



**Colorado
Legislative
Council
Staff**

SB17-157

FISCAL NOTE

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

Drafting Number: LLS 17-0865
Prime Sponsor(s): Sen. Williams A.
Rep. Melton

Date: February 23, 2017
Bill Status: Senate Business
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: CONSTRUCTION DEFECT ACTIONS NOTICE VOTE APPROVAL

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	Minimal workload reduction.	
Appropriation Required: None.		
Future Year Impacts: Ongoing minimal workload reduction.		

Summary of Legislation

Before a homeowners' association (HOA) can bring a lawsuit against a developer or builder in a construction defect case, this bill requires that the HOA's executive board first obtain approval from a majority of the unit owners. In seeking prior approval, the bill details various disclosures that must be made to unit owners, including details about the lawsuit, and its potential costs and benefits. The bill limits the amount and type of contact that a developer who is subject to the lawsuit may have with the unit owners in the HOA. Prior approval by unit owners is not required for cases in which the alleged construction damages are valued under \$100,000.

State Expenditures

This bill may decrease workload in the Judicial Department beginning with FY 2017-18. The bill does not affect an HOA's right to pursue a remedy in the courts; however, the bill may reduce the number of construction defect claims considered by the courts where an HOA is unable to secure a majority vote from unit owners. This change may produce a minimal savings for the courts, but does not require a change in appropriations.

Effective Date

The bill takes effect September 1, 2017, if no referendum petition is filed, and applies to construction defect actions that accrue on or after the effective date.

State and Local Government Contacts

Counties
Local Affairs

Judicial
Municipalities

Law
Regulatory Agencies