



**Colorado
Legislative
Council
Staff**

HB16-1217

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0656
Prime Sponsor(s): Rep. Ryden
Sen. Carroll

Date: March 11, 2016
Bill Status: House SVMA
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: IMPLEMENT HOA INFO OFFICE STUDY RECOMMENDATIONS

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 |
|---|----------------------------|--------------|
| State Revenue Cash Funds | See State Revenue section. | |
| State Expenditures | Minimal workload increase. | |
| Appropriation Required: None. | | |
| Future Year Impacts: Potential revenue increase and ongoing minimal workload impact. | | |

Summary of Legislation

The bill implements several recommendations from the "2013 Study of Comparable HOA Information and Resource Centers" conducted pursuant House Bill 13-1134, which examined the functions, duties, structure, costs, funding, and successes of other states' homeowners' association (HOA) offices. Specifically, the bill:

- removes the \$50 statutory cap on annual fees and allows the Division of Real Estate in the Department of Regulatory Agencies (DORA) to modify by rule the annual fee paid by HOAs to fund the HOA Information and Resources Center (HOA center) to one of three fee structures – single per-unit fee, tiered per-unit fee, or single per-association fee; and
- requires the HOA center to develop, maintain, and publish referral lists of independent contractors who can monitor HOA elections and provide mediation and arbitration services on HOA matters. The bill specifies the information each listed contractor must annually report to the HOA center.

Background

The state's HOA center provides information on the rights and duties of unit owners and HOAs under the Colorado Common Interest Ownership Act (CCIOA). HOAs must register with the HOA center annually and their fees, capped at \$50 under current law, support the HOA center's operating costs of approximately \$250,000 and 2.0 FTE. The HOA center keeps a database of all HOAs, prepares educational and reference materials, monitors changes in law related to common interest communities, and maintains a website.

State Revenue

The bill is expected to have minimal impact on state fee revenue collected by DORA. Removing the statutory fee cap of \$50 on HOAs registering with the HOA center may increase fee revenue in the future. While the bill allows the division to change the way fees are assessed, the same overall amount of fees is expected to be collected initially. Fees are currently \$27 per HOA, and are assessed to about 8,170 HOAs in the state. If the division adopts a single or tiered per-unit fee schedule, fees for larger HOAs will go up, while fees for smaller HOAs will go down.

State Expenditures

The bill increases the workload of the HOA center to develop, maintain, and publish on its website referral lists for independent contractors who can monitor HOA elections and provide arbitration mediation services for HOA disputes. These duties, as well as any necessary rulemaking, can be completed within existing resources and do not require a change in appropriations.

Effective Date

The bill takes effect January 1, 2017.

State and Local Government Contacts

Judicial

Law

Regulatory Agencies

Secretary of State