



**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-0980
Prime Sponsor(s): Rep. Tyler; Esgar
 Sen. Ulibarri

Date: August 13, 2015
Bill Status: Postponed Indefinitely
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: FUNDING AFFORDABLE HOUSING

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue State Transfers	See State Transfers section.	
State Expenditures Cash Funds	See State Expenditures section.	
TABOR Set-Aside	See TABOR Impact section	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year. Transfers result in no net change to state revenue.

Summary of Legislation

The bill requires the state treasurer to transmit one-third of the available balance in the Unclaimed Property Trust Fund to a newly created Affordable Housing Assistance Fund in the Colorado Housing and Finance Authority (CHFA) every July 1 for five years from FY 2015-16 through FY 2019-20. "Available balance" is defined as all moneys in the Unclaimed Property Trust Fund, minus the program's operating expenses, the statutory transfer to the Adult Dental Fund in the Department of Health Care Policy and Financing (HCPF), and the statutory reserve requirement for the fund.

The CHFA is granted the authority to accept these moneys from the State Treasurer, deposit these moneys into the Affordable Housing Assistance Fund, and to enter into an agreement with the Division of Housing (DOH) within the Department of Local Affairs (DOLA) no later than January 1, 2016. The DOH, in partnership with CHFA, is required to administer all new or existing programs supported by the Affordable Housing Assistance Fund. In administering programs, the DOH, with the approval of the State Housing Board and in partnership with CHFA, must allocate moneys to programs it determines in its sole administrative discretion will best satisfy the specified use under the bill

The transmitted moneys are to be used to support new or existing programs that provide rental assistance to low- or extremely-low income households statewide, and to promote the construction, acquisition, or rehabilitation of either rental housing for persons in low- or extremely-low income households or owner-occupied housing for persons in low- or moderate-income households statewide. No more than 25 percent of moneys may be allocated to provide rental assistance for persons in low- or extremely low-income households, and no more than 25 percent of moneys may be allocated to promote the availability of affordable rental and owner-occupied housing for low- to moderate-income households.

Background

The Unclaimed Property Division of the Treasury Department holds, in perpetuity or until claimed, lost or forgotten assets of individuals and businesses in Colorado. The Unclaimed Property Trust Fund consists of all moneys collected under the Unclaimed Property Act, and interest earned on the account. The only statutory transfer currently authorized under state law transfers an annual amount sufficient to fund the Adult Dental Fund in the Department of Health Care Policy and Financing, an estimated \$30 million in FY 2014-15. The Unclaimed Property Trust Fund is TABOR-exempt.

State Transfers

Unclaimed Property Trust Fund transmittance. The bill requires the state treasurer to annually transmit one-third of the available balance in the Unclaimed Property Trust Fund to the Affordable Housing Assistance Fund in CHFA over the five-year period from FY 2015-16 to FY 2019-20. The amounts expected to be transmitted are shown below in Table 1.

Assumptions. This fiscal note assumes that "available balance" includes gross revenue in the Unclaimed Property Trust Fund.

Table 1. Estimated Amounts to be Transmitted to CHFA under HB15-1384 (in millions)*					
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Beginning Balance	\$ 180.5	\$ 190.2	\$ 197.2	\$ 201.3	\$ 202.1
Gross Revenue	64.7	64.7	64.7	64.7	64.7
Claims Paid	(24.5)	(24.5)	(24.5)	(24.5)	(24.5)
Interest Income	2.0	2.0	2.0	2.0	2.0
Total Revenue	\$ 42.2	\$ 42.2	\$ 42.2	\$ 42.2	\$ 42.2
Operating Expenses	2.3	2.3	2.3	2.3	2.3
Adult Dental Fund Transfer	30.2	32.9	35.8	39.1	42.6
Total Expenses	\$ 32.5	\$ 35.2	\$ 38.1	\$ 41.4	\$ 44.9
Ending Balance (pre-reserve)	\$ 190.2	\$ 197.2	\$ 201.3	\$ 202.1	\$ 199.4
Reserve Requirement	(122.0)	(130.5)	(139.6)	(149.4)	(160.0)
Available Balance	\$ 68.2	\$ 66.7	\$ 61.7	\$ 52.7	\$ 39.4
Amount Transmitted to CHFA	\$ 22.7	\$ 22.2	\$ 20.6	\$ 17.6	\$ 13.1

**All totals are estimates. The gross revenue and claims paid figures are based on five-year averages. The Adult Dental Fund transfer is assumed to increase by 9 percent a year on average, and the reserve requirement is assumed to increase by 7 percent a year on average.*

Source: Treasury Department, Legislative Council Staff

Potential impact of a transmittance to DOH from the Affordable Housing Assistance Fund. The DOH currently operates a rental assistance program, and the CHFA does not. Under the bill, the DOH in DOLA may request that up to 25 percent of the moneys in the Affordable Housing Assistance Fund in CHFA be allocated for rental assistance. If the DOH transmits moneys to its Housing Investment Trust Fund from the Affordable Housing Assistance Fund for its rental assistance program, those moneys would constitute fiscal year spending.

TABOR Impact

This fiscal note does not specifically identify a TABOR impact from transmitting money from the Unclaimed Property Trust Fund to the Affordable Housing Assistance Fund in CHFA, but it should be noted that this action may have implications for the state's TABOR set-aside. No TABOR impact is identified here because both the Unclaimed Property Trust Fund and the CHFA are both exempt from the state's TABOR revenue limit. However, requiring that the money be transmitted by the state treasurer and requiring that the money be administered at the direction of a state agency may cause the money to be subject to the state's TABOR limit. As such, it would increase the amount required to be refunded under TABOR beginning in FY 2015-16.

State Expenditures

The bill will increase workload in the DOH in DOLA, and may increase cash fund expenditures in FY 2015-16 if any moneys from the Affordable Housing Assistance Fund in CHFA are transferred to the continuously appropriated Housing Investment Trust Fund in DOH. The fiscal note assumes that these issues will be addressed during the intergovernmental agreement process, for which the DOH has legal services available. Any adjustment to the DOH budget is expected to be addressed during the annual budget process.

Statutory Public Entity Impact

The CHFA will be required to accept and maintain the moneys transmitted to the newly created Affordable Housing Assistance Fund, as well as to create an intergovernmental agreement with the DOLA. It is expected that the CHFA will be closely involved in the work of supporting new or existing programs that provide rental assistance or promote the construction, acquisition, or rehabilitation of rental and owner-occupied housing with the moneys in the Affordable Housing Assistance Fund.

Effective Date

The bill was postponed indefinitely on May 4, 2015, by the Senate State, Veterans, and Military Affairs Committee.

State and Local Government Contacts

Colorado Housing and Finance Authority
Personnel and Administration

Local Affairs
Treasury