



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 22-0442	<b>Date:</b>	January 26, 2022
<b>Prime Sponsors:</b>	Sen. Liston Rep. Pico	<b>Bill Status:</b>	Senate SVMA
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**Bill Topic:** PROPERTY OWNERSHIP FAIRNESS ACT

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**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 type="checkbox"/> Statutory Public Entity

This bill creates an entitlement to compensation for property owners when land-use policy negatively impacts their property values. It will increase state and local expenditures and revenues, beginning in FY 2022-23.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill.

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## Summary of Legislation

This bill allows a property owner to demand compensation for “fair market value” loss if a governmental entity enacts a land use law that negatively affects the property owner’s right to use, divide, sell, or possess said property. The bill establishes various exemptions to the requirement, including requirements in federal law, public health and safety, transportation and traffic control, utility facilities, and more. Finally, the bill restricts governmental entities from enacting land-use laws that limit land use applications or building permits for residential development or construction projects over any period.

## State Revenue and Expenditures

A property owner may file a civil suit against a governmental entity to recoup entitled compensation. To the extent the bill increases civil case filings, fee revenue and associated workload will increase in the Judicial Department beginning in FY 2022-23. This fee revenue is subject to TABOR. These increases are expected to be minimal, and no change in appropriation is required.

**Judicial.** The proposed legislation has the potential to increase the trial court workload. The potential increase is expected to be absorbable within their current resources. The amount of increased workload is indeterminable but likely minimal.

## **Local Government**

When a local government enacts a land use law, and if property owners seek compensation, the local government's expenditures may increase to assess claims, negotiate with property owners, and pay compensation as applicable. The bill prohibits land-use laws that place limitations on the number of land use applications or building permits, but the just compensation provisions do not apply to existing regulations, so this scenario may not happen frequently. Additionally, when negotiation or agreement results in a change to land use, the local government may be required to follow a typical public process before modifying the ordinance, potentially increasing staff workload.

Overall, local governments, special districts, and counties may be impacted by increased workload and legal fees. Additionally, the bill will increase local expenditures to compensate private property owners due to any negotiations or agreements. The exact fiscal impact on local governments cannot be estimated.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State and Local Government Contacts**

Counties	Information Technology	Judicial
Municipalities	Special Districts	