



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 23-0548	<b>Date:</b>	March 29, 2023
<b>Prime Sponsors:</b>	Rep. Lindstedt; Dickson Sen. Gonzales	<b>Bill Status:</b>	House Trans. & Local Govt.
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**Bill Topic:** REGULATE LOCAL HOUSING GROWTH RESTRICTIONS

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**Summary of Fiscal Impact:**

<input 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

The bill prohibits local governments from enforcing local housing growth restrictions. Beginning in FY 2023-24, the bill may increase state workload and local government revenue and expenditures on an ongoing basis.

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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

The bill prohibits a local government from enforcing or enacting any local housing growth restriction. In the event of a declared disaster emergency, the local government may enact a temporary growth restriction for no more than one year after the disaster declaration.

## State Expenditures

Starting in FY 2023-24, the bill may increase workload in the Department of Local Affairs to provide training and technical assistance to local governments, and address increased demand for grant funding for planning and land use code updates. Any workload increase is absorbable within existing resources. To the extent the bill increases local property tax revenue, the bill may decrease the state's share of public school funding under the School Finance Act. Any impact on state education spending cannot be estimated.

## Local Government

The bill may impact local government revenue and expenditures, as described below. Impacts are primarily in jurisdictions that have implemented local housing growth restrictions, but some impacts will have affect local governments across jurisdictions.

**Local revenue.** By restricting local governments from enacting or enforcing local housing growth limits, the bill is expected to increase local property and sales tax revenue on net, though impacts may vary across the state. To the extent that there are more building permits issued, local governments will receive more revenue from building permits, property taxes on new construction, sales and use tax revenue from building materials, and other fees for various local government services. To the extent that property values increase, property tax revenue will also increase unless constrained by local TABOR limits.

The bill's impact on existing property and housing developments that would have already been built is indeterminate. Property values may increase due to a broader array of permitted uses, or may decrease relative to current law if the demand for housing is met by additional new construction elsewhere.

**Local expenditures.** The bill may increase workload to local governments to process additional land use applications and building permits once restrictions are lifted. Staff may be needed to update land use codes and ordinances. In addition, the bill may add workload and expenditures for local governments if they are required to update resources and infrastructure to support new development. However, these costs 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	County Clerks	District Attorneys
Information Technology	Judicial	Law
Local Affairs	Municipalities	