



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1272: CONSTRUCTION DEFECTS & MIDDLE MARKET HOUSING

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**Prime Sponsors:**

Rep. Bird; Boesenecker

Sen. Coleman; Roberts

**Fiscal Analyst:**

Matt Bishop, 303-866-4796

matt.bishop@coleg.gov

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**Drafting number:** LLS 25-0097

**Version:** Initial Fiscal Note

**Date:** March 4, 2025

**Fiscal note status:** The fiscal note reflects the introduced bill.

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### Summary Information

**Overview.** The bill creates restrictions and requirements on construction defect claims for middle market housing.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Revenue
- Minimal State Workload

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

<b>Type of Impact</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

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## Summary of Legislation

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The bill limits the grounds for which a construction defect can be claimed on middle market housing. It specifies additional criteria that must be satisfied to file a construction defect on middle market housing and requires a claimant to mitigate damage before filing a claim. When a construction professional receives a claim, they must provide documentation to the claimant related to building plans, soil reports, maintenance recommendations, and insurance.

For middle market housing sold on or after January 1, 2026, the bill creates a 10-year statute of limitations for construction defect claims, unless the defect was covered by a warranty, in which case the limitation is 6 years.

Under current law, an HOA board may initiate a construction defect action with a majority vote. The bill increases this threshold to 65 percent.

## State Revenue and Expenditures

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The bill minimally reduces revenue and workload in the Judicial Department to the extent the changes in the bill result in fewer construction defect cases filed in trial courts. No change in appropriations is required. Filing fees are subject to TABOR.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to claims brought on or after that date.

## State and Local Government Contacts

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Judicial