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Fiscal Note

Drafting Number:	LLS 24-0093	Date:	March 5, 2024
Prime Sponsors:	Rep. Boesenecker; Velasco Sen. Cutter	Bill Status:	House Trans., Hous. & Local Govt
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Bill Topic: **MOBILE HOMES IN MOBILE HOME PARKS**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill adds various new protections and requirements to the Mobile Home Park Act, including allowing the Attorney General to bring actions regarding rent-to-own contract violations. It increases state revenue and expenditures starting in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$193,193 to the Department of Local Affairs.

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

Table 1
State Fiscal Impacts Under HB 24-1294

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue	Cash Funds	\$194,344	\$194,344
	Total Revenue	\$194,344	\$194,344
Expenditures	Cash Funds	\$193,193	\$143,380
	Centrally Appropriated	\$16,165	\$16,165
	Total Expenditures	\$209,358	\$159,545
	Total FTE	1.2 FTE	1.2 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$194,344	\$194,344

Summary of Legislation

The bill modifies the Mobile Home Park Act, including owner and landlord responsibilities, tenancy and rent protections, secondary language accessibility, tenant health requirements, and the conditions of the sale for mobile homes and parks. The bill also establishes provisions for rent-to-own contracts and rights.

Additionally, the bill authorizes the Attorney General to initiate civil and criminal actions to enforce the rent-to-own mobile home contract requirements.

Background and Assumptions

The Division of Housing in the Department of Local Affairs (DOLA) administers the Mobile Home Park Oversight Program (MHPOP), which resolves disputes and enforces the Mobile Home Park Act provisions. MHPOP ensures compliance between park landlords, owners, and tenants, conducts educational outreach initiatives, and registers mobile home parks in the state.

State Revenue

Starting in FY 2024-25, the bill increases state cash fund revenue by about \$194,000 per year to the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund in DOLA. This increase is from the addition of previously exempt parks to regulatory oversight, as well as fee increases required to cover the cost of the bill. The bill may also minimally increase state revenue to the Judicial Department. These impacts are shown in Table 2 and discussed in more detail below.

Table 2
Annual Fee Impact on Mobile Home Parks

Type of Fee	Estimated Fee	Units Affected	Total Fee Impact
Additional Park Registrations	\$28	47	\$1,316
Increased Park Registration Fee	\$4	48,257	\$193,028
		Total Revenue	\$194,344

Fee impact on mobile home parks. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill is expected to both increase the number of mobile home parks that are required to pay a fee, as well as increase the annual fee amount charged by DOLA. Taking into account both of these potential impacts, DOLA may be required to raise annual registration fees by up to \$4 per mobile home unit, which would increase fees from \$24 to \$28 per unit. Additional park registration fees from previously exempt mobile home parks and annual fee increase are shown in Table 2 above. These fee increases are estimates only. Actual fees will be set administratively by DOLA based on cash fund balance, program costs, and the number of registrations subject to the fee. Because the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund has had excess

fund balance in recent years, the fee increase may be less than estimated in the initial years. Revenue from registration fees is subject to TABOR.

Filing fees. Starting in FY 2024-25, revenue may minimally increase to the Judicial Department from an increase in case filing fees to the extent that mobile home park landlords and owners violate provisions. Overall, it is assumed that landlords and owners will comply with the new requirements. Revenue from fees is subject to TABOR.

State Expenditures

The bill increases state expenditures in DOLA by about \$210,000 in FY 2024-25 and about \$160,000 in FY 2025-26, paid from the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund. Workload will also increase in the Department of Personnel and Administration and Judicial Department. Expenditures are shown in Table 3 and detailed below.

**Table 3
 Expenditures Under HB 24-1294**

	FY 2024-25	FY 2025-26
Department of Local Affairs		
Personal Services	\$59,465	\$59,465
Operating Expenses	\$1,152	\$1,152
Capital Outlay Costs	\$6,670	-
Information Technology Systems	\$49,094	\$5,951
Legal Services	\$76,812	\$76,812
Centrally Appropriated Costs ¹	\$16,165	\$16,165
FTE – Personal Services	0.9 FTE	0.9 FTE
FTE – Legal Services	0.3 FTE	0.3 FTE
Total Cost	\$209,358	\$159,545
Total FTE	1.2 FTE	1.2 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. Starting in FY 2024-25, expenditures in DOLA will increase to facilitate dispute resolution between mobile home owners and landlords, update information technology systems, and retain legal services.

- **Staff.** DOLA requires 0.9 FTE Program Assistant I beginning in FY 2024-25 to review, prioritize, and investigate complaints submitted to the MHPOP for dispute resolutions, evictions, and park sales. The fiscal note assumes a start date of July 1, 2024 for staff.

- **Information technology system.** In FY 2024-25, DOLA requires about \$49,000 to update the MHPOP database to integrate new regulations and track complaints, implemented by the Office of Information Technology. Ongoing maintenance costs are estimated at about \$6,000 per year starting in FY 2025-26.
- **Legal services.** DOLA requires 600 hours of legal services starting in FY 2024-25 for rulemaking and representation regarding rent increases, forestalling evictions, and park sale complaints, which equates to 0.3 FTE in the Department of Law. Legal services are provided by the Department of Law at a rate of \$128.02 per hour.

Judicial Department. Starting in FY 2024-25, trial courts in the Judicial Department may experience an increase in workload to adjudicate civil cases or appeals related to expanded landlord obligations, Forcible Entry and Detainer (FED), and enforcement by the Attorney General. The fiscal note assumes that any increase will be minimal.

Department of Personnel and Administration. The bill may increase workload starting in FY 2024-25 for administrative law judges in the Office of Administrative Courts to hear cases referred by DOLA for mobile home park violations. This workload is expected to be minimal and no change in appropriations is required.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 3.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2024-25, the bill requires an appropriation of \$193,193 from the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund to the Department of Local Affairs, and 0.9 FTE. Of this amount, the following is reappropriated:

- \$49,094 to the Office of Information Technology, and
- \$76,812 and an additional 0.3 FTE to the Department of Law.

State and Local Government Contacts

Counties	Judicial	Law
Local Affairs	Personnel	Public Health and Environment

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).