AND USE TAX, OR PROPERTY TAX, THE REVENUE OF
21 WHICH WILL BE DIRECTED TO THE AUTHORITY, SUBJECT TO THE
22 FOLLOWING CONDITIONS:

23 (a) THE BOARD HAS ADOPTED A RESOLUTION DETERMINING THAT
24 THE LEVYING OF A SALES TAX, SALES AND USE TAX, OR PROPERTY TAX
25 WILL FAIRLY DISTRIBUTE THE COSTS OF THE AUTHORITY'S ACTIVITIES
26 AMONG THE BENEFICIARIES OF THE AUTHORITY'S ACTIVITIES AND WILL
27 NOT IMPOSE AN UNDUE BURDEN ON ANY PARTICULAR GROUP OF PEOPLE;

6 (I) DESCRIBES THE PURPOSES FOR WHICH THE TAX WILL BE USED
7 BY THE AUTHORITY; AND

8 (II) COMPLIES WITH SECTION 20 OF ARTICLE X OF THE STATE
9 CONSTITUTION;

10 (c) IF A SALES OR SALES AND USE TAX IS APPROVED BY VOTERS
11 PURSUANT TO THIS SECTION:

12 (I) THE RATE OF THE SALES OR SALES AND USE TAX MUST NOT
13 EXCEED ONE PERCENT ON ANY TRANSACTION TAXABLE BY THE STATE; AND

19 (III) THE TAX REVENUE COLLECTED PURSUANT TO THIS
20 SUBSECTION (2)(c) MUST BE DIRECTED TO THE AUTHORITY;

21 (d) IF AN AD VALOREM PROPERTY TAX IS APPROVED BY VOTERS
22 PURSUANT TO THIS SECTION:

23 (I) THE RATE OF THE AD VALOREM PROPERTY TAX MUST NOT
24 EXCEED FIVE MILLS ON EACH DOLLAR OF VALUATION FOR ASSESSMENT:

5 (IV) THE TAX REVENUE COLLECTED PURSUANT TO THIS
6 SUBSECTION (2)(d) MUST BE DIRECTED TO THE AUTHORITY; AND

7 (V) ALL TAX REVENUE COLLECTED PURSUANT TO THIS SUBSECTION
8 (2)(d), TOGETHER WITH INTEREST THEREON AND PENALTIES FOR DEFAULT
9 IN PAYMENT THEREOF, AND ALL COSTS OF COLLECTING THE SAME SHALL
10 CONSTITUTE, UNTIL PAID, A PERPETUAL LIEN ON AND AGAINST THE
11 PROPERTY TAXED, AND SUCH LIEN SHALL BE ON A PARITY WITH THE TAX
12 LIEN OF OTHER GENERAL TAXES.

13 (3) (a) FOR THE PURPOSE OF DETERMINING AN AUTHORITY'S FISCAL
14 YEAR SPENDING LIMIT UNDER SECTION 20 (7)(b) OF ARTICLE X OF THE
15 STATE CONSTITUTION, THE INITIAL SPENDING BASE OF THE AUTHORITY IS
16 THE AMOUNT OF REVENUES COLLECTED BY THE AUTHORITY FROM
17 SOURCES NOT EXCLUDED FROM FISCAL YEAR SPENDING PURSUANT TO
18 SECTION 20 (2)(e) OF ARTICLE X OF THE STATE CONSTITUTION DURING THE
19 FIRST FULL FISCAL YEAR FOR WHICH THE AUTHORITY COLLECTED
20 REVENUES.

24 **SECTION 4.** In Colorado Revised Statutes, 31-25-107, **add**
25 (11.5) as follows:

31-25-107. Approval of urban renewal plans by local
governing body - definitions.

20 (I) CONSTITUTES A LIEN ON THE URBAN RENEWAL PROJECT
21 PROPERTY THE SAME AS, AND EQUAL IN PRIORITY TO, A TAX LIEN;

22 (II) HAS PRIORITY OVER ANY MORTGAGE, LIEN THAT IS NOT A TAX
23 LIEN, OR OTHER ENCUMBRANCE;

24 (III) CONSTITUTES A COVENANT RUNNING WITH THE LAND FOR THE
25 TERM OF THE CONTRACT; AND

26 (IV) MAY BE RECORDED AGAINST THE REAL PROPERTY UPON
27 WHICH THE URBAN RENEWAL PROJECT IS DEVELOPED.

1 **SECTION 5. Effective date.** This act takes effect January 1,
2 2027.

3 **SECTION 6. Safety clause.** The general assembly finds,
4 determines, and declares that this act is necessary for the immediate
5 preservation of the public peace, health, or safety or for appropriations for
6 the support and maintenance of the departments of the state and state
7 institutions.