



# Fiscal Note

## Legislative Council Staff

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### SB 25-002: REGIONAL BUILDING CODES FOR FACTORY-BUILT STRUCTURES

**Prime Sponsors:**

Sen. Bridges; Exum  
Rep. Boesenecker; Stewart R.

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

### Summary Information

**Overview.** The bill directs the Department of Local Affairs to create regional building codes for factory-built structures.

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

- State Revenue
- State Transfers
- State Expenditures
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2025-26, the bill requires an appropriation of \$277,264 to the Department of Local Affairs.

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

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue (Cash Funds)	\$0	-\$23,000
State Expenditures (Cash Funds)	\$297,063	\$100,393
Transferred Funds	\$600,000	\$0
Change in TABOR Refunds	\$0	-\$23,000
Change in State FTE	1.0 FTE	1.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Fire Suppression Cash Fund	\$0	-\$23,000
<b>Total Revenue</b>	<b>\$0</b>	<b>-\$23,000</b>

**Table 1B  
State Transfers**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Innovative Housing Incentive Program Fund	-\$600,000	\$0
Building Regulation Fund	\$600,000	\$0
<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>

**Table 1C  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Building Regulation Fund	\$277,264	\$80,594
Federal Funds	\$0	\$0
Centrally Appropriated	\$19,799	\$19,700
<b>Total Expenditures</b>	<b>\$297,063</b>	<b>\$100,393</b>
<b>Total FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>

## **Summary of Legislation**

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The bill directs the State Housing Board in the Department of Local Affairs (DOLA) to develop regional building codes for factory-built structures. The department's advisory committee on factory-built structures must study whether existing standards that apply to site requirements or the connections to non-factory-built components should be regulated, and recommend regional building codes and implementation requirements to the board by July 1, 2026.

The new regional building codes supersede local codes and other state code regulations when they apply to factory-built structures. This includes the current regulation and inspection of factory-built structures by the State Plumbing Board and the State Electrical Board in the Department of Regulatory Agencies (DORA), and the Division of Fire Prevention and Control in the Department of Public Safety (CDPS).

## **State Revenue**

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The bill decreases state revenue by about \$23,000 per year beginning in FY 2026-27, primarily from plan review fees in the Division of Fire Prevention and Control in CDPS. It may also increase state revenue beginning in FY 2028-29 from similar fees collected by DOLA.

## **Fire Suppression Plan Review**

The Fire Suppression Registration and Inspection Program in CDPS conducts plan reviews and inspections, and issues certifications and registrations for inspectors and contractors. The bill is expected to reduce demand for these services, resulting in a reduction of fee revenue of about \$23,000 per year beginning in FY 2026-27. Fee revenue is subject to TABOR.

## **Factory-Built Structure Fees**

The transfer included in the bill will cover DOLA's administrative costs for several years. Beginning in FY 2028-29, DOLA may need to increase fees for plan reviews or inspections for factory-built structures to cover ongoing administrative costs, which are estimated at about \$100,000 per year.

## **State Transfers**

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On July 1, 2025, the bill transfers \$600,000 from the Innovative Housing Incentive Program Fund in the Office of Economic Development and International Trade (OEDIT) to the Building Regulation Fund in DOLA.

## State Expenditures

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The bill increases state expenditures in DOLA by about \$300,000 in FY 2025-26 and by about \$100,000 in FY 2026-27 and future years. These costs, paid from the Building Regulation Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in CDPS and DORA.

**Table 2**  
**State Expenditures**  
**Department of Local Affairs**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$79,314	\$79,314
Operating Expenses	\$1,280	\$1,280
Capital Outlay Costs	\$6,670	\$0
Consultant	\$190,000	\$0
Centrally Appropriated Costs	\$19,799	\$19,799
<b>Total Costs</b>	<b>\$297,063</b>	<b>\$100,393</b>
<b>Total FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>

### Staff

DOLA requires 1.0 FTE to coordinate the development of the regional codes on behalf of the advisory committee, including soliciting a contractor, facilitating the committee, and preparing the final report to the State Housing Board. In future years, this staff will audit third-party reviews and propose updates to the regional code based on periodic international code developments.

### Contractor

DOLA requires contractor services in FY 2025-26 only to evaluate international building code standards, residential code standards, and existing code requirements and regulations for factory-built structures.

### Department of Public Safety

Beginning in FY 2026-27, the bill minimally decreases workload in the Fire Suppression Registration and Inspection Program by removing its jurisdiction over plan reviews for factory-built structures. This workload reduction will allow the program to shorten the turnaround time for other plan reviews.

## **Department of Regulatory Agencies**

The bill minimally increases workload in DORA for the State Plumbing Board and the State Electrical Board to revise existing rules and policy related to factory-built structures and to educate professionals in these fields that work on these types of structures. This can be accomplished within existing appropriations.

## **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 may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

## **TABOR Refunds**

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The bill is expected to decrease 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 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

## **Local Government**

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Workload may increase in counties to update or clarify local building codes. If DOLA authorizes any local government to perform inspections of factory-built structures, expenditures will increase in that local government. Those expenditures would likely be offset by inspection fee revenue.

## **Effective Date**

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

## **State Appropriations**

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For FY 2025-26, the bill requires an appropriation of \$277,264 from the Building Regulation Fund to the Department of Local Affairs, and 1.0 FTE.

## State and Local Government Contacts

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Counties

Law

Local Affairs

Municipalities

Public Safety

Regulatory Agencies