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Revised Fiscal Note

(replaces fiscal note dated April 17, 2024)

Drafting Number: LLS 24-1164 Date: May 4, 2024
Prime Sponsors: Rep. Brown; Winter T. Bill Status: Senate Transportation & Energy
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Bill Topic: ASBESTOS & LEAD PAINT ABATEMENT GRANT PROGRAM

Summary of Fiscal Impact:
State Revenue [] State Diversion [x] Local Government [x]
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

The bill creates the Rural Housing and Development Asbestos and Lead Abatement Grant Program in the Department of Public Health and Environment. It increases state expenditures, creates a state diversion, and may increase local government expenditures in FY 2025-26 and FY 2026-27.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 24-1457

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (General Fund, Cash Funds, Net Diversion), and Other Budget Impacts.

Summary of Legislation

The bill creates the Rural Housing and Development Asbestos and Lead Paint Abatement Pilot Program in the Department of Public Health and Environment (CDPHE). Beginning July 1, 2025, and continuing through July 1, 2027, the program awards grants to rural local governments to help offset costs associated with the abatement of asbestos and lead paint in housing, commercial buildings, and other development programs.

The bill also creates the Rural Housing and Development Asbestos and Lead Paint Abatement Fund that will consist of up to \$200,000 that is generated from existing penalties and fines collected for violations of laws around hazardous waste materials, as well as any funding appropriated by the General Assembly. The CDPHE may use the cash fund for administrative costs of the program. Any unspent money in the fund will revert back to the General Fund on June 30, 2027.

The pilot grant program and the cash fund repeal July 1, 2027.

Assumptions

Based on current penalty and fine revenue, the fiscal note assumes \$160,000 will be available for the grant program from the penalties and fines on entities that violate the hazardous waste laws referenced in the bill. This is an estimate only and actual fine and penalty revenue collected may reach the \$200,000 cap for the program depending on the number of violations each year. Revenue from the fees and penalties are currently directed to the General Fund.

State Diversion and Transfer

In FY 2025-26 and FY 2026-27, the bill diverts fine revenue, preliminarily estimated at \$160,000 annually, from the General Fund to the newly created Rural Housing and Development Asbestos and Lead Paint Abatement Fund.

Any unspent funds will be transferred back to the General Fund on June 30, 2027.

State Expenditures

The bill increases state expenditures in the CDPHE by an estimated \$160,000 in FY 2025-26 and FY 2026-27, paid from the Rural Housing and Development Asbestos and Lead Paint Abatement Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 24-1457**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Public Health and Environment			
Personal Services	-	\$27,358	\$27,358
Operating Expenses	-	\$640	\$640
Capital Outlay Costs	-	\$3,335	-
Grant Awards	-	\$128,667	\$132,002
Centrally Appropriated Costs ¹	-	\$8,330	\$8,330
Total Cost	-	\$168,330	\$168,330
Total FTE	-	0.5 FTE	0.5 FTE

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

Department of Public Health and Environment. The bill increases state expenditures in the CDPHE by an estimated \$160,000 annually in FY 2025-26 and FY 2026-27 for the new grant program. The CDPHE may use cash fund amounts to cover the administrative costs for the program. Estimated administrative and program costs are outlined below.

- **Administrative costs.** The CDPHE requires 0.5 FTE to develop program rules and distribute grant awards; track and manage the grant administration process; and provide technical assistance to applicants. The fiscal note assumes staff costs will begin July 1, 2025.
- **Grants awards.** After administrative expenses, about \$130,000 remains for the CDPHE to provide in grants to local governments annually in FY 2025-26 and FY 2026-27. The exact amounts and number of grant awards will be determined by the CDPHE based on local government participation and project costs.

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 2.

Local Government

If local governments apply to the grant program created by the bill, they will have increased workload to prepare application materials. If grants are awarded, revenue and expenditures will increase for asbestos and lead paint abatement projects.

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

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](#).