



Fiscal Note

Legislative Council Staff

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HB 26-1206: IMPROVED FUNDING TO SUPPORT DEVELOPMENT

Prime Sponsors:

Rep. Joseph
Sen. Lindstedt

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

Summary Information

Overview. The bill allows city and county housing authorities to levy sales and use taxes and property taxes with voter approval, county housing authorities to issue bonds, and urban renewal areas to enter into shortfall guaranty contracts with project developers.

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

- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$24,419 to the Department of Revenue.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$24,419	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill allows city and county housing authorities to levy a sales and use tax up to 1 percent or a property tax up to 5 mills with voter approval. It also allows county housing authorities to issue bonds. Lastly, the bill allows urban renewal authorities to enter into a shortfall guaranty contract with a project developer that specifies that if there is insufficient tax increment finance revenue for debt service obligations, then the developer is obligated to cover the insufficiency. The bill specifies the shortfall guaranty contract constitutes a lien on the urban renewal project property, has priority over any mortgage or other liens or encumbrances, constitutes a covenant running with the land for the term of the contract, and may be recorded against the real property upon which the urban renewal project is developed.

Background

Under current law, multi-jurisdictional housing authorities may impose a 1 percent sales and use tax or a property tax up to 5 mills.

According to the Division of Local Government in the Department of Local Affairs, there are 29 county housing authorities and 89 municipal housing authorities in the state.

State Expenditures

The bill increases state General Fund expenditures in the Department of Revenue by \$24,419 in FY 2026-27 only. The bill requires the department to program its GenTax software system to prepare for new housing authority sales and use taxes. The fiscal note assumes a one-time expenditure for 100 hours of GenTax programming billed at \$244.19 per hour. Future costs for the department will depend on the number of housing authorities that adopt new sales and use taxes. Each new tax will raise annual costs for the department by an estimated \$7,000 and would be requested through emergency supplemental budget requests.

Local Government

Local Revenue

The bill conditionally increases sales and use tax revenue and property tax revenue for city and county housing authorities. Revenue impacts will depend on voter approval of any future taxes permitted under the bill, tax rates, market conditions, and property valuations.

The bill conditionally increases revenue from bond proceeds for county housing authorities that issue bonds.

Local Expenditures

Local Elections

The bill conditionally increases expenditures for municipalities and counties related to elections seeking voter approval of new taxes.

Housing Authorities

Housing authorities adopting new sales and use taxes will be required to work with the Department of Revenue on implementing and collecting the new taxes. County housing authorities that issue bonds will have increased costs related to obtaining financing and long-term debt service.

Municipalities and Urban Renewal Authorities

The bill conditionally decreases costs related to urban renewal authority debt service obligations for those that enter into shortfall guaranty contracts with developers to cover insufficient tax increment finance revenue.

County Treasurers

The bill conditionally increases expenditures for county treasurers to bill, collect, distribute, and report on new ad valorem taxes under the bill. This includes both one-time and ongoing costs. One-time costs will include software updates and testing that could range from several thousand dollars to tens of thousands of dollars depending on the county. In affected counties, there will be one-time staff workload increases to work with software vendors and to update tax notices, billing statements, and reporting systems. Ongoing costs include those related to more taxing jurisdictions such as reconciliation, settlements, refunds, and abatements, and responding to more taxpayer inquiries. Additionally, offices may incur more costs for delinquency processing and tax lien administration related to the shortfall guaranty contracts. In some cases, new staff will be required.

County Assessors

The bill conditionally increases workload for county assessors to track valuations and create new tax areas.

Public Trustees

The bill may increase workload for public trustee offices related to shortfall guaranty contracts and liens on properties in urban renewal areas. Workload is conditional on the presence of urban renewal projects, shortfall guaranty contract agreements, and foreclosures or releases of deeds of trust.

Effective Date

The bill takes effect January 1, 2027.

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$24,419 to the Department of Revenue.

State and Local Government Contacts

Counties

County Assessors

County Treasurers

Information Technology

Local Affairs

Municipalities

Personnel

Property Tax Division

Revenue