



Fiscal Note

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HB 25-1078: FORESTRY & FIREFIGHTER WORKFORCE & EDUCATION

Prime Sponsors:

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Summary Information

Overview. The bill creates a revolving loan program for fire departments and a Firefighter First Home Ownership Program, using funds from the Unclaimed Property Trust Fund.

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

- State Revenue
- State Expenditures
- State Loans
- Local Government
- Statutory Public Entity

Appropriations. No appropriation is required as the newly created Fire Department Revolving Loan Fund is continuously appropriated to the Department of Local Affairs.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-\$581,265	-\$1,353,855
State Expenditures	\$25,000,000	\$25,000,000
State Loans	-\$25,000,000	-\$25,000,000
Change in TABOR Refunds	\$168,735	\$168,645
Change in State FTE	1.7 FTE	1.9 FTE

¹ Fund sources for these impacts are shown in the table below.

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
Fire Department Revolving Loan Fund – Fees	\$115,250	\$115,250
Fire Department Revolving Loan Fund – Interest	\$53,485	\$53,395
Unclaimed Property Trust Fund – Interest	-\$750,000	-\$1,522,500
Total Revenue	-\$581,265	-\$1,353,855

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Fire Department Revolving Loan Fund	\$24,969,119	\$24,965,478
Federal Funds	\$0	\$0
Centrally Appropriated	\$30,881	\$34,522
Total Expenditures	\$25,000,000	\$25,000,000
Total FTE	1.7 FTE	1.9 FTE

**Table 1C
 State Loans**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
Unclaimed Property Trust Fund	-\$25,000,000	-\$25,000,000
Fire Department Revolving Loan Fund	\$25,000,000	\$25,000,000
Net Transfer	\$0	\$0

Summary of Legislation

The bill creates a revolving loan program for fire departments in the Department of Local Affairs (DOLA) using a loan from the Unclaimed Property Trust Fund (UPTF) and allows the State Treasurer to invest UPTF money in the newly created Firefighter First Home Ownership Program.

Fire District Revolving Loan Fund

The bill requires that the UPTF in the Department of the Treasury make interest-free loans to DOLA of \$25.0 million in FY 2025-26 and \$25.0 million in FY 2026-27 to support a zero-interest revolving loan fund that benefits fire departments, fire protection districts, and metropolitan or county improvement districts that provide fire protection. The loan is deposited in the newly created Fire Department Revolving Loan Fund, and must be repaid by July 1, 2065. If UPTF claims exceed the UPTF balance, the State Treasurer must transfer the amount needed to pay the claims from the General Fund, and notify the Joint Budget Committee of the transfer.

The bill specifies allowable uses of the loans, including trucks, equipment, facilities, infrastructure, capital improvements, and excess costs incurred in responding to emergencies. DOLA must consult with the Department of Public Safety (CDPS) and a statewide organization representing firefighters regarding the rules, policies, and procedures for the program.

DOLA may initially use up to 2 percent of the UPTF loans to cover administrative costs and may charge an administrative fee of up to 0.5 percent of the principal amount of a loan made under the program. DOLA may also use earnings from the investment of the loan to cover administrative expenses. Fee revenue and interest earnings are deposited in the Fire Department Revolving Loan Fund and DOLA must manage the fund such that fees and interest do not exceed the administrative costs over the course of the loans. The fund is continuously appropriated to DOLA.

Firefighter Housing Ownership Program

The bill creates the Firefighter First Home Ownership Program to support firefighter homeownership, address firefighter shortages, and support the retention of firefighters. The State Treasurer may invest money from the UPTF into the program, which is managed by the Colorado Housing and Finance Authority (CHFA).

If implemented, the State Treasurer must purchase mortgage products from CHFA in tranches of reasonable, mutually agreed upon amounts. CHFA is entitled to customary fees for managing the program. CHFA must establish guidelines for the program that:

- prioritize first-time homebuyers;
- provide shared equity down payment assistance to firefighters;
- allow appreciation-sharing between the program and the homeowner;
- pair a borrower with a first mortgage loan through CHFA's lender network; and
- serve home buyers across diverse geographic areas and housing markets.

The program manager must annually report to the State Treasurer on program participation. If CHFA elects to no longer serve as program manager, the State Treasurer must select another program manager.

Assumptions

Since DOLA must cover its administrative costs from fees on the loans it makes and earned interest on the new Fire Department Revolving Loan Fund, it must manage how much it lends or invests based on expected earnings. Assuming that interest is earned at 3 percent, the fiscal note shows the amount of money available for loans in order for DOLA to cover its administrative costs for the first two fiscal years. Actual loan expenditures will depend on demand from fire departments, programmatic decisions made by DOLA, and interest rates.

State Revenue

On net, the bill is estimated to reduce state revenue by about \$581,265 in FY 2025-26 and \$1.4 million in FY 2026-27. This revenue results from an increase in administrative fees and interest to the Fire Department Revolving Loan Fund and a reduction of interest to the UPTF. As discussed below, this estimate depends on the amount of loans awarded by DOLA and interest rates, therefore it may be higher or lower than estimated.

Interest Earnings to Fire Department Revolving Loan Fund

Interest earnings will increase to the Fire Department Revolving Loan Fund. The amount earned will depend on the fund balance, loan cycles, and administrative costs. The fiscal note assumes that after administrative costs and estimated loan distributions, about \$1.8 million will be invested in each of the first two years, generating about \$54,000 in FY 2025-26 and FY 2026-27 that DOLA may be used to fund its administrative expenditures. If loans are awarded more slowly than expected, interest earnings will be higher than estimated. This revenue is subject to TABOR.

Fee Revenue

The bill allows DOLA to charge an administrative fee of up to 0.5 percent of the principal amount of a loan made to a fire district. The fiscal note assumes that about \$23.05 million will be loaned out in FY 2025-26 and FY 2026-27, generating about \$115,250 each year in fee revenue. Actual fee revenue depends on the loan principal amounts and how often new loans are made over the 40-year program. Fee revenue is deposited in the Fire Department Revolving Loan Fund and is subject to TABOR.

Interest on the Unclaimed Property Fund

The two loans to DOLA results in a reduction of interest revenue to the UPTF. The amount of interest revenue lost depends on interest rates, and other changes to the fund's balance. The amount of revenue lost is estimated at \$750,000 in FY 2025-26 and \$1.5 million in FY 2026-27. Over the 40-year lifespan of the loan, the total revenue lost is an estimated \$111 million. Interest earned on money in the Unclaimed Property Trust Fund is not subject to TABOR.

If the State Treasurer invests a portion of the UPTF in the Firefighter First Homeownership program, it may produce below-market returns which would result in a reduction of interest revenue for the UPTF. Any change is conditional upon an investment in the program and depends on the amount invested. Investment income in the UPTF is not subject to TABOR.

State Loans

On July 1, 2025, and July 1, 2026, the bill requires transfers of \$25 million from the UPTF to the Fire Department Revolving Loan Fund in DOLA, in the form of interest-free loans that must be repaid by July 1, 2065.

State Expenditures

The bill increases state expenditures by \$50 million in DOLA, starting in FY 2025-26 and spent over multiple years, with initial expenditures of \$25.0 million in each of the first two years. In addition, the bill may increase state expenditures by an additional \$200,000, conditional on the State Treasurer investing funds in the Firefighter First Home Ownership Program. These impacts are shown in Table 2 and discussed below.

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

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$104,981	\$117,425
Operating Expenses	\$2,176	\$2,432
Capital Outlay Costs	\$13,340	\$0
Travel	\$5,280	\$5,280
Database Costs	\$10,521	\$10,521
Loans	\$23,052,205	\$23,052,205
Invested Funds	\$1,780,616	\$1,777,615
Centrally Appropriated Costs	\$30,881	\$34,522
Total Costs	\$25,000,000	\$25,000,000
Total FTE	1.7 FTE	1.9 FTE

Department of Local Affairs

The bill increases state expenditures by \$50 million in DOLA over 40 years, from the Fire Department Revolving Loan Fund. Of this amount, about \$167,000 is expected to be used each year for administrative costs, for a total of at least \$6.8 million over the 40-year program, excluding cost of living increases. Administrative costs are paid from fees and interest earnings, as discussed in the State Revenue section.

Staff and Travel Costs

DOLA requires 1.9 FTE to administer the program, including underwriting, servicing loans, and promoting the program. First year costs are prorated for an August start date. DOLA will also incur staff travel costs, estimated at \$5,280 per year.

Database Costs

DOLA will also incur costs to modify existing databases to manage loans under the program. Costs are estimated at about \$10,500 per year.

Invested Funds

The fiscal note assumes that about \$1.8 million per year will remain in the cash fund and be invested in order to generate revenue to cover administrative costs. These amounts are shown for informational purposes to show how the \$25.0 million loans are used.

Loans

After the uses discussed above, the remainder of the \$50 million will be awarded as loans over the duration of the program. The fiscal note assumes \$23.0 million will be awarded in both FY 2025-26 and FY 2026-27. Depending on the terms of the loans, DOLA may use loan repayments to offer additional loans in future years.

Department of Treasury

Conditional upon the State Treasurer investing money from the UPTF into the Firefighter First Homeownership Program, the bill increases state expenditures in the Department of Treasury. Costs are estimated at \$200,000, which includes about 2.0 FTE to manage the investment of funds outside the current Treasury Portfolio.

The fiscal note assumes that if the State Treasurer decides to invest UPTF into the program, the Department of Treasury will either do so when the department can absorb the additional workload, or request the additional funding through the annual budget process. As a result, the fiscal note assumes that additional costs will not be incurred in FY 2025-26.

Department of Public Safety

The bill also minimally increases workload for the CDPS to consult with DOLA on the loan program guidelines. The fiscal note assumes this workload is absorbable.

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 the expenditure table above.

TABOR Refunds

Funds in the UPTF are exempt from TABOR, but may become subject to TABOR when transferred to other funds to be used for governmental purposes. If DOLA is unable to repay the loan in full, any unpaid balance will constitute a transfer to a state cash fund and that amount will count against the state's TABOR limit.

Additionally, the bill allows for a collection of an administrative fee for loans made to fire departments, and interest earnings on unspent money in the revolving loan program. As discussed above in the State Revenue section, the bill is expected to generate about \$115,000 per year in fee revenue and \$54,000 per year in interest earnings, for a total of \$169,000 that is subject to TABOR. The actual TABOR impact depends on how much is awarded as loans and interest rates; revenue subject to TABOR could increase by up to \$670,000 if DOLA only distributes 10 percent of available funds in the first year.

Statutory Public Entity

Conditional upon the State Treasurer investing UPTF money into the Firefighter First Home Ownership Program, the bill increases revenue and expenditures in CHFA to administer the program. CHFA will have revenue from the Department of Treasury purchasing mortgage products in regular tranches and fees for the services provided. Expenditures will increase to provide the services to program participants and invest the funds as specified in the bill.

Local Government

Fire departments, including those run by municipalities, counties, and fire districts, are eligible to receive loans through the revolving loan program. If a fire department chooses to pursue a loan, its workload, revenue, and expenditures will increase.

Effective Date

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

State and Local Government Contacts

Local Affairs

Treasury

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.