SB15-209

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 15-0826	**Date:**	March 18, 2015
Prime Sponsor(s):	Sen. Balmer Rep. Williams	**Bill Status:**	Senate Business, Labor, & Technology
		Fiscal Analyst:	Erin Reynolds (303-866-4146)

BILL TOPIC: HOA MANAGER LICENSED DEBT COLLECTION EXCLUDE TIMESHARES

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	**($41,950)**	**($20,500)**
Cash Funds	(41,950)	(20,500)
State Expenditures	Minimal workload impact. See State Expenditures section.	
FTE Position Change		
TABOR Set-Aside	($41,950)	($20,500)
Appropriation Required: None.		

* *This summary shows changes from current law under the bill for each fiscal year.*

Summary of Legislation

The bill exempts certain timeshare communities from the definitions of "common interest community" and "homeowners' association" (known as HOAs, generally). Specifically, the bill exempts HOAs where over 50 percent of the units are timeshares, as defined by state law, thereby excluding community association managers of timeshares from licensing requirements. The bill also excludes timeshares from the statute that requires HOAs to adopt and comply with a collections policy and coordinate with the unit owner to set up a payment plan for past-due assessments and other delinquent payments.

Background

Under current law (House Bill 13-1277), which goes into effect July 1, 2015, anyone who works as a community association manager for an HOA must be licensed by the Division of Real Estate (division) in the Department of Regulatory Agencies (DORA). A licensed community association manager must be at least 18 years old, meet certain education and credential requirements, pass a competency examination, maintain malpractice insurance, and obtain a fingerprint-based criminal history background check from the Colorado Bureau of Investigation (CBI) in the Department of Public Safety (DPS). The division director has authority to charge fees to applicants (recently set at $205 for a manager application, and $175 for the one-time community association business entity application). The director may also conduct audits of the business records of a licensee, conduct administrative hearings, investigate complaints, impose fines, and take other disciplinary actions.

In the fiscal note for HB 13-1277, 1,250 community association managers were assumed to require licensure. This number was based on information provided by the Community Associations Institute, and did not include the managers of timeshares. The state's HOA Information and Resource Center in the division, using information from associations and timeshare exchanges, estimates that there are at least 104 timeshare resorts in the state.

State Revenue

This bill will reduce licensing fee revenues to the DORA and criminal background check fees to the Department of Public Safety (DPS).

Assumptions. The fiscal note assumes that at least 100 community association manager license applications and one-time community association business entity applications would be required under current law.

Community association manager licensing fees—DORA. Fee revenue deposited into the Community Association Manager Licensing Cash Fund will decrease by **$38,000 in FY 2015-16 and $20,500 in FY 2016-17 and future fiscal years** due to the exclusion of timeshare managers from licensure requirements.

Fingerprint-based criminal history background checks—DPS. Fee revenue deposited into the CBI Identification Unit Cash Fund in the DPS will decrease by **$3,950 in FY 2015-16** due to the timeshare managers exclusion from the fingerprint-based background check requirement. The current fee for background checks is $39.50, which includes $17.25 for a FBI fingerprint-based check, which is passed on to that federal agency. The background check is required only upon initial licensure.

TABOR Impact

This bill will reduce licensing fees, which will reduce the amount required to be refunded under TABOR.

State Expenditures

The bill is expected to result in a minimal workload impact for DORA.

Assumptions. Based on the assumptions made in the fiscal note for HB 13-1277, the current fee schedule for community association managers is not expected to include any specific resources for timeshares.

Division of Real Estate. The division may have to increases its licensing fees for community association managers if certain timeshare managers are found to have been included in the original estimate of licensees. Any fee changes are expected take place during regular rulemaking. The exclusion of timeshare community association managers also represent a minimal reduction in the division's workload. Overall, no adjustment to appropriations is necessary.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

Departmental Difference

Because the Division of Real Estate in DORA did not include timeshare community association managers in its licensure estimates, the division assumes that the bill will have no fiscal impact on its program, nor will it be required to adjust its fees. The fiscal note includes the revenue loss because, under current law, these timeshare community association managers would require licensure, despite not being factored in to the division's community association manager assumptions.

State and Local Government Contacts

Judicial Department	Law	Local Affairs	State
Regulatory Agencies	Counties	Municipalities	